



## NOTICE

Notice is hereby given that 21st Annual General Meeting of the Members of REI AGRO LIMITED will be held on 29th September, 2015 at 10.30 AM at Uttam Mancha, 10/1/1 Manohar Pukur Road, Kolkata-700026 to transact the following businesses:

### Ordinary Business:

#### 1 Adoption of Annual Accounts

To receive, consider and adopt the Audited Balance Sheet for the Financial year ended 31st March, 2015 and Profit and Loss account for the year ended on that date and the Reports of the Board of Directors and Auditors' thereon.

#### 2 Ratification of the appointment of Auditor

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby ratifies the appointment of M/s. P. K. Lilha & Co., Chartered Accountants (Firm's Registration No. 307008E) as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of its 23rd Annual General Meeting (subject to ratification at every Annual general Meeting) at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

By Order of the Board  
For **REI Agro Ltd.**

Sd/-

**Mandan Mishra**

Company Secretary

Date: 28th August, 2015

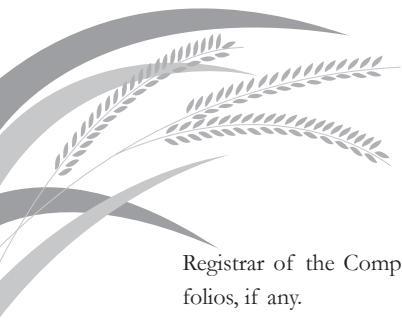
Place: New Delhi

### NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND

VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- b) Duly complete instrument appointing Proxy as per the format included in the Notice should reach at the Registered Office of the Company, not less than forty eight hours before the time of the Meeting.
- c) The Registers under the Companies Act, 2013 is available for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm except on holidays.
- d) Members/proxies/ authorized representatives are requested to bring the duly filled attendance slip enclosed herewith to attend the meeting and those holding shares in electronic form are also requested to bring in the latest DP Statement with them. In case of joint holder attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e) As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.
- f) Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Share Transfer



Registrar of the Company in respect of their physical shares folios, if any.

- g) As per the Circulars issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore, the transferee(s) / legal heirs(s) are required to furnish a copy of their PAN to the Registrar & Share Transfer Agent (RTA) of the Company.
- h) Pursuant to the provisions of Section 91 of the Companies Act, 2013, (corresponding to Section 154 of the Companies Act, 1956), the Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2015 to 29th September, 2015 (both days inclusive) for the purpose of Annual general meeting of the Company for year ended 31.03.2015.
- i) No dividend on Shares is recommended by the Board of Directors. Members wishing to claim dividends, which remain unclaimed for the previous years are requested to correspond with Maheshwari Datamatics Private Limited, Registrar & Share Transfer Agent. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education Protection Fund, as per Section 124 of the Companies Act, 2013.
- j) The Ministry of Corporate Affairs, vide its Circular no. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 allows service of documents to shareholders through electric mode. Thus now companies can send various documents i.e. Notices convening General Meetings, Audited Financial Statements, Directors Report, Auditors reports etc. through electronic mode to the registered e mail addresses of shareholders.

Members who wish to have Annual report and other notices, communications in electronic mode may register their e mail addresses with RTA of the Company.

The Annual Report and other communication sent electronically will be displayed on the Company's website [www.reiagro.com](http://www.reiagro.com) and will be available at the registered office of the Company during office hours.

Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same. For any such communication, the members may also send requests to the Company's investor email id: [investorgrievance@reiagro.com](mailto:investorgrievance@reiagro.com).

- k) Corporate members intending to send their authorized representatives to attend the meeting are requested to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

**l) Information and other instructions relating to e-voting are as under:**

In compliance of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and In terms of Clause 35 B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Saturday, August 29, 2015, i.e. the cut-off date taken by the Company for dispatch of the Annual Report and the Notice (including notice for e-voting) calling the Annual General Meeting. The e-voting period will commence from Thursday 24, September, 2015 at 09.00 am and will end at 05.00 pm on Monday, 28th September, 2015.

The e-voting module will be disabled on September 28, 2015 at 5.00 pm. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given below. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date being, 22nd September 2015.

The members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting ("**remote e-voting**").

The facility for voting through polling paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting.

The Members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.

The Company has appointed **Mr. Astik Mani Tripathi, Membership No. 27667**, Practising Company Secretary, CP No. 10384, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.



The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website within two (2) days of passing of the resolution at the Annual General Meeting of the Company and will accordingly be communicated to the stock exchanges.

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) The voting period begins on 24.09.2015 from 09.00 A.M and ends on 28.09.2015 till 5.00P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22.09.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The facility for voting through polling paper shall be made available at the AGM and the members as on the "cut-off date" i.e. Record date, attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through polling paper.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID.
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (vii).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant REI Agro Limited on which you choose to vote.



(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Note for Institutional Shareholders**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The shareholders shall have one vote per equity share held by them as on the cut-off date (record date) of 22nd September, 2015. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.

**In case of members receiving the physical copy:**

(A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

(B) The voting period begins on 24.09.2015 (09:00 a.m.) and ends on 28.09.2015 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

By Order of the Board  
For **REI Agro Ltd.**  
Sd/-  
**Mandan Mishra**  
Company Secretary

Date: 28th August, 2015

Place: New Delhi



# REI Agro Limited

CIN: L14200WB1994PLC104573

Registered Office: "Everest House" 46 C, Chowringhee Road, 15th Floor, Room No.-15B, Kolkata-700071



## ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall, Joint Shareholders may obtain additional Attendance Slip on request.

Ledger Folio No. /DP- CID No.	
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Name & Address of the Shareholder(s) \_\_\_\_\_

I hereby record my presence at the 21st Annual General Meeting of the Company to be held on 29th , September, 2015 at Uttam Mancha, 10/1/1 Manohar Pukur Road, Kolkata-700026 at 10.30 a.m.

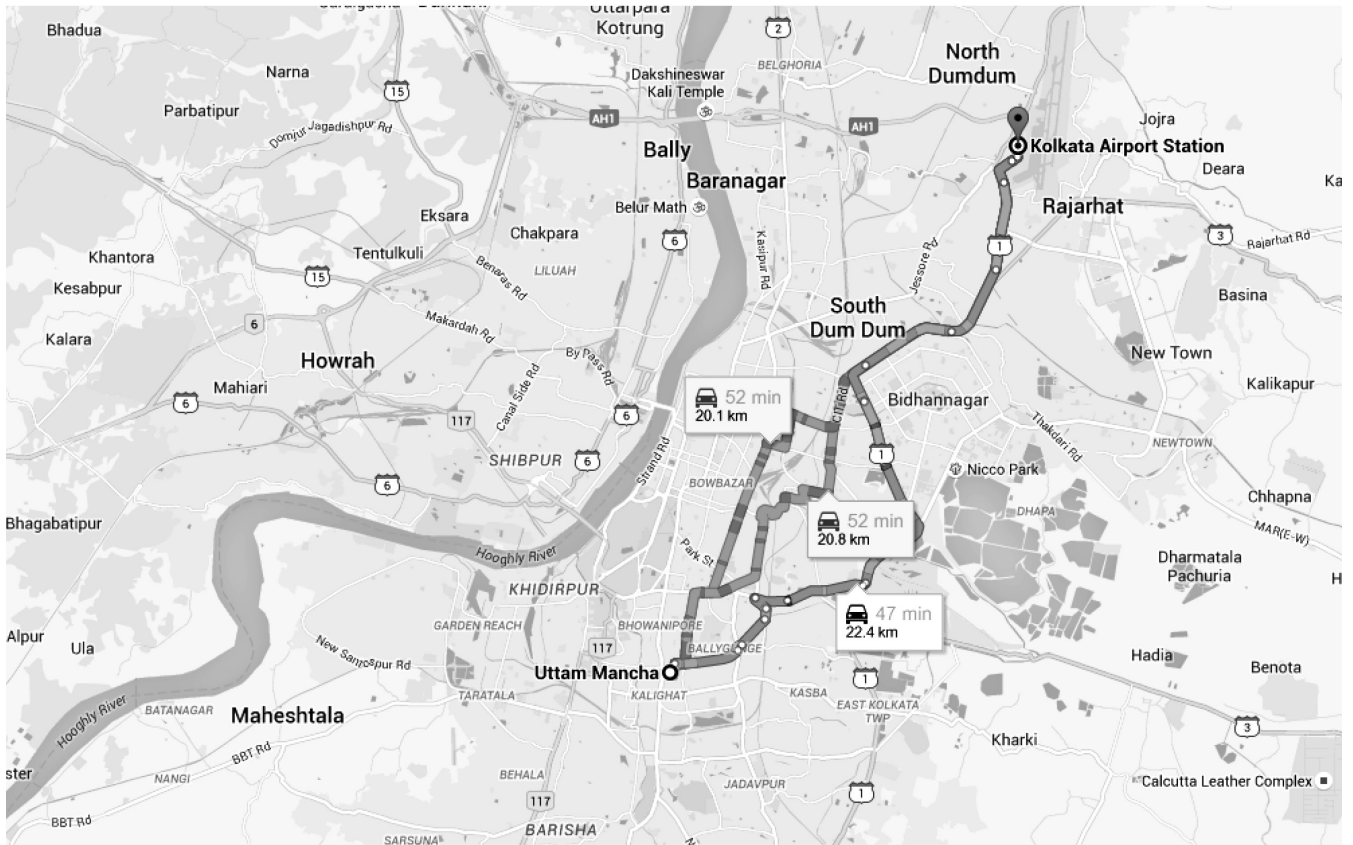
\_\_\_\_\_  
Signature of the Shareholder /  
Representative / Proxy

\*Strike out whichever is not applicable

**Note:**

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

# ROUTE MAP







# REI Agro Limited

CIN: L14200WB1994PLC104573

Registered Office: "Everest House" 46 C, Chowringhee Road, 15th Floor, Room No.-15B, Kolkata-700071



## PROXY FORM

Name of the member
Registered address
E-mail Id
Folio no./ Client ID
DP ID

I/We, being the member (s) of REI Agro Limited, hereby appoint:

1. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_  
 Signature: \_\_\_\_\_

or failing him

2. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_  
 Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual general meeting of the company, to be held on the Tuesday the 29th September, 2015 At 10.30 AM at Uttam Mancha, 10/1/1 Manohar Pukur Road, Kolkata-700026 and/or at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

S. no	Resolutions	For	Against
1	To consider and Adopt Audited Financial Statements along with the Report of the Board of Directors and Auditors for the financial year ended March 31, 2015.		
2	Ratification of appointment of M/s. P. K. Lilha & Co., Chartered Accountants, (Firm Registration No. 307008E) as Statutory Auditors of the Company		

Signed on this, \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder \_\_\_\_\_

Signature of proxy holder \_\_\_\_\_

Affix a Re. 1/- Revenue Stamp
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### NOTE:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- This is only optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.







**REI AGRO LIMITED**

Annual Report 2014-2015



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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 Sandip Jhunjhunwala	Chairman cum Managing Director###
Shri Asoke Chatterjee*	Independent Non Executive Director
Dr. ING Narpinder Kumar Gupta	Independent Non Executive Director
Shri Krishna Dayal Ghosh	Independent Non Executive Director
Ms. Anishrava Agrawal**	Independent Non Executive Director

###appointed Chairman w.e.f. 30.05.2014

\*expire on 04.08.2015

\*\*resigned w.e.f 25.04.2015

## CHIEF FINANCIAL OFFICER

Shri Ranjan Majumder\*  
\*resigned w.e.f. 18th July, 2014

## 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

## WHOLLY OWNED SUBSIDIARIES

Ammalay Commoditiess JLT, UAE  
Ammalay International PTE LTD, Singapore  
Holy Stars Limited, Mauritius  
Orient Agro (M) Limited, Mauritius  
Auckland Holdings Limited, Mauritius

## PRINCIPAL BANKERS

Andhra Bank  
Axis Bank  
Bank of Baroda  
Bank of Maharashtra  
Central Bank of India  
Corporation Bank  
Dena Bank  
Dhanlaxmi Bank Limited  
IDBI Bank Limited  
IFCI Limited  
Indian Overseas Bank  
Indian Renewable Energy Development Agency Ltd.  
IndusInd Bank  
Infrastructure Development Finance Company Ltd.  
ING Vysya Bank Limited  
Karur Vysya Bank  
Lakshmi Vilas Bank Limited  
State Bank of Bikaner & Jaipur  
State Bank of Patiala  
State Bank of Travancore  
The Jammu & Kashmir Bank Limited  
UCO Bank  
Union Bank of India  
United Bank of India

## 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

To the Members,

We are presenting the 21st Board report along with the Audited Financial Results for the year ended 31st March 2015.

## 1. FINANCIAL AND PERFORMANCE REVIEW

Your Company has one of the best integrated model of operations right from procurement, maturing, processing, packaging, branding and distribution, which help the Company to offer a wide range of quality products to its consumers at the very competitive Prices. Your Company sells several popular brands through organised retail sector and is a trusted name in the unorganised retail market. "Raindrops" flag ship brand of the Company is one of popular and trusted brand in FMCG Sector in India.

(Rs. in Lacs)

Particulars	2014-15	2013-14
Sales	1,85,576.61	452,324.66
Other Income	44.15	4500.34
Total	1,85,620.76	4,56,825.00
Profit Before Interest and Depreciation and Amortisation (PBIDTA)	(4,79,989.44)	67,807.02
Less: Interest	31,498.87	64,912.44
Less: Depreciation	10,501.39	6,858.66
Profit Before Taxation and Exceptional items (PBT)	(5,21,989.70)	(3,964.08)
Less: Exceptional items	2,74,40.15	-
Profit Before Taxation (PBT)	(5,49,429.85)	(3,964.08)
Provision for Current Taxation	-	-
Prior Period Tax Payments	(-)	(129.05)
Profit after Taxation(PAT)	(5,49,429.85)	(3,835.03)

During the last financial year the total turnover of the Company was Rs. 1,85,576 lacs on a standalone basis as against Rs. 4,52,324 lacs in the previous year. The losses incurred by the Company during the last financial year was Rs. 5,49,429 lacs in comparison to the previous year loss of Rs. 3835 lacs.

### MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the year under review, there have been several incidences which could affect future prospects of the Company. Due to shortage of raw material at the manufacturing units, the

production facilities of the Company could not be utilized to their fullest capacity. The lower capacity utilization was a major concern for the Company, which if overcome, could lead to a better scenario of profitability in future. Below are the major happenings during the year under review.

### CORPORATE DEBT RESTRUCTURING (CDR)

Various events had led to financial difficulties faced by the Company in recent past, which have been primarily the result of steep rise in the price of raw material coupled with reduction in sales volume, higher competition in the industry, overdue in debtor's realisation and economic slowdown, which all resulted in a liquidity crunch.

Your Company operates in a highly working capital intensive industry and due to liquidity crunch during the last few quarters, your Company was not able to meet its financial obligations towards lenders, access to fresh working capital was also not available. This has had a negative impact on the Company and on its cash inflows flows and on the procurement of raw materials .

Due to financial distress in meeting the debts repayment and interest thereon, your Company has defaulted on payment of its obligations in respect of Banks/Financial Institutions/NCD holders, and almost all the bank accounts of your Company were declared NPAs. A Joint lender forum comprising all lenders of the Company was formed, led by UCO Bank, and all the concern parties signed a Joint Lender Forum Agreement (JLF Agreement) on 24.06.2014. Thereafter a draft Corrective Action Plan (CAP) was submitted for consideration of the lenders and as required, the same was also sent to CDR Cell. It was decided by a majority of lenders in their meeting held on 07.05.2014 that restructuring of debts of your Company be undertaken to support your Company to come out of the present financial distress. As a result thereof all the Banks financing the Working Capital requirements, Term Lenders and NCD Holders have initiated the Corrective Action Plan (CAP), in accordance with the Reserve Bank of India` (RBI`s) Special Mention Accounts (SMA) guidelines dated 26th February , 2014.

Your Company's proposal for restructuring of its debts adhered to all parameters laid down by the lenders to test the need and efficacy of any proposal for restructuring of debts and the Company was hopeful and confident of support of the lender Banks but it came as a surprise to the Company when the lenders unilaterally decided that the debts of the Company could not be restructured.



**PETITION BEFORE DEBT RECOVERY TRIBUNAL BY IFCI LIMITED.**

Your Company had availed a short term loan of Rs.100 Crores from IFCI Ltd. The said loan was secured by the pledge of shareholding of the Promoters and charges were created on the assets of your Company. To recover the loan IFCI had served a notice under SARFAESI Act, which was suitably replied to by the Company. Besides IFCI has now filed petition to Debt recovery Tribunal (DRT) to recover their loan, which is being contested by your Company.

**DEMAND AND RECALL NOTICES FROM BANKS AND FINANCIAL INSTITUTIONS UNDER PROVISIONS OF THE SECURITIZATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 ("SARFAESI ACT")**

Your Company has received demand and recall notices under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT") from almost all the lenders calling upon your Company to forthwith pay the entire alleged principal and all accrued interest in respect of the various facilities aggregating to Rs. 6493.29 crores, failing which they would initiate steps for recovery.

Your Company also received Notices from Lenders of your Company purportedly under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT"), calling upon your Company to discharge the alleged outstanding liability, to the Lender Banks within 60 (sixty) days from the date of the Notice, failing which they would exercise their rights under Section 13(4) of the SARFAESI Act with respect to the secured assets. Your Company has challenged the legality and validity of these notices and is in consultation with its legal advisers to take other steps as may be advised by the legal advisors to protect your Company's interests.

**WINDINGUP PETITION AGAINST THE COMPANY:**

Your Company has taken working capital and term loan facilities from several Banks and institutions. Due to default in making payment of principle and interest amount on the due dates to the lending Banks, United Bank of India has filed winding up petition in the Honourable High Court of Calcutta. Your Company is contesting the winding up petition and the matter is pending in the Court.

The Company has also received a winding up notices from the Jammu and Kashmir Bank, your Company is sending reply to their allegations

UBI is also a part of Joint Lender Forum and have also signed the JLF Agreement on 24.06.2014. We believe that filing of winding up petition by UBI and the Jammu and Kashmir Bank Limited are against the spirit of restructuring and the JLF Agreements.

**REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):**

Upon erosion of entire net worth of your Company, your Company had become a Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act 1985 (SICA). Accordingly, your Company filed a Reference with the Board for Industrial and Financial Reconstruction (BIFR) which has since been registered as Case No. 85/2015 by the Hon'ble BIFR for adopting measures for the rehabilitation and revival of the Company.

**2. DIVIDEND**

Your company has paid dividends to its shareholders continuously for last 14 years. However, due to incurring of losses during the year under review, Board of Directors has not recommended any dividend for the financial year 2014-15.

**3. UNCLAIMED / UNPAID DIVIDEND (TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND)**

Pursuant to Section 124 read with Sub Section (1) of section 125 of the Companies Act, 2013, unclaimed dividend which remains unpaid for a period of seven years shall be transferred to Investor Education & Protection Fund. Accordingly, your Company has transferred all unclaimed dividend upto the year 2006-2007 to the said fund. Unclaimed dividend for the year 2007-08 (Rs.765,708) shall be transferred to the said fund before the due date.

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 the amount of Unpaid/unclaimed dividend for the year 2007-2008 and onwards.

**4. TRANSFER TO GENERAL RESERVE**

During the year, your Company has not transferred any sum to the General Reserves Account.



## 5. SUBSIDIARY/ ASSOCIATE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

### PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANIES

As on 31st March 2015, your Company had 5 (Five) wholly owned foreign subsidiaries namely; Ammalay Commodities JLT, UAE, Ammalay International PTE Ltd, Singapore and Holy Stars Ltd, Auckland Holdings Ltd and Orient Agro (M) Ltd., which companies are all based in Mauritius,

These companies have not submitted their financial statements for the year ended 31st March, 2015 which are required for the finalization of Consolidated Financial Statements of REI Agro Limited for the year ended 31st March, 2015. Due to this, REI Agro Limited has not been able to finalize/prepare its Consolidated Financial Statements for the year ended 31st March, 2015. The delay in preparation of Consolidated Financial Statements is beyond the control of the Management.

The Companies Act 2013 under the provisions of section 129(3) provides that where a Company has one or more subsidiaries, it shall, in addition to financial statement, prepare a Consolidated Financial Statement of the Company and of all the subsidiaries in the same manner that of its own which shall also be laid before the Annual General Meeting of the Company.

Company will make available the said annual accounts and other related information of the subsidiary companies as and when available from these subsidiaries.

### ASSOCIATE COMPANY AND JOINT VENTURES

As on 31st March 2015, your Company had only 2 (Two) Associate Companies, namely M/s Varrsana Ispat Limited and M/s Anagi Constructions Private Limited.

## 6. BUSINESS SEGMENTS

Your Company operates in two Business segments i.e. business of manufacturing, trading and marketing of agro products and Power Generation through Wind farms. However, your Company has discontinued the segment reporting for wind power generations as the total revenue, assets, profit or the capital employed in the wind power generation is less than 10 per cent threshold limits of revenue, result, and assets, which is required for reportable segment as provided in Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India (ICAI) / Company (Accounting Standards) Rules, 2006.

## 6.1 AGRO PRODUCTS

During the financial year 2014-2015, revenue from sale of agro products was of Rs. 1832.25 Crores as compared to Rs. 4499.86 Crores in the immediately preceding previous year.

During the stressful last year under review in which the Company has faced severe liquidity crunch and shortage of raw material due to lack of working capital funds, the Company was not able to utilize the installed capacity of its plants, export sales of the Company were of Rs. 99 crores against export sales of Rs. 466 Crores during the previous year. Though the export during the year are lower than the immediately preceding years, we hope the consistent quality, better consumer engagements will help the Company to regain its customers in future and provide momentum to the growth of the Company.

## 6.2 WIND POWER PERFORMANCE

Your Company has its wind farms for power generation in the States of Rajasthan, Maharashtra, Tamil Nadu and Gujarat with a total installed capacity of 46.1 MW. During the financial year 2014-2015, revenue from the wind power generation was of Rs. 18.89 Crores.

All the Wind power generation farms are registered with United Nations Framework Convention on Climate Change (UNFCCC) and expected to generate revenue through sale of Certified Emission Reduction (CER/Carbon Credits) in the future.

## 7. CREDIT RATING

In view of your company's default in meeting its financial obligations, Credit and Analysis Research Ltd. (CARE) has revised the ratings, at present it has assigned CARE D rating to the long term and short term Instruments/ facilities of the Company.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## 9. CORPORATE GOVERNANCE

The 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. Requisite certificate from the auditors of the company confirming compliances with the





conditions of corporate as stipulated under clause 49, is attached to this report.

## 10. ENVIRONMENTAL ASPECT AND SOCIAL RESPONSIBILITY

Your Company continues to show its commitment for sustainable use of natural and non-renewal resources and for improvement in all aspects of the environment. Company pays special emphasis for plantation and preservation of trees. We use state of art technology in our plants to reduce waste and emissions of environment pollutants. To Promote optimum utilisation of available resources, Company has set up a rice husk based power plant thereby reducing dependence on Coal, oil etc. as fuel. The husk based power generation facilities are registered for Renewable Energy Certificates (REC). It is also to mention here again that the company has set up Wind Farms for power generation situated at Rajasthan, Maharashtra, Tamil Nadu and Gujarat, with a capacity of 46.1 MW which are registered with United Nations Framework Convention on Climate Change (UNFCCC) and are capable of generating revenue through sale of Certified Emission Reduction (CER/ Carbon Credits).

### QUALITY SAFETY, HEALTH

Your Company gives top most priority to the Quality of its products and Health and Safety of Consumers. Processing units of the Company are certified ISO 9001-2008 for the Quality Management Systems and ISO 22000- 2005 for milling of paddy, processing and packing of rice under Food Safety Management Systems.

Manufacturing and processing facilities of the Company are registered with U.S. Food and Drug Administration pursuant to the Federal Food Drug and Cosmetic Act as amended by the Bioterrorism Act of 2002 and FDA food safety modernization Act, which indicates high standard in relation food quality and safety matters followed by the company.

## 11. BOARD OF DIRECTORS

As on 31st March, 2015, your Company had five Directors, consisting of four independent directors (including One Woman Director) and one executive Chairman cum Managing Director.

During the year under review, Mr. Sanjay Jhunjunwala (DIN. 00174701), Chairman of the Company has resigned from the Chairmanship and Directorship of the Company w.e.f. 30th May, 2014.

In terms of the provision of Section 149 of the Companies Act 2013 and Clause 49 of the Listing Agreement, every listed and such other class of Companies as may from time to time prescribed shall have at least One Woman Director on Board of Directors of the Company, therefore your Company has appointed Ms. Anishrava Agrawal (DIN: 00976083) as additional Director on the Board of the Company, however due to some unavoidable reasons she could not continue to act as Director of the Company and has tendered her resignation from Directorship of the Company w.e.f. 25.04.2015. Further this is to inform to all the members that appointment of Shri Asoke Kumar Chatterjee, Independent Director of the Company expires on 04th August, 2015.

The company has received declarations from all the Independent directors confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company is not retiring any Executive Director on retirement on rotation basis in the ensuing Annual General Meeting and the Company is in the process of filing necessary application with Hon'able BIFR seeking their approval for maintaining the status quo on the position of Directors till the Company is under BIFR.

### a) BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### b) REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Details of the remuneration and sitting fees paid to the directors are provided in Corporate Governance Report.

### c) MEETINGS

During the year under review, 13(Thirteen) Meetings of Board of Directors and 1(One) Meeting of Independent Directors' were held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.





## 12. COMMITTEES OF THE BOARD

Your Company has established various committees for the purpose of the best governance practices and which are in compliance with the requirements of relevant provision of applicable laws and statutes which are as follows:

Audit Committee

Nomination and Remuneration Committee

Share Transfer Committee

Shareholders'/Investors' Grievance Committee

Corporate Social Responsibility Committee

The details with respect to the compositions, powers, duties etc of the above mentioned committees are mentioned in the Corporate Governance Report which forms part of this Annual Report.

## 13. RISK MANAGEMENT POLICY

Your Company has laid down procedures to inform members about the risk assessment and minimization procedures, which are periodically, review.

## 14. VIGIL MECHANISM

The Company has put in place a codified system, which welcomes suggestions from employees at all levels who have access to the audit Committee members, internal welfare committees and the Senior Management of the Company to report any kind of irregularity in the Company's functioning or any unethical behavior or any kind of harassment or unequal treatment given to them. Company has always believed in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethics.

## 15. LOAN, GUARANTEE AND INVESTMENTS IN SECURITIES

Particulars of loans, guarantees and investments made by the Company pursuant to Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Accounts.

## 16. CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTY

During the year under review, all related party transactions done by the Company during the financial year were at arm's length and in ordinary course of business.

## 17. AUDITORS

### a. STATUTORY AUDITORS

M/s P.K. Lilha & Co, Chartered Accountants, Kolkata were appointed as Statutory Auditors for a period of three years in the Annual General Meeting held on 30/09/2014. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### AUDITORS' REPORT

There were a few observations mentioned in the Audit report by the Auditor, below mentioned are the clarification of the Board of Directors in regard to their observations

- i. Board of Directors informed that maximum no of accounts of the Company are turned NPA during the year under review. As per banking regulations banks are not charging any interest on NPA accounts, therefore the Company has also not provided interest on such accounts after the period they turned NPA.
- ii. Board of Directors submit that total strength of the employees of the Company has been reduced by more than 90% from the peak number of employees; therefore company used the estimation method for calculation for gratuity and leave encashment.
- iii. Board of Directors submits that the company had provided Corporate Guarantee to the lenders for the borrowings by its wholly owned foreign Subsidiary Company, namely Ammalay Commodities JLT. It is contingent liability of the Company and said liability may be raised when the lenders failed to recover money from the subsidiary companies,

### b. SECRETARIAL AUDITORS

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Your Company has appointed Mr. Astik Tripathi, Practicing Company Secretary, Proprietor of M/s Astik Tripathi and Associates to undertake the Secretarial Audit of the Company.

### Secretarial Audit Report

Secretarial Auditors of the Company, in their Audit report has mentioned the observation for non appointment of the Chief Financial officer in the Company.



During the year under review, Chief Financial officer of the Company has tendered his resignation. The Company management is in search of eligible candidates who are suitable to the Company for the Post of Chief Financial Officer.

The Secretarial Audit Report for the FY 2014-15 is annexed herewith as "Annexure B.

## 18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 134(5) of the Companies Act, 2013, 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 of the Company on a 'going concern' basis.
- The Directors had laid down the internal financial control that is followed by the company and these internal financial controls are adequate and were operating effectively. Internal Financial controls means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Companies policies, the safeguarding of its assets, the prevention and detections of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of financial information.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 19. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## 20. PARTICULARS OF EMPLOYEES

a. The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

b. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as Annexure C.

## 21. SHARE CAPITAL AUDIT

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.
- A Company Secretary-in-Practice, on a quarterly basis, carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

## 22. 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 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rule, 2014 are annexed as Annexure 'A' and forms part of this Report.

### 23. CORPORATE SOCIAL RESPONSIBILITY

Your Company continues its legacy of working towards betterment of the weaker section and in its quest to serve the weaker section of the society pursued several initiatives for different sections of society to foster the feeling of sharing and caring.

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, Your Company has already constituted Corporate Social Responsibility Committee. Details of composition and working are provided in the relevant section on the Corporate Governance Report.

Your Company has suffered huge losses during last two years and therefore Company has not spent any amount towards corporate social responsibility during the year under review.

### 24. EXTRACTS OF THE ANNUAL RETURN

Extract of Annual Return Pursuant to the Section 92(3) of the Companies Act, 2013 is annexed to this report as Annexure D.

### 25. INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including

adherence to the company's policies, safeguarding of its assets, the prevention and detection of the frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of the reliable financial disclosures.

### 26. AWARDS AND RECOGNITION

During last Few years your Company have won many awards including the Global CSR Excellence & Leadership Award endorsed by World CSR Congress and Asian Confederations of Business for the best use of CSR practices in FMCG sector and was also been awarded the Asia Best CSR Activity award endorsed by Asian Confederations of Business in 2012-13 and during the year 2013-14 Raindrops, was awarded as No. 1 brands in Basmati rice category in Asia by Ibrands 360.

### 27. ACKNOWLEDGMENT

The Board place on record their appreciation for the assistance and co-operation received from various government authorities, stakeholders, bankers, vendors and members during the year under review. Directors also wish to thank all the employees for their contribution commitment, support and co-operation.

For and on behalf of Board of Directors

Sd/-

(Sandip Jhunjhunwala)

Chairman & Managing Director

Place: New Delhi

Date: 28th August, 2015



## ANNEXURE -A TO THE DIRECTOR'S REPORT

Information As Required Under Section 134(3)(m) of The Companies Act, 2013 Read With Rule 8 of the Companies (Accounts) Rules, 2014 forming Part of The Directors Report for the year ended 31st March, 2015 .

### CONSERVATION OF ENERGY:

Energy conservation and optimum utilization of energy is a priority concern for the Company. Company always emphasized conserve energy through better control and hi- tech monitoring, Company has installed energy saving features at the manufacturing facilities by which the user saves the power consumption to a considerable extent.

Regular testing and maintenance of boiler feed pumps, ID pumps, reduces the energy consumption.

Husk based power generation plant helped the Company to reduce power procured from the national grid.

The Company has been using latest technologies, which reduces energy consumption and water requirements for the paddy parboiling process.

#### FORM A.

Particulars	FY 14-15	FY:2013-14
1. Electricity		
(A) Purchased		
Unit (in KWH)	3,203,358.00	11,652,057.00
Total Amount (in ₹)	34,930,105.00	82,824,772.00
Rate/Unit	11	7.11
(B) Own Generation		
(i) Through Diesel Generator		
Unit (in KWH)	Nil	Nil
Unit per Ltr of Diesel Oil	Nil	Nil
Cost/Unit	Nil	Nil
(ii) Through Steam Turbine (Husk Based Turbine)		
Unit (in KWH)	Nil	479700
Husk/Unit/Unit (in KG)	Nil	1.51
Cost/Unit	Nil	3.75

Particulars	FY 14-15	FY:2013-14
2. Coal (specify quantity and where used)		
Quantity (tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. Furnance Oil		Nil
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
4. Other/internal Generation		Nil
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/ Unit	Nil	Nil

#### FORM B.

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

##### i) Research And Development

Company has given emphasis to research and development in order to deliver healthy and quality products. Quality Assurance Department (QA) always focused on providing products having superior aroma, enhancement of health and nutritional benefits to the consumers.

Company is using Bio- pesticides for the insect killings, use of these bio-pesticides, in rice aging process reduces the health hazards which were earlier linked to use of toxic pesticides.

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

Collective efforts of the R & D team and QA has increased quality of the rice. Use of latest technology and comprehensive maintenance programmes reduces the energy costs and decrease the percentage of broken rice during the process.

##### iii) Future plan of action:

Company has taken several measures to strengthen and develop and well equipped in-house R & D mechanism at the manufacturing unit facilities and testing laboratories?



Expenditure on R & D (₹ in Lacs)

	2014-15	2013-14
a. Capital	NIL	NIL
b. Recurring	NIL	20
c. Total	NIL	20
d. Total R & D	NIL	20
Expenditure as %of total Turnover		0.004%

Foreign exchange earnings and outgo:

A. Details regarding the exports are explained in relevant section of the director's report.

B. Total foreign exchange earned and used: Amount. (₹ in Lacs)

Foreign exchange earned (Export of goods and interest earned)	7551
Foreign exchange outgo	21
Net foreign exchange earned	7530

**ANNEXURE -B TO THE DIRECTOR'S REPORT- FORM NO. MR-3- SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2015.**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
REI AGRO LIMITED  
Everest House -46C,  
Chowringhee Road,  
Kolkata-700071

Date of Incorporation: 14/09/1994  
Authorized Share Capital: 2,000,000,000.00  
Paid up Share Capital: 1,357,984,954.00

We have conducted the secretarial audit of the compliance of applicable statutory provisions REI Agro Limited hereinafter referred to as ("the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the REI Agro Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st Day of March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by REI Agro Limited ("The Company") for the financial year ended on 31st Day of March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I/we have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the company during the audit period)
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; (Applicable to the company during the audit period)
- iii. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, Including appointment of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in

compliance with the provisions of the Act. However it has been observed that Chief financial officer (CFO) has been resigned during the audit period and as per explanation given by the company they are looking for suitable candidate.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

AstikTripathi and Associates

Sd/-

**Astik Mani Tripathi**

Proprietor

ACS No. 27667 C P No.: 10384

Place : New Delhi

Date : 30.06.2015

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.



## ANNEXURE- A

To,  
REI AGRO LIMITED  
Everest House -46C,  
Chowringhee Road,  
Kolkata-700071

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

AstikTripathi and Associates

Sd/-

**Astik Mani Tripathi**

Proprietor

ACS No. 27667 C P No.: 10384

Place : New Delhi

Date : 30.06.2015





## ANNEXURE - C

### TO THE DIRECTOR'S REPORT

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. **The ratio of the remuneration of each director to the median remuneration of the employees for the Financial Year**  
24:1
2. **The percentage increase in the remuneration of each director or KMP in the FY**  
During the year under review, no increment in the remuneration of Directors or KMP has been made by the Company
3. **The percentage increase in the median remuneration of employees in the FY**  
During the year under review, no increment in the remuneration of employees has been made by the Company.
4. **The number of permanent employees on the rolls of the Company**  
There were 29 permanent employees on the rolls as on 31st March, 2015
5. **The explanation on the relationship between average increase in the remuneration and the Company performance.**  
Not Applicable, as there is no increment in the remuneration.
6. **Comparison of the remuneration of the KMP against the performance of the Company**  
During the year under review, no increment in the remuneration of employees has been made by the Company as the Company is facing losses during last few Quarters.
7. **Variation in the Market Capitalisation of the Company , price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies.**  
During the year under review, total of the net worth of the Company was eroded due to losses, share prices of the Company was all-time low level.
8. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**  
Your Company is suffering from losses from last few quarters, therefore there was no increment in the remuneration of any of the employee including the Directors or KMP of the Company.
9. **Justification of increase in managerial remuneration with that of increase in remuneration of other employees**  
Not Applicable, as there is no increment in the remuneration.
10. **Key parameters for any variable component of remuneration availed by the directors**  
The Remuneration & Perquisites of the Managing Director were approved by the members. Further the Non Executive and Independent Directors are getting only sitting fees for attending Board & Committee Meetings.
11. **Ratio of remuneration of highest paid director to other employees who gets remuneration more than highest paid directors.**  
During the year under review, there were no employees in the Company who are getting remuneration more than that of the Directors.
12. **Affirmation that the remuneration is as per the policy of the Company**  
The remuneration paid to the employees is as per the remuneration policy of the Company.



## ANNEXURE - D

### TO THE DIRECTOR'S REPORT- FORM NO. MGT-9

Extract of Annual Return As On The Financial Year Ended March 31, 2015 [Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L14200WB1994PLC104573
ii.	Registration Date	14/09/1994
iii.	Name of the Company	REI Agro Limited
iv.	Category/Sub-Category of the Company	Company Limited By Shares
v.	Address of the Registered office and contact details	Everest House, 46C, Chowringhee Road, 15th Floor, Room No.15B, Kolkata -700071, West Bengal Te: +91 33 329 25061
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent , if any	Maheshwari Datamatics Pvt. Ltd 6th Mangoe lane, 2nd Floor, Kolkata - 700001 Tel: + 91 33 22482248/22435809 Fax: +91 33 2248 4787 Email: mdpl@cal.vsnl.net.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Rice Milling	10612	98.73%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name Of The Company	Address	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Ammalay Commoditiess JLT	Al Mas Towers, Jumeirah Lake Towers, Dubai, United Arab Emirates.	Foreign Company	Subsidiary	100%	2(87)
2.	Ammalay International PTE LTD	80, Raffles Place, # 16-20, UOB Plaza, Singapore(048624)	Foreign Company	Subsidiary	100%	2(87)
3.	Holy Stars Limited	Suite G 12, St James Court, St. Denis Street, Port Louis , Mauritius	Foreign Company	Subsidiary	100%	2(87)
4.	Orient Agro (M) Limited	Suite G 12, St James Court, St. Denis Street, Port Louis , Mauritius	Foreign Company	Subsidiary	100%	2(87)
5.	Auckland Holdings Limited	Suite G 12, St James Court, St. Denis Street, Port Louis , Mauritius	Foreign Company	Subsidiary	100%	2(87)
6.	Varrsana Ispat Limited	Everest House, 46-C, Chowringhee Road, 15th Floor, R. N. 15B, Kolkata-700071, West Bengal	U99999WB 2000PLC12 4804	Associate	48.74%	2(6)
7.	Anagi Constructions Private Limited	58A/1, Sainik Farm, New Delhi-110062	U45200DL 2006PTC 156071	Associate	47.41%	2(6)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2014)				No. of Shares held at the end of the year (as on 31st March, 2015)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	17465220	-	17465220	1.82	16465220	-	16465220	1.72	-0.1
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	488796887	-	488796887	51.03	258181969	-	258181969	26.95	-24.08
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	506262107	-	506262107	52.85	274647189	-	274647189	28.67	-24.18
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Subtotal (A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	594563	-	594563	0.06	316000	-	316000	0.03	-0.03
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1261305	-	1261305	0.13	1261305	-	1261305	0.13	-
g) FIIs	307620703	-	307620703	32.11	140640045	-	140640045	14.69	-17.42
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Subtotal(B)(1)	309476571	-	309476571	32.3	142217350	-	142217350	14.85	-17.45
2. Non Institutions									
a) Bodies Corp.	36388729	600	36389329	3.8	70762117	600	70762717	7.39	3.59



Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2014)				No. of Shares held at the end of the year (as on 31st March, 2015)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	75265470	334031	75599501	7.89	295136145	319532	295455677	30.84	22.95
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13860194	-	13860194	1.45	141121988	-	141121988	14.73	13.28
c) Others(Specify)									
1. Trusts	1360	-	1360	-	1360	-	1360	-	-
2. Clearing Member	2700599	-	2700599	0.28	4095095	-	4095095	0.43	0.15
3. Non- resident individuals	6576093	7075200	13651293	1.42	29591578	48000	29639578	3.09	1.67
Sub-total(B)(2)	134792445	7409831	142202276	14.84	540708283	368132	541076415	56.48	41.64
Total Public Shareholding (B)=(B)(1)+(B)(2)	444269016	7409831	451678847	47.15	682925633	368132	683293765	71.32	24.17
C. Shares held by Custodian for GDRs & ADRs:									
Public	44000	-	44000	0.0046	44000	-	44000	0.0046	-
Grand Total (A+B+C)	950575123	7409831	957984954	100	957616822	368132	957984954	100	

ii. Shareholding of Promoters (including Promoter group)

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2014)			Shareholding at the end of the year (as on 31st March, 2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Sandip Jhunjunwala	7661160	0.8	0	7661160	0.8	0	0
2.	Sanjay Jhunjunwala	7650360	0.8	0	6650360	0.69	0	-0.11
3.	Kaushalya Devi Jhunjunwala	900900	0.09	0	900900	0.09	0	0
4.	Sangita Jhunjunwala	802800	0.08	0	802800	0.08	0	0
5.	Suruchi Jhunjunwala	450000	0.05	0	450000	0.05	0	0
6.	Shree KGFM Pvt Ltd	149807709	15.64	4.68	92186623	9.63	0	-6.01



Sr. No	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2014)			Shareholding at the end of the year (as on 31st March, 2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
7.	Aspective Vanijya Pvt Ltd	158451768	16.54	11.52	80006114	8.35	2.98	-8.19
8.	REI Steel and Timber Pvt Ltd	66823998	6.97	3.35	34073387	3.56	0	-3.41
9.	Subhchintak Vancom Pvt Ltd	46343112	4.84	2.08	26324345	2.75	0	-2.09
10.	Snehapushp barter Pvt Ltd	65336400	6.82	4.37	23557600	2.46	0	-4.36
11.	Jagdhatri Tracon Pvt Ltd	2033900	0.21	0	2033900	0.21	0	0
	Total	506262107	52.84	26	274647189	28.67	2.98	-24.17

(iii) Change in Promoters' and Promoter Group's Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	506262107	52.84	506262107	52.84
Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (eg allotment/ transfer/ bonus/ sweat equity)			-231614918	-24.17
At the end of the year			274647189	28.67

\* Reduction in shareholding of the Promoters and Promoter group is due to sale of shares by IFCI Ltd..

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. no	Name of the Member	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BAY POND MB	78881617	8.23	78881617	8.23
2	Resonance Opportunities Fund	47128744	4.92	-	-
3	BAY POND BMD MB	29396369	3.07	29396369	3.07
4	Clearwater Capital Partner SI	29190620	3.05	-	-
5	M & G Asian Fund	23637927	2.47	-	-
6	Elara India Opportunities Fund Limited	20553574	2.15	20553574	2.15
7	Silver Stallion Limited	19840000	2.07	-	-



Sr. no	Name of the Member	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	National Westminster Bank PLC as Depository of M and G Global Emerging Markets	19375691	2.02	-	-
9	Wellington Trust Company National Association Multiple Common Trust Funds	7085092	0.74	-	-
10	Ritesh Bhartiya	7027200	0.73	4393229	0.46
11	Narendra S	-	-	4529185	0.47
12	Karvy Stock Broking Limited	-	-	4462278	0.46
13	Pravinchandra Ratilal Shah	-	-	4331935	0.45
14	Dimensional Emerging Markets Value Fund	-	-	4019258	0.42
15	Hanuman Prasad	-	-	2750000	0.29
16	Globe Capital Market Limited	-	-	2597009	0.27

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. no		Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Sandip Jhunjunwala				
	At the beginning of the year	7661160	0.8	7661160	0.8
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			7661160	0.8
2	Mr. Sanjay Jhunjunwala				
	At the beginning of the year	7650360	0.8	7650360	0.8
	Bought during the year	-	-	-	-
	Sold during the year			-1000000*	-0.11
	At the end of the year			6650360	0.69

**Note:**

- As on 31st March, 2015, no other Directors held any shares in the Company.
- Mr. Sanjay Jhunjunwala has resigned from the Chairmanship and Directorship of the Company w.e.f 30th May 2014.
- \*Sale of Shares by Mr. Sanjay Jhunjunwala



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount (in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	₹ 4954.7	₹ 628.9	-	5583.6
ii) Interest due but not paid	₹ 31.4	-	-	31.4
iii) Interest accrued but not due	₹ 8.1	₹ 13.0	-	21.1
Total (i+ ii+ iii)	₹ 4994.2	₹ 641.9	-	5636.1
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	₹ 4944.9	₹ 708.5	-	5653.4
ii) Interest due but not paid	₹ 253.1	₹ 48.2	-	301.3
iii) Interest accrued but not due	₹ 7.7	₹ 13.5	-	21.2
Total (i+ ii+ iii)	₹ 5205.7	₹ 770.2	-	5975.9

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director

Sl. No.	Particulars of Remuneration	Mr. Sandip Jhunjunwala (Managing Director)	Amount (in ₹)
1.	Gross salary		
(a)	Salary as per provisions		
	Contained in section 17(1) of the Income-tax Act, 1961	48,00,000	48,00,000
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission as % of profit	-	-
5.	Others, please specify	-	-
	Total (A)	48,00,000	48,00,000





**B. Remuneration to other directors:**

Sl. No.	Name of Directors	Particulars of Remuneration		Total Amount
		Commission	Sitting Fee	
Independent Directors				
1	Mr. A.K Chatterjee	-	1,90,000	1,90,000
2	Mr. N. K Gupta	-	10,000	10,000
3	Mr. K. D Ghosh	-	1,20,000	1,20,000
4	Ms. Anishrava Agrawal *	-	-	-
	Total(1)	-	3,20,000	3,20,000
Other Non-Executive Directors				
	·Fee for attending board committee meetings	-	-	-
	·Commission	-	-	-
	·Others, please specify	-	-	-
	Total(2)	-	-	-
	Total(B)=(1+2)	-	3,20,000	3,20,000
	Total Managerial Remuneration	-	3,20,000	3,20,000
	Overall Ceiling as per the Act			“As per Note 1 below”

**Note:**

- In terms of the provisions of the Companies Act, 2013, the sitting fee payable to directors other than executive directors shall not exceed ₹ 1,00,000 per meeting of the board or committees thereof. The sitting fee paid to the directors is well within the said limit.
- \*Ms. Anishrava Agrawal being Non-executive Independent director of the Company resigned from the Company w.e.f 25th April, 2015.

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Mandan Mishra Company Secretary	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,81,899	20,81,899
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
5.	Others, please specify		
6.	Total	20,81,899	20,81,899

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties / punishments/ compounding of offences for the year ended 31st March, 2015.



# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC OVERVIEW

People of the nation gave a decisive mandate for the formation of Government at the Centre in the general elections of 2014 which has kept overall sentiment in Indian economy in upbeat mood. A growth-oriented government at the helm has announced several major initiatives in different spheres to boost the economy sentiment and push forward the reforms agenda. This instilled a tremendous amount of confidence and hope that Government would be able to take effective steps to turn around the economy which had slowed down considerably in the recent past and also accelerate the pace of reforms.

Over the last year, we have seen a revival in the economy, with macroeconomic indicators now starting to trend in the right direction after a sluggish start, however it seems that the slowdown, particularly in the FMCG sector, has yet to reverse, the Indian economy displayed a sense of buoyancy, riding on the pro-growth agenda of the New Government. The revival of growth gained momentum in 2014-15 with the sharp decline in crude oil prices, the funds flow from strong investor sentiment and the reform initiatives of the new government at the Centre with its thrust on consolidation and fiscal stability. Despite the lukewarm growth in foreign trade, the strong domestic demand kept the growth momentum on an upward trajectory, however a slow recovery of market, emergence of inflationary conditions, volatility in currency and unfavorable weather patterns are some of the threats.

IMF and the World Bank have pegged an optimistic Real GDP growths for India for the year 2015 as against in 2014.

## INDUSTRY SCENARIO

Rice is an important staple food crop, which is grown in a diverse range of climatic and agro ecological conditions in almost all parts of the world. More than a third of world's population, predominantly in Asia, depends on rice as a primary staple food. In Asia, more than Majority of the peoples people derive 35 to 60 per cent of their calories from rice. India occupies an important position both in acreage and production of rice. It has the largest area (42.9 million hectares) that accounts for about 27.1 per cent of the total rice growing area of the world. In respect of production, India ranks second after China. Further, India's rice production has nearly trebled between 1960 and 2010, with a compounded growth rate of 2.53%. The Green Revolution has helped the country to regional food surpluses with Punjab leading the country in rice production and productivity.

India's rice production in the financial year 2014-15 has declined from 106.65 MT in the year 2013-14 to 104.92 MT in the year

2014-15 as the 2014 summer monsoon performance was subdued. Monsoon rains picked up after a late and low start. June-September rains were below the 50-year seasonal average, after amounting to only 59% of long term averages over June to mid-July. Moreover, some of the largest rice growing states, including Uttar Pradesh, Punjab and Andhra Pradesh, were among the driest.

Though a revival in the rice industry is expected to happen in the near to medium term.

## FREE FALLING CURRENCY

Indian Rupee has recently seen its all time low in comparison with US Dollar. The only consolation could be that all major emerging markets currencies have suffered; however, the Indian Rupee has suffered more because of its larger current account deficit and other macro economic factors. Indian Economy has greater dependence on volatile capital flows (FIIs and short term debt) which makes Indian rupee more vulnerable. The falling currency has not been successful in boosting demand for Indian Products in the International Market even as the import Bills mount thereby affecting the balance of trade. The steady slide in the Rupee has shaken the confidence thereby impacting economic activity.

## OVERVIEW OF YOUR COMPANY PERFORMANCE

The overall gloomy scenario has had an impact on the Industry and REI Agro limited is also not isolated from the effects of the high cost of financing with rising interest costs and slow recovery in the economy has resulted in pressure on the bottom line of most corporate especially in working capital intensive industries.

The last financial year turned out to be the weakest years in life time of the Company since its incorporation as the Company has extended its losses to ₹ 5,49,429 lacs during the year in comparison to the previous year loss of ₹ 3835 lacs.

A steep rise in the price of raw material coupled with reduction in sales volume, higher competition in the industry, overdue in debtor's realisation, and economic slowdown, this all has led company into a liquidity crunch.

Our Company operates in a highly working capital intensive industry and due to liquidity crunch, it failed to meet its financial obligations towards lenders, access to fresh working capital was also not available. The entire net worth of the Company was eroded during the period ended on 31st December, 2014 and the Company had become Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act 1985 (SICA). The Company make a required reference with



the Board for Industrial and Financial Reconstruction (BIFR) for registration of reference of the company with Hon'ble BIFR on 28th April, 2015 to study the reasons of Sickness and determination of measures to be adopted for revival of the Company. The reference of the company is registered with Hon'ble BIFR as Case No. 85/2015 under the provisions of SICA for adopting measures for the revival and rehabilitation.

During the year under review, your Company has achieved a turnover of ₹ 1,85,576 lacs on a standalone basis as against ₹4,52,324 lacs in the previous year. Further, due to decrease in revenue from operations, heavy finance cost, slow recovery of dues etc. the Company has extended its losses to ₹ 5,49,429 lacs during the year in comparison to the previous year loss of ₹ 3,835 lacs.

## RISK & CONCERN - DOMESTIC

- 1) Economic Risk - Due to the global slowdown and other macro factors such as inflation and increasing interest rates, there could be an adverse impact on the business and profitability. The non availability of required amount of working capital and higher cost of the available working capital can continue to impact the company in the future.
- 2) Raw Material Pricing Risk – The increase in the raw material price i.e. basmati paddy price may impact the business and profitability of the company. The increase in the prices of basmati paddy increased the working capital requirement of the company on the one hand and may also affects the viability of the business on the other.
- 3) Our inability to meet the consistent quality requirements of our customers or a change in customer preferences or discretionary spending could lead to lower consumption of Basmati rice and affect our business.
- 4) We face significant competition from both Indian and international producers of Basmati and other rice and food products.
- 5) We have substantial working capital requirements and will require additional financing in the form of debt or equity to meet our working capital requirements. Moreover, many of your company debts are getting due over the next year or so. An inability to restructure these debts or to procure additional funding can further impact the company performance in the future.
- 6) Currency Risk - Financial instability in other countries, particularly countries with emerging markets, could disrupt the Indian markets and the Company's business and cause

the trading price of the shares of the Company to decrease. Your company and its subsidiary have borrowed in foreign exchange and an adverse movement in the currency can impact the company adversely.

## OUTLOOK

The continued efforts to develop the business should stand it in good stead. However the economic conditions prevailing within the country have a significant role to play in the actual

## PERFORMANCE.

### Internal Controls and their Adequacy

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorised, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. Management continuously reviews the internal control systems and procedures to ensure the efficient conduct of business. The Audit Committee of the Board oversees the internal controls within the organisation

## HUMAN RESOURCES

The context in which Company operate today demands new and dynamic leadership and management responses. Leadership development is therefore a strategic priority for REI. Alongside our other initiatives to build a learning organization and leverage people potential, we have embarked on a systematic process of developing global leadership capabilities.

At REI, employee initiatives are constantly updated and modified to mark newer beginnings. Our professional development programs are designed to cover every spectrum of individual development. A competency-based model has been adopted which defines the required competencies and employee development initiatives at various levels and functions.

## 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

The Company believes in adoption of best governance practices and its adherence in the true spirit at all times. Even in a tough competitive business environment, the Management and Employees of the Company are committed to transparency, integrity, honesty and accountability. These Values guide us in all our transactions and relations. 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.

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

REI'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 under Clause 49 of the Listing Agreement for listed Companies. As a global organization, the Corporate Governance practices followed by the Company are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by

ensuring transparency, fair play and independence in its decision making, the report contains the details of governance systems and processes at REI Agro Ltd.

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 Listing Agreement with the Indian Stock Exchanges.

## [B] BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company.

Composition of Board of Directors: The Board of Directors comprises of Five Directors, Chaired by Managing Director. Four 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.

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	Nil	Absent*
Shri Sandip Jhunjunwala	Managing Director	2	Nil	13	Present
Dr ING N.K. Gupta	Independent Non-Executive Director	3	2	1	Absent*
Shri A. Chatterjee***	Independent Non-Executive Director	7	2	13	Present
Shri K.D. Ghosh	Independent Non-Executive Director	1	2	6	Present
Ms. Anishrava Agrawal##	Independent Non-Executive Director	2	Nil	Nil	-

# resigned w.e.f. 30.05.2014

##Appointed on 31.03.2015 and resigned on 25.04.2015

\* 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 8 of the Companies Act, 2013 and Alternate Directorship whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders'/Investors' Grievance Committees only.

\*\*\*expire on 04.08.2015



#### DETAILS OF BOARD MEETINGS HELD:

During the Financial Year ended 31st March 2015, Thirteen (13) Board Meetings were held, whose details are given as:-

Sl. No.	Date (FY:2014-15)	Board strength	No. of Directors present
1	14.05.2014	5	2
2	29.05.2014*	5	3*
3	27.06.2014	4	2
4	17.07.2014	4	2
5	30.07.2014	4	2
6	14.08.2014	4	2
7	26.09.2014	4	2
8	01.11.2014	4	3
9	13.11.2014*	4	3*
10	29.11.2014	4	3
11	24.12.2014	4	3
12	19.01.2015	4	3
13	31.03.2015	4	3

\*Meetings held on 29.05.2014 and 13.11.2014 were adjourned to the next day, i.e 30.05.2014 and 14.11.2014 respectively.

#### INDEPENDENT DIRECTORS MEETING AND FAMILIARIZATION PROGRAM

During the year under review, the Independent Directors of the Company met on 31st March, 2015 for familiarization of independent directors with respect to role and responsibilities under the Companies Act, 2013 and the listing agreement with the stock exchanges, for review the performance of Non-independent directors and the Board as a whole. The meeting was attended by all independent directors.

#### [C] BOARD COMMITTEES

The Board of directors constituted Five (5) Committees viz. Audit Committee, Remuneration and Nomination Committee, Shareholders'/Investors' Grievance Committee (Stakeholders Relationship Committee), CSR Committee and Share transfer Committee. Company also has a management Committee to look after day to day business activities of the Company. Details on the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

##### [1] 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 review of the financial statements of subsidiary companies and letter of internal control weaknesses.

During the year 2014-15, the Committee met on Six times i.e. on 29.05.2014\*, 14.08.2014, 13.11.2014\*, 29.11.2014, 14.02.2015, 28.02.2015.

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	6
2	Dr. N. K. Gupta	Member	1
3	Shri K.D. Ghosh	Member	6

\*Meetings held on 29.05.2014 and 13.11.2014 were adjourned to the next day i.e 30.05.2014 and 14.11.2014 respectively.

#### [II] SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE (STAKEHOLDERS RELATIONSHIP COMMITTEE)

The Company has constituted Shareholders'/Investors' Grievance Committee to look into and redress the 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) and Shri N. K. Gupta (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 29.05.2014, 14.08.2014, 13.11.2014, 14.02.2015 respectively. The Company Secretary of the Company acts as Secretary to the Committee.





Name and designation of Compliance Officer (Contact Person)

Compliance Officer : Shri Mandan Mishra  
 Company Secretary  
 Address : 58A/1, Sainik Farm, New Delhi- 110062  
 Phone No. : +91- 11-66768000  
 Fax No. : +91-11-66768026  
 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.

### [III] NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible to adhere to the transparent policies, procedure and practises while developing and fixing the remuneration policy for the Directors. The committee comprises of Shri A. Chatterjee (Chairman, Independent Director), Shri K.D. Ghosh (Member, Independent Director) and Shri N. K. Gupta (Member, Independent Director). During the year under review, there was one meeting of the remuneration committee was held on 31.03.2015

The Company Secretary of the Company acts as Secretary to the Committee.

#### Remuneration of Directors:

Directors with pecuniary relationship or business transaction with the Company:

The Chairman & Managing Director of the Company receive Salary, Perquisites and Allowances, while all the Non-Executive Directors Receive Sitting Fees for attending meetings.

The Details of Remuneration and sitting fees paid to Directors for the year ended 31st March 2015 is as follows:

Name of the Director	Sitting Fees	Salary & Perquisites	Commission
Shri Sanjay Jhunjhunwala	-	-	-
Shri Sandip Jhunjhunwala	-	48,00,000	-
Dr. N.K. Gupta	10,000	-	-
Shri A. Chatterjee	1,90,000	-	-
Shri K.D. Ghosh	1,20,000	-	-

The details of Equity Shares held by the Directors as on 31st March 2015 are as follows:

Name of Director	No. of shares held	Nominal value of shares (₹)
Shri Sanjay Jhunjhunwala	66,50,360	66,50,360
Shri Sandip Jhunjhunwala	76,61,160	76,61,160
Dr. N.K. Gupta	NIL	NIL
Shri A. Chatterjee	NIL	NIL
Shri K.D. Ghosh	NIL	NIL

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees thereof after considering inputs received from the Directors, covering various aspects such as composition of the board and its Committees, Board culture & meetings, performance of specific duties, obligations and governance. Similarly, to evaluate the performance of individual directors including the Chairman of the Board was prepared on various parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

### [IV] 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 etc. to Company's RTA at the below mentioned address.

Maheshwari Datamatics Pvt. Ltd.  
 6, Mangoe Lane, Kolkata-700 001.  
 Phone no. 033-2248-2248, 2243-5029/5809  
 Fax : 033-2248-4787



**[V] CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Terms of Corporate Social Responsibility (CSR) Committee are as per the provisions of Section 135 of The Companies Act, 2013 and listing agreement with Stock Exchanges which inter alia include formulation and recommendation to the Board, a Corporate Social Responsibility (CSR) Policy and following the necessary guideline in accordance with the applicable laws.

**Composition of CSR Committee:**

Shri Sandip Jhunjhunwala- Chairman

Shri A. Chatterjee – Member

Shri K.D. Ghosh- Member

During the year under review, there was one meeting of the CSR committee which was held on 29th November, 2014 and attended by all Members.

**[VI] RISK MANAGEMENT COMMITTEE**

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors of the Company at its Meeting had constituted a Risk Management Committee. This Committee comprises 3 Members i.e. Shri A. Chatterjee ( Chairman), Shri K. D Ghosh (Member) and Shri N.K. Gupta (Member)

This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company. No meeting of the Committee was held during the financial year 2014-15.

**[D] GENERAL BODY MEETINGS**

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

Venue	Financial Year	Date & Time
Uttam Mancha,10/1/1 Manohar Pukur Road, Kolkata-700026	2013-14	30th September, 2014 at 10:30 AM.
Mini Auditorium, Science City, J.B.S Haldane Avenue, Kolkata – 700046	2012-13	30th September, 2013 at 09:30 AM.
Rotary Children’s Welfare Trust, Rotary Sadan, 94/2, Chowringhee Road, Kolkata- 700020	2011-2012	29th September, 2012 at 11:30 AM.

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
30th September, 2014	Annual General Meeting	Alteration of Article of Association of the Company
30th September, 2013	Annual General Meeting	Re-Appointment of Vice Chairman and Managing Director
30th September, 2013	Annual General Meeting	Alteration of Article of Association of the Company

Company has not passed any special resolution through Postal Ballot during last three years .

**[E] DISCLOSURES**

**(i) Related party transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm’s length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

**(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.





**(iv) Whistle blower policy**

The Company has put in place a codified system, which welcome suggestions from the employees and employees at all levels have access to the audit Committee members, internal welfare committees and the Senior Management of the Company to report any kind of irregularity in the Company's functioning or any unethical behaviour or any kind of harassment or unequal treatment given to them. Company has always believe in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethics.

**(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) Code of Conduct for Prevention of Insider Trading**

The Company has instituted a comprehensive Code for prevention of Insider Trading, for its Directors and designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, The objective of this Code is to prevent purchase and/ or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares when the Trading Window is closed. Further the Code specifies the procedures to be followed and disclosures to be made by Directors and the designated employees, while dealing with the shares of the Company and enlists the consequences of any violations.

**(vii) Policy for Determining Material Subsidiaries**

In terms of Clause 49(V) of the Listing Agreement the Company has formulated a Policy for Determining Material Subsidiaries.

**[F] 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.

**[G] GENERAL SHAREHOLDERS' INFORMATION**

**(i) Details of the ensuing AGM**

Date & Time	29th Setpember,2015 at 10.30 AM
Venue	Uttam Mancha, 10/1/1 Manohar Pukur Road, Kolkata-700026
Book Closure Date	28th September 2015 to 29th September, 2015 (both days inclusive)

**(ii) Registrar & Share Transfer Agents (RTA)**

MaheshwariDatamatics Pvt. Ltd.  
6, Mangoe Lane, Kolkata-700 001.  
Phone no. 033-22482248, 22435029/5809  
Fax : 033-22484787

**[H] DIVIDEND AND FINANCIAL YEAR INFORMATION**

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

Pursuant to Section 124 read with Section 125 of the Companies Act, 2013, unclaimed dividend which remains unpaid for a period of seven years shall be transferred to Investor Education & Protection Fund. Accordingly, the Company has transferred all the unclaimed dividend for the year 2006-2007 to the said fund. Unclaimed dividend for the year 2007-08 ₹ 765,708 shall be transferred to the said fund before the due date.

Members are requested to claim the amount of Unpaid/ unclaimed dividend for the year 2007-2008 onwards.

**(ii) Financial year:**

The financial year of the Company starts with 1st April 2014 and ended on 31st March 2015.



**(iii) Financial Calendar for 2015-2016 (Tentative)**

S. No.	Approval/Adoption of	On or before
1.	1st Qtr. Financial Result ending on 30th June, 2015	14th August 2015
2.	2nd Qtr. and half year ending on 30th September, 2015	14th November, 2015
3.	3rd Qtr. Financial Result ending on 31st December, 2015	14th February, 2016
4.	Audited Financial Result for year ending 31st March, 2016	30th May, 2016
5.	Next Annual General Meeting	30th September, 2016

**[I] LISTING OF SECURITIES 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**

Singapore Stock Exchange (SGX) Code: 4BQB and 4BPB  
ISIN-US74948PAA21 and USY7253SAB61

**DEBT INSTRUMENTS**

Non-Convertible Debentures issued by the Company on private placement basis are listed at Bombay Stock Exchange Limited at its Wholesale Debt Market (WDM) segment under various ISIN Nos.

**DEBENTURE TRUSTEES:**

IDBI Trusteeship Services Limited and IL&FS Trust Company Limited

**(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 Limited (BSE) and National Stock Exchange of India Limited during financial year 2014-15 are as follows:

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Apr-14	6.15	4.17	6.15	4.1
May-14	4.9	1.97	4.85	2.05
Jun-14	6.11	2.87	5.75	2.85
Jul-14	6.73	3.22	6.3	3.25
Aug-14	3.65	2.29	3.65	2.35
Sep-14	3.79	2.43	3.75	2.4
Oct-14	2.7	2.31	2.7	2.3
Nov-14	2.86	1.93	2.75	1.95
Dec-14	1.95	1	1.95	1
Jan-15	1.63	1	1.6	1
Feb-15	1.12	0.73	1.15	0.7
Mar-15	1.07	0.68	1.1	0.65

**(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, 2015 is given as under.

Chart One: Both BSE (Sensex) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2014.

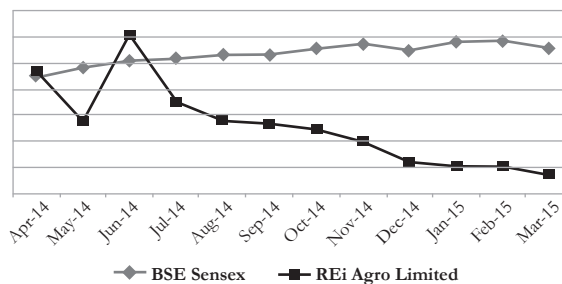
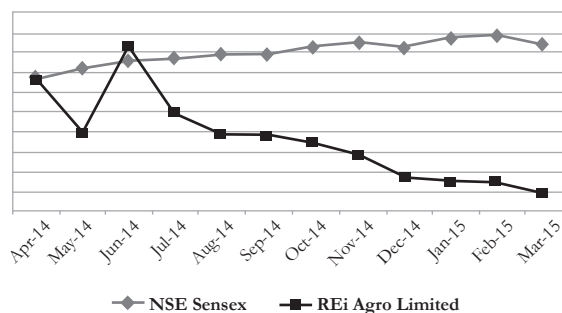


Chart Two: Both NSE (Nifty) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2014.





**(v) Distribution of Shareholding**

The Shareholding distribution of equity shares as on 31st March, 2015 is given below: -

Sl. No	Shares Holding	No. of Share Holders	% of Share Holders	No. of Shares	% of Shareholding
1	1 to 500	31535	41.22	6649760	0.69
2	501 to 1000	11910	15.57	10660373	1.11
3	1001 to 2000	9009	11.77	15104234	1.58
4	2001 to 3000	4497	5.88	12052179	1.26
5	3001 to 4000	2541	3.32	9439692	0.99
6	4001 to 5000	3387	4.43	16462902	1.72
7	5001 to 10000	5941	7.76	47229622	4.93
8	10001 & above	7693	10.05	840386192	87.72
	Total	76513	100	957984954	100

**(vi) Shareholding Pattern of the Company as on 31st March, 2015**

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)	No. of Shares	As a percentage	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII) / (IV) *100
<b>(A) Shareholding of Promoter and Promoter Group</b>								
<b>(1) Indian</b>								
(a)	Individuals/ Hindu Undivided Family	7	16465220	16465220	1.72	1.72	0	0
(b)	Bodies Corporate	10	258181969	258181969	26.95	26.95	28580043	11.07
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>17</b>	<b>274647189</b>	<b>274647189</b>	<b>28.67</b>	<b>28.67</b>	<b>28580043</b>	<b>10.41</b>
<b>(B) Public shareholding</b>								
<b>(1) Institutions</b>								
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	2	316000	316000	0.03	0.03	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	1	1261305	1261305	0.13	0.13	0	0
(f)	Foreign Institutional Investors	19	140640045	140640045	14.68	14.68	0	0



(I)	(II)	(III)	(IV)	(V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	No. of Shares (VIII)	As a percentage (IX)=(VIII) / (IV) *100
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	<b>Sub-Total (B)(1)</b>	<b>22</b>	<b>142217350</b>	<b>142217350</b>	<b>14.85</b>	<b>14.85</b>	<b>0</b>	<b>0</b>
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	801	70762717	70762117	7.39	7.39	0	0
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh	74033	295455677	295136145	30.84	30.84	0	0
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	564	141121988	141121988	14.73	14.73	0	0
<b>(c)</b>	<b>Any Other</b>	-	-	-	-	-	-	-
	Non Resident Individuals	989	29639578	29591578	3.09	3.09	0	0
	Trusts	2	1360	1360	0	0	0	0
	Clearing Member	84	4095095	4095095	0.43	0.43	0	0
	<b>Sub-Total (B)(2)</b>	<b>76473</b>	<b>541076415</b>	<b>540708283</b>	<b>56.48</b>	<b>56.48</b>	<b>0</b>	<b>0</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>76495</b>	<b>683293765</b>	<b>682925633</b>	<b>71.33</b>	<b>71.33</b>	<b>0</b>	<b>0</b>
	<b>TOTAL (A)+(B)</b>	<b>76512</b>	<b>957940954</b>	<b>957572822</b>	<b>100</b>	<b>99.99</b>	<b>28580043</b>	<b>2.98</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0	0	0	0
1	Promoter and promoter group	0	0	0	0	0	0	0
2	Public	1	44000	44000	0	0	0	0
	<b>Sub Total (C)</b>	<b>1</b>	<b>44000</b>	<b>44000</b>	<b>0</b>	<b>0.01</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>76513</b>	<b>957984954</b>	<b>957616822</b>	<b>100</b>	<b>100</b>	<b>28580043</b>	<b>2.98</b>



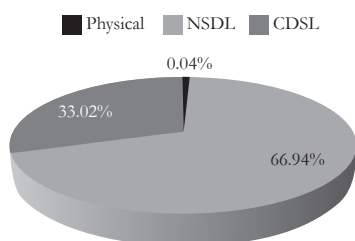
**(vii) Dematerialization of shares and liquidity:**

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, 2015

	No. Of Share Holders	No. of shares	% of Shareholding
1. Physical	148	368132	0.04
2. NSDL	47151	641296504	66.94
3. CDSL	29214	316320318	33.02
Total	76513	957984954	100

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



**[J] AUTHORISED AND PAID UP CAPITAL OF THE COMPANY**

**(i) Authorized Share capital**

Authorized Share capital of the Company is ₹ 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 ₹ 100/- each. During the year, there is no change in the authorised and paid up capital of the Company

**[K] ISSUE / ALLOTMENT OF OTHER SECURITIES:**

**(i) 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 Kolkata 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 one equity shares of ₹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. However Board of Directors in their meeting held on 14th January, 2011, changed the GDR to Equity ratio, now each GDR represents 20 equity shares of the company. The Company has not received any request for redemption of GDRs and releasing of underlying shares in favour of non-resident investor. As on 31st March 2015, 2200 GDR were outstanding. Meaning the Company has requested the UK listing Authority (the UKLA/London Stock Exchange (the LSE)) to cancel the standard listing of REI's regulation S global Depository Receipts (Regulation S GDRs) due to relatively low liquidity with virtually no trading taking place.

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

During the financial year 2009-10, Company has issued 105000 number of 5.5% Foreign Currency Convertible Bonds (FCCBs) of US \$ 1,000 each aggregating US \$ 105.00 Million to overseas investors. As on 31st March 2015, out of 105000 Bonds, only 350 bonds stand converted into equity shares as per following details. All the outstanding bonds were due for redemption on November 13, 2014, since then neither repayment has been made by the company nor any request for conversion has been received from FCCB holders

Date of conversion	Number of Bonds converted	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 ₹ 46.70 per share as per the terms of Offer Circular.

**(L) 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.
- (3) Plot No. 126, Sector-6, HSIIDC, 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

#### **(M) 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.

#### **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.

#### **Share Capital Audit Report**

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.
- A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

#### **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.

For and on behalf of the Board of Directors

Sd/-  
**K D Ghosh**  
Director

Sd/-  
**Sandip Jhunjhunwala**  
Chairman &  
Managing Director

# ANNEXURE TO REPORT ON CORPORATE GOVERNANCE



## CEO'S CERTIFICATION AS TO COMPLIANCE WITH CODE OF CONDUCT (IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT)

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

Sd/-

**Sandip Jhunjhunwala**

Chairman & Managing Director





## CEO AND CFO CERTIFICATION

To,

The Board of Directors  
REI Agro Limited  
Kolkata

I, Sandip Jhunjhunwala, Chairman and Managing Director and CEO of REI Agro Limited, to the best of my knowledge and belief, do hereby certify that:

1. I have reviewed the Balance Sheet and Profit and Loss account (Standalone), including financial statements and all the schedules and notes on accounts, as well as the cash flow statements and the Directors report
2. Based on my knowledge and information, these statements do not contain any untrue statement or omit to state any material fact or contain statements that might be misleading.
3. Based on my knowledge and information, 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.
4. To the best of my knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct and ethics.
5. I accept the responsibility for establishing and maintaining internal controls and procedures for financial reporting and that i have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
6. I have disclosed , based on my recent evaluation, wherever applicable , to the Company's auditors and the audit committee of the Company's board of directors (\* and persons performing the equivalent functions);
  - a. There were no deficiencies in the design or operations of the internal control, that could adversely affect the company's ability to record, process, summarizes and report financial data and there have been no material weakness in the internal control .
  - b. There were no significant changes in the internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d. There were no instances of fraud of which i am aware, that involve the Management or other employees who have a significant role in the Company's internal control system.

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 i 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.

Sd/-

**Sandip Jhunjhunwala**  
Chairman & Managing Director

Place: New Delhi

Date : 28th August, 2015



# 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, 2015 as stipulated in revised clause 49 of the Listing Agreement of the said Company with Stock Exchanges(s).

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 nor 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 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

Sd/-  
**(P. K. Lilha)**  
Partner  
M. No.11092.

Place: Kolkata

Date : 28th August, 2015



# INDEPENDENT AUDITORS' REPORT

To The Members of **REI AGRO LIMITED**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying Standalone financial statements of **REI Agro Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true & fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## BASIS FOR QUALIFIED OPINION

1. The Company has not provided interest on loans availed from banks and financial institutions which have been classified as NPA by them. The amount not so provided amounts to ₹425.23 Crores for the year ended 31st March 2015.
2. Provision for gratuity and leave encashment has been done on the basis of estimation and not as per the Actuarial Valuation, which is not in consonance with AS-15.
3. The company had provided Corporate Guarantee to the lenders for the borrowings by its Subsidiary Company namely Ammalay Commodities JLT. The said subsidiary company has defaulted in the repayment of the facilities provided by the lenders and therefore the lenders of the subsidiary company has invoked the Corporate Guarantee provided to them amounting to ₹ 3,105.93 Crores from the

company against which no provision has been made in the books of the accounts for the year ended 31<sup>st</sup> March 2015. It has been explained by the management that it shall provide for the liability, if any, after the lender has not been able to recover the amount from the subsidiary company.

## QUALIFIED OPINION

In our opinion, and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the basis for qualified opinion paragraph above, the accompanying standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the financial statements:

1. Note 29.1 to the financial statements that describe that due to liquidity crunch being faced by the company, it was not able to procure adequate quantum of Raw Material during the year, which has resulted in temporary shutdown of one of its unit and partly shut down of second unit. However the third being grading & packing units has been operational.
2. Note 29.2 to the financial statements that the Company has defaulted in payment of obligations in respect of all the Banks/Financial Institutions/Non- Convertible Debentures holders together with interest thereon on due dates. As a result thereof all the Working Capital Banks, Term Lenders and NCD Holders have initiated the Corrective Action Plan (CAP) through the Joint Lenders Forum (JLF) in accordance with the RBI's SMA Guidelines dated February 26,2014. A lender bank initiated a Winding up proceedings against the company for recovery of dues Notices have now been issued by certain lenders u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. This may have adverse effect on the functioning of the company on going forward basis.

3. Note No.29.5 to the financial statement indicates that the company has accumulated losses and its net worth is fully eroded. The company has incurred net loss during the current year and previous year and company's current liabilities exceeded its current assets as at the balance sheet date.

These conditions along with other matters set out above indicates the existence of uncertainty that may cast doubt about the company's ability to continue as going concern. However the financial statements of the company has been prepared by the management on going concern basis.

Our opinion is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 & 4 of the Order, to the extent applicable.
- ii) As required by Section 143(3) of the Companies Act, 2013 we report that:
  - a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. The matters described in the Basis for Qualified Opinion and emphasis of matters paragraphs above,





in our opinion, may have an adverse effect on the functioning of the Company.

- f. The Company has defaulted in redemption of Non Convertible Debentures (“NCD”) on due date and payment of interest due thereon and dividend on preference shares and such default has continued for more than one year. In terms of section 164(2) of the Companies Act 2013, the Directors of the Company are not eligible to be reappointed as Directors of the Company. As per the legal opinion obtained, the Directors of the Company may continue to hold their position as Directors till their reappointment date.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 28 & 29 to the financial statements.
- ii) The Company did not have long-term contracts including derivative contracts any for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **P. K. LILHA & CO.**  
Chartered Accountants  
Firm Reg. No.: 307008E  
Sd/-  
**(CA. P. K. LILHA)**

Place : Kolkata  
Date : 13.06.2015

Partner  
M. No. 011092

## ANNEXURE TO THE AUDITORS’ REPORT

(Referred to in paragraph 1 under the head "Report on Other Legal and Regulatory Requirements" 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) Fixed Assets have been physically verified by the management during the year.
  - c) No substantial part of fixed assets has been disposed off by the company during the year.
- 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 procedure of physical verification of inventories followed by the management is 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. The company has not granted any loan parties covered in the register maintained under section 189 of the Companies Act.
- iv. In our opinion and according to the information and explanations given to us, the company has adequate internal control system with regards to the purchase of inventories, fixed assets and for the sale of goods needs to be further strengthened.
- v. The company has not accepted any deposits from the public. Hence the provisions of clause 4 (v) of the order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under



clause (d) of sub-section (1) of Section 148 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.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues, in respect of Service tax, and Income Tax at source though there has been a slight delay or delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities except as set out in the Table below:

Particulars	Amount (Rs)	Amount (Rs)
Dividend Distribution Tax Payable (DDT) (Inclusive of Interest)		
F.Y. 2011-12	94,754,183	
F.Y. 2012-13	85,118,164	179,872,347
Income Tax Payable for year ended 31/03/13 (A.Y. 13-14)		
(On the Basis of computation as per IT Act, 1961)		602,606,045

- (b) According to information and explanation given to us and the records of the company examined by us, the following disputed amount of statutory dues which have not been deposited.

Name of the Statute	Nature of Dues	Amount (Rs in Lacs)	Period to which it relates	Forum where Dispute is Pending
PDIF Act	Local Tax	119.00	2008-09	Punjab & Haryana High Court
Sales Tax	Local Tax	144.00	2008-09	Punjab & Haryana High Court

- viii. The Company has accumulated losses of ₹ 5493.13 Crores as at the end of the Financial Year and it has incurred cash losses of ₹ 5389.28 Crores during the current and NIL in the immediately preceding financial year.
- ix. 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 defaulted in the repayment of dues to financial institution, Bank and debenture holders as referred to Note No.5.4, 5.6 & 8.2 of the Notes to the Financial Statements.
- x. In respect of loans granted by Banks to some of its wholly owned subsidiary company, this Company has given guarantees to the extent of Rs 3,105.93 Crores against credit facilities provided by the banks and Financial Institutions to two (2) Wholly Owned Foreign Subsidiaries companies - Ammalay Commodities JLT and Ammalay International PTE Ltd. But during the year bankers have invoked the corporate guarantee for which no provision has been made.
- xi. 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. However, no Term Loan has been raised during the year.
- xii. In our opinion and according to our 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 course of our audit.

For **P. K. LILHA & CO.**  
Chartered Accountants  
Firm Reg. No.: 307008E

Sd/-  
**(CA. P. K. LILHA)**  
Partner  
M. No. 011192

Place : Kolkata  
Date : 13.06.2015

# BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

	Notes	As at March 31 '2015	As at March 31 '2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	1,357,984,954	1,357,984,954
Reserves and Surplus	4	(29,099,748,636)	24,547,683,816
<b>Sub Total - Shareholders Fund</b>		<b>(27,741,763,682)</b>	<b>25,905,668,770</b>
<b>Non-current liabilities</b>			
Long Term Borrowings	5	284,562,410	3,670,949,012
Deferred Tax Liabilities (Net)	6		1,310,847,128
Long Term Provisions	7	10,855,283	9,799,006
<b>Sub Total - Non-current Liabilities</b>		<b>295,417,693</b>	<b>4,991,595,146</b>
<b>Current liabilities</b>			
Short Term Borrowings	8	41,953,490,410	41,799,275,412
Trade Payables	9	4,612,567,032	5,480,497,580
Other Current Liabilities	10	20,643,091,661	15,120,040,402
Short Term Provisions	7	602,606,045	603,231,688
<b>Sub Total - Current Liabilities</b>		<b>67,811,755,148</b>	<b>63,003,045,082</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>40,365,409,159</b>	<b>93,900,308,998</b>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	11		
Tangible assets		24,295,579,406	25,408,541,411
Intangible assets		-	626,419
Capital Work-in-Progress		-	-
Non-Current Investments	12	3,869,238,718	3,869,238,718
Long Term Loans and Advances	13	322,831,911	333,532,983
<b>Sub Total - Non Current Assets</b>		<b>28,487,650,035</b>	<b>29,611,939,530</b>
<b>Current assets</b>			
Inventories	14	2,618,537,022	32,835,600,525
Trade Receivables	15	8,341,711,374	27,418,216,726
Cash and Cash Equivalents	16	666,527,789	1,893,799,776
Short Term Loans and Advances	13	247,459,597	1,979,402,136
Other Current Assets	17	3,523,342	161,350,305
<b>Sub Total - Current Assets</b>		<b>11,877,759,124</b>	<b>64,288,369,468</b>
<b>TOTAL - ASSETS</b>		<b>40,365,409,159</b>	<b>93,900,308,998</b>
Significant accounting policies	2		
Notes on Financial Statements	3 to 35		

As per our Report of even date  
For **P. K. Lilha & Co.**  
Chartered Accountants  
[Firm Registration No.: 307008E]

**CA. P. K. Lilha**  
Partner  
Membership No. 011092

Place: Kolkata  
Dated : 13th June, 2015

For and on behalf of the Board of Directors

**Sandip Jhunjhunwala**      **K.D. Ghosh**  
Managing Director              Director

**Mandan Mishra**  
Company Secretary



# STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2015

(Amount in ₹)

	Notes	Period ended March 31 '2015	Year ended March 31 '2014
<b>INCOME</b>			
Revenue from operations	18	18,557,661,335	45,232,465,810
Other Income	19	4,415,272	450,034,154
<b>Total Revenue (I)</b>		<b>18,562,076,607</b>	<b>45,682,499,964</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	20	38,415,239,677	44,898,213,215
Purchases of Stock In Trade	21	-	9,741,128,022
(Increase)/decrease in inventories of Finished Goods	22	26,303,145,044	(17,121,130,082)
Employee Benefits Expenses	23	101,180,393	174,158,142
Finance Costs	24	3,149,887,554	6,491,243,578
Depreciation & Amortization Expenses	25	1,050,138,821	685,866,606
Other expenses	26	1,741,455,706	1,209,428,531
<b>Total Expenses (II)</b>		<b>70,761,047,195</b>	<b>46,078,908,012</b>
<b>Profit / (Loss) Before Extraordinary Items &amp; Tax (I - II)</b>		<b>(52,198,970,588)</b>	<b>(396,408,048)</b>
<b>Extraordinary Items</b>		<b>2,744,014,790</b>	-
<b>Profit Before Tax</b>		<b>(54,942,985,377)</b>	<b>(396,408,048)</b>
<b>Tax expenses</b>			
Current Tax		-	-
MAT Credit Entitlement		-	-
Prior Period Tax		-	(12,904,863)
<b>Total Tax Expenses</b>		<b>-</b>	<b>(12,904,862)</b>
<b>Profit for the year after tax</b>		<b>(54,942,985,377)</b>	<b>(383,503,186)</b>
<b>Earnings per equity share (nominal value) of Re. 1/- each</b>			
Basic		<b>(57.35)</b>	(0.42)
Diluted		<b>(51.67)</b>	(0.38)
Significant accounting policies	2		
Notes on Financial Statements	3 to 35		

As per our Report of even date  
For **P. K. Lilha & Co.**  
Chartered Accountants  
[Firm Registration No.: 307008E]

**CA. P. K. Lilha**  
Partner  
Membership No. 011092

Place: Kolkata  
Dated : 13th June, 2015

For and on behalf of the Board of Directors

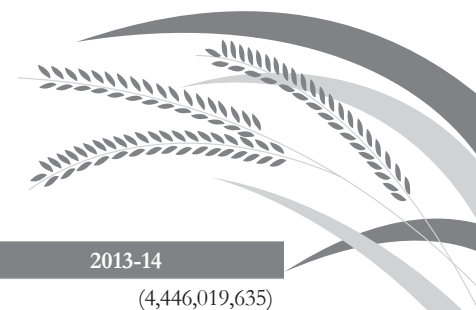
**Sandip Jhunjhunwala**      **K.D. Ghosh**  
Managing Director              Director

**Mandan Mishra**  
Company Secretary

# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2015

(Amount in ₹)

Particulars	2014-15		2013-14	
<b>A) CASHFLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before Tax as per Statement of Profit and Loss	(54,942,985,377)		(396,408,048)	
Adjusted for:				
Depreciation / Amortization	1,050,138,821		685,866,606	
Finance Costs	3,149,887,554		6,491,243,578	
Dividend Income	-		(171,888,925)	
Interest Received	(4,165,387)		(31,839,311)	
Profit on sales of Investments	-		-	
Loss on Sale/Discard of Fixed Assets (Net)	52,352,000		4,248,212,988	
Operating Profit before in working capital changes	(50,694,772,390)		156,053	
Adjusted for:				
Decrease/ (increase) in Inventories	30,217,063,503		6,973,538,001	
Decrease/ (increase) in Trade Receivables	19,076,505,352		6,577,129,953	
Decrease/ (increase) in Loan & Advances	1,742,643,614		-	
Decrease/ (increase) in Other Current Assets	157,826,963		-	
Increase/(Decrease) in Trade Payables	(867,930,548)		-	
Increase/(Decrease) in Other Liabilities and Provisions	4,626,873		-	
Cash Generated from operations	(364,036,633)		-	
Direct Taxes paid	-		-	
<b>Net Cash from/(used in) Operating Activities ( A )</b>	<b>(364,036,633)</b>		<b>10,010,924,785</b>	
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Fixed Assets	(4,196,602)		(12,712,775,376)	
Capital Work in Progress capitalised	-		4,334,939,804	
Advances for Capital Expenditure	-		4,235,055,789	
Investments in Shares	-		(1,640,348,458)	
Proceeds from sale of Fixed Assets	-		100,000	
Dividend Received (Including from Subsidiary Co.)	-		171,888,925	
Interest Received on FDR	4,165,387		31,839,311	
<b>Net Cash from/(used in) Investing Activities ( B )</b>	<b>(31,215)</b>		<b>(5,579,300,005)</b>	
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
~ Redemption of Non Convertible Redemable	(3,500,000)		(578,000,000)	
~ Repayment of Term Loans	(45,992,968)		(176,217,479)	
~ Proceeds/(Repayment) from Corporate Loans	(194,723,175)		(1,053,775,277)	
~ Forex Loss on FCCB Outstanding	260,683,150		597,603,825	
~ Proceeds/(Repayment) from Long Term Working Capital from banks as FITL & WCTL under CDR Process (Refer Note- 5.5)	2,116,001,410		-	
~ Proceeds from/(Repayments) of Short Term Borrowings	154,214,998		3,734,605,351	
~ Finance Costs	(3,149,887,554)		(6,491,243,578)	
~ Dividend on Equity /Preference Shares paid	-		(478,992,477)	



Particulars	2014-15	2013-14
<b>Net Cash from/(used in) Financing Activities ( C )</b>	<b>(863,204,139)</b>	<b>(4,446,019,635)</b>
NET INCREASE/(DECREASE) IN CASH ( A+B+C)	<b>(1,227,271,987)</b>	<b>(15,724,784)</b>
CASH AND CASH EQUIVALENTS(OPENING BALANCE)	<b>1,893,799,776</b>	<b>1,909,524,560</b>
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)	<b>666,527,789</b>	<b>1,893,799,776</b>

**NOTES :**

1) The above Cash Flow Statement has been prepared using the Indirect Method set out in Accounting Standard (AS - 3) on Cash Flow Statements Issued by The Institute of Chartered Accountants of India

2) Cash and Cash Equivalents includes :- (Amount in ₹)

	31st Mar 2015	31st Mar 2014
a) Unclaimed Dividend with Bank	<b>5,326,781</b>	5,286,503
b) Fixed Deposit with Bank pledged against Bank.	<b>8,741,629</b>	176,465,657
c) Margin Money Pledged with Banks against Guarantee issued by them	<b>212,300</b>	46,449,800
d) Balances with other Banks, ICICI Bank, London and PICTET & CIE, London are lying for uses as defined under ECB guidelines issued by RBI	<b>512,937,115</b>	1,623,215,967
Total	<b>527,217,825</b>	1,851,417,927

3) Figures in Bracket indicate Cash Outflows.

4) Previous Year's figures have been reclassified and re stated, wherever considered necessary to confirm with current period's presentation.

in terms of our attached Report of even date

For **P. K. Lilha & Co.**

Chartered Accountants

[Firm Registration No.: 307008E]

**CA. P. K. Lilha**

Partner

Membership No. 011092

Place: Kolkata

Dated : 13th June, 2015

For and on behalf of the Board of Directors

**Sandip Jhunjunwala**  
Managing Director

**K.D. Ghosh**  
Director

**Mandan Mishra**  
Company Secretary



# NOTES TO FINANCIAL STATEMENTS

## {1} COMPANY INFORMATION:

REI Agro Limited (“the Company”) is a public company domiciled in India. It is incorporated under the Companies Act, 1956 and its shares are listed in National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company has been the global leader in the processing of Basmati rice. It has followed an integrated model of operations right from procurement, maturing, processing, packaging, branding and distribution. The company has operations in India and caters to both domestic and international markets under its brand name "Raindrops".

## {2} SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

The Accounting Policies set out below have been consistently applied by the Company and are consistent with those used in the previous year.

### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government, the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable.

### B. USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

### C. CURRENT AND NON-CURRENT CLASSIFICATION:

All Assets & Liabilities have been classified as current or noncurrent as per the Company’s normal operating cycle and other criteria. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of Assets & Liabilities. Current Liabilities include the current portion of non-current financial Liabilities.

### D. TANGIBLE ASSETS:

- a) Freehold and Leasehold Land are stated at cost of acquisition inclusive of incidental expenses thereto.
- b) Fixed Assets are recorded at cost of acquisition or construction inclusive of inward freight, duties, taxes and other directly attributable incidental expenses relating thereto less accumulated depreciation/ amortization and impairment loss, if any.
- c) Tangible Assets not ready for the intended use, if any, as on the date of Balance Sheet are disclosed as “Capital Work in Progress”
- 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 the statement Profit & Loss.

### E. INTANGIBLE ASSETS

Intangible Assets is recorded at its cost and related expenses thereon and amortized on straight line basis over its estimated useful life which is reviewed by the management at each Balance Sheet date.

### F. DEPRECIATION / AMORTISATION

- a) Cost of Lease hold land is amortized over the period of respective leases.
- b) Freehold land is not depreciated.



- c) Depreciation is provided on the basis of Useful Life of the assets as specified in Schedule II of the Companies Act, 2013.

#### **G. BORROWING COST**

Borrowing Costs directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use are capitalized as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognized in the Statement of Profit and Loss in the period they occur. Borrowing Costs consist of Interest and other costs incurred in connection with borrowing of funds.

#### **H. INVESTMENTS:**

- a) Investments are either classified as current or long term based on Management's intention at the time of purchase. Current Investments are carried at the lower of cost or fair value of each investment individually.
- b) Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.
- c) Investment made in overseas subsidiary have been valued at cost at the respective exchange rate prevailing on the date of investments.

#### **I. INVENTORIES:**

Inventories are valued as under:

- a) Raw Materials are valued at lower of cost or net realizable value.
- b) Finished goods are valued at cost or net realizable value whichever is lower. Cost includes cost of raw materials, direct, indirect and finance cost which are incurred to bring the inventories to their present location and condition.
- c) By-Products are valued at estimated realizable value.
- d) Stores & Spares, Packing Material etc, are valued at lower of cost and net realizable value.

#### **J. CASH AND CASH EQUIVALENTS:**

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investment that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. The company also maintains account in foreign currency with banks which has been built up out of the proceeds from Foreign Currency Convertible Bonds (FCCB) since 2009 and this is revalued at the exchange rate prevailing on the balance sheet date.

#### **K. REVENUE RECOGNITION:**

- a) Domestic sale is recognized on dispatch to customers and are recorded net of trade discounts, rebates, etc. Export sale is recognized on the date, company ships the goods as evidenced by their bill of lading. Sale of energy is accounted on electricity generation plus claims for short generation wherever applicable and includes income from Lease Rent of WTG's.
- b) 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.
- c) Interest income is recognized on time proportion base taking into account the amount outstanding and the rates applicable.
- d) Profit / loss on sale of investments is booked on the basis of contract notes/delivery of shares etc.
- e) Dividend income is recognized when the right to receive dividend is established.
- f) Income from operating lease is recognized on accrual basis.
- g) 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.



**L. OPERATING LEASE:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Lease payments are recognized as an expense in the Statement of Profit and Loss over the lease term.

**M. FOREIGN CURRENCY TRANSACTIONS:**

a) Initial Recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

b) Conversion :

Foreign currency monetary items are reported using the closing rate. Non Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences:

Exchange difference arising on the settlement /conversion of monetary items, are recognized as income or expenses in the year in which they arise.

**N. ACCOUNTING OF CLAIMS:**

a) 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.

**O. 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 {ESI} and Provident Fund Contribution {PF} to the Regional Provident Fund Commissioner. These contributions are defined as an expense in the Statement Profit & Loss as and when such contributions are due.

ii) Defined Benefit Scheme- For Gratuity and compensated leave-

The Company records its liability for Gratuity and compensated leave to its employees based on actuarial valuation, at Balance Sheet date at the end of financial year using the projected unit credit method. Effects of changes in actuarial valuations are immediately recognized in the Statement of Profit & Loss. 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/losses are recognized in full during the year in which they occur.

**P. CASH FLOW STATEMENT:**

Cash flows are reported using the indirect method, whereby Profit Before Tax (PBT) is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.





**Q. TAXATION:**

- a) Current tax is determined on the profit of the year in accordance with the provisions of Income Tax Act, 1961.
- b) Deferred tax is calculated at the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and is recognized on timing differences that originate in one period and are capable of reversal in one or more subsequent periods. 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 loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**R. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:**

- a) Provision is created when there is a 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- 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.

**S. EARNINGS PER SHARE:**

Basic earnings 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 Earnings per Share are computed after adjusting the effects of all dilutive potential equity shares, if any.

**T. IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at end of the Financial year on balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

(Amount in ₹)

		As At March 31 '2015	As At March 31 '2014
<b>3) SHARE CAPITAL</b>			
<b>Authorised Share Capital</b>			
1,600,000,000 (1,600,000,000) Equity shares of Re. 1/- each		<b>1,600,000,000</b>	1,600,000,000
4,000,000 (4,000,000) Preference shares of Rs 100/- each		<b>400,000,000</b>	400,000,000
		<b>2,000,000,000</b>	2,000,000,000
<b>Issued, Subscribed and paid-up</b>			
957,984,954 (957,984,954) Equity shares of Re. 1/- each fully paid up		<b>957,984,954</b>	957,984,954
4,000,000 (4,000,000) 4% Non Convertible Redeemable Preference shares of Rs 100/- each fully paid up		<b>400,000,000</b>	400,000,000
Total		<b>1,357,984,954</b>	1,357,984,954

**A) Equity Share Capital includes**

- 29,945,550 (29,945,550) Equity Shares of Re. 1/- each issued through QIP in FY 2009-10
- 352,398 (352,398) Equity shares of Re. 1/- each issued against conversion of 350 FCCB of USD (\$) 1,000/- each in FY 2009-10
- 638,656,636 (638,656,636) Equity shares issued as right shares of Re. 1/- each during the FY 2010-11
- 44,000 (2,934,760) Equity Shares of Re. 1/- each representing 2,200 (1,46,738) Global Depository Receipts in the ratio of 20 Equity Shares for each GDR
- 88,801,800 (88,801,800) Equity shares of Re. 1/- each issued as fully paid up Bonus Shares by capitalisation of General reserve

**B) Reconciliation of No of Shares is setout below****1 Equity Share capital**

	2014-15		2013-14	
	No of Shares	(₹)	No of Shares	(₹)
At the beginning of the Reporting Date	957,984,954	957,984,954	957,984,954	957,984,954
Outstanding at the end of the Reporting Date	957,984,954	957,984,954	957,984,954	957,984,954

**2 Preference Share capital**

	2014-15		2013-14	
	No of Shares	(₹)	No of Shares	(₹)
At the beginning of the Reporting Date	4,000,000	400,000,000	4,000,000	400,000,000
Outstanding at the end of the Reporting Date	4,000,000	400,000,000	4,000,000	400,000,000

**3 Rights, preferences and restrictions attached to the Equity Shares**

## 3.i) Equity Shares of Re. 1/- each

- In respect of every equity share, voting right shall be in same proportion as the capital paid upon such equity share bears to the total paid up equity capital of the company.
- The dividend if any proposed by the Board of Directors remain subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- In the event of liquidation, the holders of Equity shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings."

## 3.ii) Preference Shares of ₹ 100/- each

- In respect of every preference share, dividend @ 4% fixed rate is payable in every year subject to approval at Annual general meeting.



- b) In the event of liquidation, preference shareholders have preferential right over Equity shareholders to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings, before distribution to equity shareholders.

**C) Details of shareholders holding more than 5% Equity Shares Capital**

Name of Shareholders	As at March 31 '2015		As at March 31 '2014	
	No. of shares	% holding	No. of shares	% holding
Aspective Vanijya Private Limited	80,006,114	8.35%	158,451,768	16.54%
Shree Krishna Gyanodaya Flour Mills Pvt. Ltd	92,186,623	9.62%	149,807,709	15.64%
Wellington Management Co LLP	-		78,881,617	8.23%
Bay Pond MB	78,881,617	8.23%	-	
Snehapushp Barter Pvt. Ltd	-		65,336,400	6.82%
REI Steel & Timber Pvt. Ltd			66,823,998	6.98%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**D) Notes to Preference Share Capital**

4% Non Convertible Redeemable Preference shares allotted on 30.06.2003 were redeemable at par at any time after a period of 12 years from the date of their allotment. Since then the redemption period was extended to 30.06.2022 in the Annual General Meeting held on 27.09.2010.

	As at March 31 '2015 (₹)	As at March 31 '2014 (₹)
<b>4) RESERVES AND SURPLUS</b>		
<b>A) Securities Premium Account</b>		
Balance as per the last financial statement	14,618,040,227	14,469,415,359
Less/(Add): Deferred Tax Assets/(Liabilities) (Net)	1,310,847,128	148,624,868
<b>T O T A L ( A )</b>	<b>15,928,887,355</b>	<b>14,618,040,227</b>
<b>B) Debenture Redemption Reserve</b>		
Balance as per the last financial statement	873,500,000	686,000,000
Less: Transfer to General Reserve on Partly Redemption of NCD	-	(144,500,000)
Add: Reserve created during the year	-	332,000,000
<b>T O T A L ( B )</b>	<b>873,500,000</b>	<b>873,500,000</b>
<b>C) General Reserve</b>		
Balance as per the last financial statement	9,044,500,000	8,900,000,000
Add: Transfer from Debenture Redemption Reserve	-	144,500,000
Less: Adjustment due to expiry of useful life of assets (Net of DTL)	(15,294,203)	
<b>T O T A L ( C )</b>	<b>9,029,205,797</b>	<b>9,044,500,000</b>
<b>D) Surplus in the Statement of profit and loss</b>		
Balance as per last financial statement	11,643,589	727,146,774
Add: Net Profit for the current year	(54,942,985,377)	(383,503,185)
Less: Appropriations		
Transfer to Debenture Redemption Reserve	-	(332,000,000)
<b>Total</b>	<b>-</b>	<b>(332,000,000)</b>
<b>T O T A L ( D )</b>	<b>(54,931,341,788)</b>	<b>11,643,589</b>
<b>Total ( A + B + C + D )</b>	<b>(29,099,748,636)</b>	<b>24,547,683,816</b>

**Notes**

- 4.1) 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 (decreased)/ increased by adjustment of Net Deferred Tax Assets/(Liabilities) of ₹ 1,310,847,128/- for the period (Previous Year ₹ 148,624,868/-).

4.2) In view of the losses incurred during the year, no debenture redemption reserve has been created.

(Amount in ₹)

	NON CURRENT		CURRENT (Refer Note 10)	
	As at March 31 '2015	As at March 31,2014	As at March 31 '2015	As at March 31,2014
<b>5) LONG TERM BORROWINGS</b>				
Secured				
A) Non Convertible Debentures	280,500,000	2,725,000,000	4,963,000,000	2,522,000,000
B) Term Loans				
From Banks				
ICICI Bank (Vehicle Loan)	4,062,410	5,769,512	1,742,759	1,547,625
Jammu & Kashmir Bank	-	-	197,112,500	-
B.2) From Others				
Infrastructure Development Finance Company Limited (IDFC)	-	11,532,500	-	132,930,000
Indian Renewal Energy Developments Agency [ IREDA]	-	53,647,000	-	43,484,000
Total Term Loans	4,062,410	70,949,012	198,855,259	177,961,625
C) Corporate Loans				
From Banks				
a) IFCI Ltd	-	-	405,276,825	600,000,000
b) Jammu & Kashmir Bank Limited	-	875,000,000	1,500,000,000	625,000,000
c) Dhanlaxmi Bank Limited	-	-	151,780,277	151,780,277
Total Corporate Loans	-	875,000,000	2,057,057,102	1,376,780,277
D) Long Term Working Capital Loans (Refer Note 5.5)				
a) Funded Interest Term Loans	-	-	266,544,583	-
b) Working Capital term Loans	-	-	1,849,456,827	-
Total Long term working capital Loans	-	-	2,116,001,410	-
Total Secured Loans	284,562,410	3,670,949,012	9,334,913,771	4,076,741,902
Unsecured				
A) Foreign Currency Convertible Bonds	-	-	6,550,127,220	6,289,444,070
Total	284,562,410	3,670,949,012	15,885,040,991	10,366,185,972

### 5.1 Notes to Non Convertible Debentures

#### A) Security Coverage :-

- 11.75% Non-Convertible Debenture:- Rs 93.00 Crores Secured by way of mortgage / charge on the immovable property situated at Maharajpura , Dist. Mehsana, Gujarat and secured by way of pari passu first charge on fixed assets of the rice mill division and Subservient charge on the total assets of the company to maintain assets coverage 1.25 times.
- 11.75% Non-Convertible Debenture:- Rs 87.85 Crores Secured by way of mortgage / charge on the immovable property situated at Maharajpura , Dist. Mehsana, Gujarat and secured by way of pari passu first charge on fixed assets of the rice mill division and Subservient charge on the total assets of the company to maintain assets coverage 1.25 times.
- 13.00% Non-Convertible Debenture:- Rs 93.50 Crores Secured by way of mortgage / charge on the immovable property situated at Maharajpura, Dist. Mehsana, Gujarat and secured by way of pari passu first charge on fixed assets of the rice mill division and Subservient charge on the total assets of the company to maintain assets coverage 1.25 times.
- 12.00% Non-Convertible Debenture:- Rs 250.00 Crores Secured by way of mortgage / charge on the immovable property situated at Maharajpura, Dist. Mehsana, Gujarat and secured by way of pari passu first charge on fixed assets of the rice mill division and Subservient charge on the total assets of the company to maintain assets coverage 1.25 times.

- B) As informed to us, during the year some of the NCD holders have recalled their debts and accordingly they have been classified as current liability.



C) Maturity Profile and rate of interest are set out as follows :-

(Rs)		
"Rate of Interest"	Apr to Mar 17	Total
13.00%	280,500,000	280,500,000
	<b>280,500,000</b>	<b>280,500,000</b>

## 5.2 Notes on Term Loans

Security Coverage:

- a) ICICI Bank (Vehicle Loan): Secured by hypothecation of Vehicle.
- b) Jammu & Kashmir Bank :
  - i) Secured by 1st charge on all the moveable assets relating to 51 WTGs including but not limited to moveable machinery, machinery spares, tools and accessories ( present & future ),
  - ii) 1st and exclusive charge by way of mortgage of all company's immovable properties, but not limited to land relating to 51 WTGs ( present & future),
  - iii) 1st and exclusive charge by way of hypothecation of company's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising from the 51 WTGS ( present & future),
  - iv) 1st and exclusive charge on all the bank accountsof the WTGs but not limited to the escrow account to be maintained with bank at BU Vasant Vihar, New Delhi through which all the projects cash flow will be routed,
  - v) 1st and exclusive charges on the lease rentals accruing to the company by leasing out 17 WTGs at Gujrat to M/s Octal Suppliers Pvt Ltd,
  - vi) Exclusive 1st charge by way of assignment on all project documents, rights, title, interest, benefits, claims, demands of whatsoever nature and insurance policies relating to 51 WTGs and Personal Guarantee of the Promoters directors.

## 5.3 Notes on Corporate Loans

Security Coverage:

- a) IFCI Ltd: Secured by first Pari-Passu charge on entire fixed assets of Rice division of the Company with minimum assets coverage of 1.25 . And pledge of 14,42,97,567 shares (out of which 116,852,438 shares are sold by the IFCI Ltd. during the period) of the company held by four promoter group companies, repayable in five equal quarterly installments of ₹ 20 Crores w e f October 2013.
- b) Jammu and Kashmir Bank: Secured by residual charge on the companies total assets present and future with minimum coverage 1.25 times and corporate guarantee of the company, repayable in twelve quarterly installments w.e.f February 2014
- c) Dhanlaxmi Bank: Secured by first Pari-Passu charge on entire fixed assets of the Rice Division of the Company and Subservient charge over the entire assets of the Rice Division of the company with minimum assets coverage of 1.25 to be repayable in 36 equal monthly installments of ₹ 13,888,889 w.e.f. Feb,12.

5.4 Since the Company has defaulted in repayment of Term loans, Corporate Loans and Long Term Working Capital Loan together with interest. The lenders have recalled their debts and it has been shown as Current Liability.

5.5 Maturity Profile of Secured Loans (Amount in ₹)

	Repayment Terms	2016-17	2017-18	2018-19
<b>Secured Loans</b>				
<b>Term Loans</b>				
~ICICI Bank ( vehicle Loan )	Monthly	2,368,431	1,392,686	301,294

5.6 5.5% Unsecured Foreign Currency Convertible Bonds

The Company issued on 13.11.2009, 5.5% 105000 Foreign Currency Convertible Bonds (FCCB) of US \$ 1000 each aggregating US \$105 million [ Rs 493.71 Crores] 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 bond holder at any time on or after 22nd December, 2009 and prior to the close of business on 13th November, 2014. The outstanding 104,650 bonds when fully converted would result in issue of additional 105,367,088 equity shares of Rs 1/-each. Apart from this, FCCB holders retain the right to subscribe in Equity Shares to the extent of 210,734,176 Equity Shares of the Company as per Letter of Offer issued by the Company for Issue of Right Equity Shares in the ratio of 2:1 at a price of Rs 19.50 (Including Share Premium of Rs 18.50 per share) at the time of conversion into Equity Shares on or before 13th November, 2014. Since then neither repayment has been made by the company nor any request for conversion has been received from FCCB holders.

#### 6) DEFERRED TAX LIABILITY (NET)

(Amount in ₹)

		As at March 31 '2015	As at March 31 '2014
Deferred Tax Liability			
Timing difference in Depreciable assets	(a)	1,889,767,820	1,832,079,777
Deferred Tax Assets			
Expenses allowable against taxable income in future years			
~ On Gratuity & Leave encashment		3,354,282	3,543,339
~ Accumulated Business Loss		16,830,679,731	344,384,197
~ On Provision for doubtful debts			173,305,113
	(b)	16,834,034,014	521,232,649
Deferred Tax Liability/(Assets) (Net)		(14,944,266,193)	1,310,847,128

**Note:** Deferred Tax Asset has not been recognized in absence of virtual certainty supported with convincing evidences of foreseeable taxable income. The deferred Tax Liability as on 31.03.2014 has been adjusted with security premium.

#### 7) LONG TERM / SHORT TERM PROVISIONS

(Amount in ₹)

	Non Current		Current	
	March 31 '2015	March 31, 2014	March 31 '2015	March 31, 2014
Provision for Employee Benefits (Unfunded)				
~ Gratuity	8,898,948	7,556,148	-	584,782
~ Leave encashment	1,956,335	2,242,858	-	40,862
	10,855,283	9,799,006	-	625,644
Provision for Taxation	-	-	602,606,045	602,606,045
TOTAL	10,855,283	9,799,006	602,606,045	603,231,689

(Amount in ₹)

	As at March 31 '2015	As at March 31 '2014
<b>8) SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Working Capital Loans from Banks</b>		
a) Rupee Denominated Loans		
Cash Credit/ WCDL/Short Term Loans	40,711,105,599	41,100,519,416
Packing Credit Loans	382,000,000	382,000,000
b) Foreign Currency Loans		
PCFC/Short Term Loans	329,884,811	316,755,996
<b>Unsecured</b>		
Form Body Corporates	530,500,000	-
Total	41,953,490,410	41,799,275,412



## Notes to Working Capital Loans

### 8.1 Security Coverage :-

Working Capital Loans from Banks are secured by creation of first pari passu charge stocks of Rice, Paddy, Book Debts & Stores, etc, and by second charge on all Fixed Assets both Present and future of the Rice Division.

8.2 Due to default in repayment of working capital facilities & Interest thereon the lenders have recalled their facilities and they have issued the notice on company U/s 13(2) of The SARFAESI Act, 2002.

8.3 In the view of defaults in repayment of facilities & interest thereon on working capital, one of the banker has filed a winding up petition before Hon'ble Calcutta High Court for recovery of their dues.

### 9) TRADE PAYABLE (Refer Note No: 29.6)

(Amount in ₹)

	As at March 31 '2015	As at March 31 '2014
Acceptances/Buyer's Credit	1,426,318,896	2,471,362,628
Trade Payable for Goods and Services	3,186,248,136	3,009,134,952
	4,612,567,032	5,480,497,580

#### Notes

- 1) Creditors for Others are due in respect of goods purchases or services received in the normal course of business
- 2) Based on the information available with the company there are no dues payable to Micro, Small and Medium Enterprises as defined in The Micro, Small and Medium Enterprises Development Act 2006. This has been determined to the extent such parties have been identified on the basis of information available with the Company which has been relied upon by the Auditors.

### 10) OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at March 31 '2015	As at March 31 '2014
A) Current Maturities of Long Term Borrowings (Refer Note 5)	15,885,040,991	10,366,185,972
B) Interest accrued and due on Borrowings	1,298,279,459	374,148,169
C) Interest accrued but not due on Borrowings	211,971,346	210,734,354
D) Advance from		
i) a Subsidiary Company	2,328,405,996	2,782,910,321
ii) Other Customers	675,388,185	1,118,125,390
E) Payable for Capital expenditures	3,859,565	43,105,449
F) For Other Expenses	3,651,742	9,076,129
G) Statutory Dues	215,175,119	194,475,638
H) Preference Dividend Payable	16,000,000	16,000,000
I) Investor Education and Protection fund:		
Unpaid dividends*	5,319,258	5,278,980
	20,643,091,661	15,120,040,402

\* Note: During the period ₹ 51,713/- was reversed by the bank for wrong payments made by them.



**11) FIXED ASSETS**

(Amount in ₹)

PARTICULARS	GROSS BLOCK		DEPRECIATION		Adjustment		NET BLOCK	
	AS ON 01.04.2014	ADDITION/ SALE/ ADJUSTMENTS ADJUSTMENT	AS ON 31.3.2015	UPTO 01.04.2014	FOR THE YEAR	SALE/ ADJUSTMENT	AS ON 31.3.2015	AS ON 31.03.2014
TANGIBLE ASSETS								
LAND								
~ FREE HOLD LAND	3,948,544,543	-	3,948,544,543	-	-	-	3,948,544,543	3,948,544,543
~ LEASE HOLD LAND	27,120,000	-	27,120,000	10,057,091	1,162,316	11,219,407	15,900,593	17,062,909
BUILDING *	13,860,073,325	4,103,602	13,864,176,927	440,215,954	424,358,404	864,574,358	12,999,602,569	13,419,857,371
PLANT & MACHINERY *	8,007,192,142	-	8,007,192,142	1,378,439,419	531,780,443	1,910,219,862	6,083,328,664	6,628,752,722
WINDFARM GENERATORS	2,355,508,294	-	2,355,508,294	1,032,824,923	87,734,964	1,120,559,887	1,234,948,407	1,322,683,371
OFFICE EQUIPMENT	3,750,978	-	3,750,978	1,248,203	489,718	1,737,921	905,008	2,502,775
TUBEWELL	468,850	-	468,850	292,308	-	292,308	(0)	176,542
COMPUTER	7,382,761	-	7,382,761	6,844,714	328,826	7,173,540	209,221	538,047
VEHICLES	20,886,045	-	20,886,045	7,072,159	2,679,699	9,751,858	11,134,187	13,813,886
FURNITURE & FIXTURES	63,683,205	93,000	63,776,205	9,073,961	978,032	6,492,893	3,559,100	54,609,244
<b>Total</b>	<b>28,294,610,142</b>	<b>4,196,602</b>	<b>28,299,611,849</b>	<b>2,886,068,731</b>	<b>1,049,512,402</b>	<b>3,929,088,240</b>	<b>24,295,579,406</b>	<b>25,408,541,411</b>
INTANGIBLE ASSETS								
COMPUTER SOFTWARE	4,288,875	-	4,288,875	3,662,456	626,419	4,288,875	-	626,419
<b>Total</b>	<b>4,288,875</b>	<b>-</b>	<b>4,288,875</b>	<b>3,662,456</b>	<b>626,419</b>	<b>4,288,875</b>	<b>-</b>	<b>626,419</b>
<b>Total</b>	<b>28,298,899,017</b>	<b>4,196,602</b>	<b>28,244,250,724</b>	<b>2,889,731,188</b>	<b>1,050,138,821</b>	<b>3,933,377,115</b>	<b>24,295,579,406</b>	<b>25,409,167,829</b>
Previous Year total as on 31.03.2014	15,587,042,429	12,712,775,376	28,298,899,017	2,204,527,316	685,866,606	2,889,731,188	25,409,167,829	-

\* Note: Freehold Land purchased / acquired during the year i.e. 31.03.2014 for ₹ 177.01 Crores has not yet been registered in the name of the company.

A. The Company has adopted useful lives of the fixed assets as those specified in part C of Schedule II of the Companies Act, 2013 ('The Act') effective from 1st April, 2014. Accordingly carrying amount of assets, for which the useful lives as per the revised estimate are exhausted as of 1st April, 2014 have been recognised in the retained earning as on that date after retaining the residual value of these assets. For the other assets, the carrying amount as of 1st April, 2014 will be amortized over the remaining useful lives of the assets. As a result an amount of ₹ 152.94 Lacs has been recognised to the Opening Retained Earnings as of 1st April, 2014 and depreciation charged for the year ended 31.03.2015 is higher by ₹ 348.71 Lacs.



## 12) NON-CURRENT INVESTMENTS

(Long Term Investments) (At Cost)

### I) Non-Trade Investments

#### A) In Equity Shares -Quoted, Fully paid up

Number of Shares	Company	FV/Share (Rs)	As at March 31 '2015 (Rs)	As at March 31 '2014 (Rs)
35,000 (35,000)	Allahabad Bank	10	2,870,000	2,870,000
10,000 (10,000)	Jyoti Structure Ltd	2	546,155	546,155
398 (398)	Punjab National Bank	10	155,220	155,220
5,500 (5,500)	Reliance Capital Ltd	10	2,255,907	2,255,907
<b>Total (A)</b>			<b>5,827,282</b>	<b>5,827,282</b>
<b>B) In Mutual Funds-Fully paid up</b>				
1,000,000 (1,000,000)	Reliance Alternative Investments Funds, Private Equity Scheme-I	10	10,000,000	10,000,000
<b>Total (B)</b>			<b>10,000,000</b>	<b>10,000,000</b>
<b>II) Trade Investments (Un Quoted)</b>				
<b>C) In Equity Shares, Fully paid up (In Associate Companies)</b>				
12,110,242 (12,110,242)	Varrsana Ispat Limited	10	2,712,448,160	2,712,448,160
1,569,336 (1,569,336)	Anagi Construction Pvt Ltd	10	173,599,948	173,599,948
<b>Total (C)</b>			<b>2,886,048,108</b>	<b>2,886,048,108</b>
<b>D) In Equity Shares of Wholly Owned Overseas Subsidiary Companies (Unquoted)</b>				
14973777 (14,973,777)	Ammalay International Pte Ltd, Singapore*	SGD 1	671,778,139	671,778,139
300 (300)	Ammalay Commoditiess JLT, UAE*	AED 1,000	3,679,669	3,679,669
9610 (9,610)	Auckland Holdings Ltd, Mauritius	USD 100	52,106,796	52,106,796
35270 (35,270)	Holy Stars Ltd, Mauritius	USD 100	176,877,488	176,877,488
12280 (12,280)	Orient Agro (M) Ltd, Mauritius	USD 100	62,921,236	62,921,236
<b>Total (D)</b>			<b>967,363,328</b>	<b>967,363,328</b>
<b>Total Non-Current Investments (A+B+C+D)</b>			<b>3,869,238,718</b>	<b>3,869,238,718</b>
Aggregate Value of Quoted Investments			5,827,282	5,827,282
Market Value of Quoted Investments			6,155,996	6,701,574

#### \*NOTE:-

- Investment made by the company in first 2 (two) overseas subsidiaries above are pledged with the Overseas Bankers and/or Financial Institutions against the facilities granted to them.

## 13) LOANS AND ADVANCES (Refer Note No: 29.6 & 29.7)

(Unsecured, considered good)	Long Term		Short Term	
	As at March 31 '2015 (Rs)	As at March 31, 2014 (Rs)	As at March 31 '2015 (Rs)	As at March 31 '2014 (Rs)
Share Application Money Paid	-	-	-	6,009,980
Security Deposits	2,185,423	15,668,643	-	-
Advance to Suppliers and others	-	-	151,642,472	1,945,809,134
Other Advances	137,081,162	135,000,000	94,878,070	26,066,046
Advance Income Tax & TDS	136,432,730	135,731,744	-	-
Balance With Govt Departments				
- Income Tax Refundable	-	-	450	450
- MAT Credit (FY 2011-12)	47,132,596	47,132,596	-	-
- Service Tax Input Credit	-	-	938,605	166,522
Prepaid expenses	-	-	-	1,350,004
<b>Total</b>	<b>322,831,911</b>	<b>333,532,983</b>	<b>247,459,597</b>	<b>1,979,402,136</b>



	As at March 31 '2015 ( Rs )	As at March 31 '2014 ( Rs )
<b>14) INVENTORIES</b>		
(Valued at lower of cost and net realizable value)		
Raw Materials	-	3,918,109,187
Finished Goods	2,533,536,090	27,494,769,749
Traded Goods	-	1,341,911,385
Stores, Spares and Packing Materials	85,000,932	80,810,204
Total	2,618,537,022	32,835,600,525
<b>15) TRADE RECEIVABLES (Refer Note No: 29.6)</b>		
Unsecured		
Debt outstanding for a period exceeding six months		
~ Considered Good	3,974,395,893	14,852,601,751
~ Considered Doubtful	4,765,676	509,870,882
	3,979,161,569	15,362,472,633
Less: Provision for doubtful Trade Receivables	(4,765,676)	(509,870,882)
	3,974,395,893	14,852,601,751
Other Receivables		
~ Considered Good	4,367,315,481	12,565,614,975
Total	8,341,711,374	27,418,216,726
<b>16) CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Balances with Banks		
In Current Account	138,353,661	32,783,168
Cash in hand ( as certified )	956,303	9,598,681
Other Bank Balances		
Margin Money ( Against Guarantee & Export Bills Discounting )	212,300	46,449,800
Fixed Deposit with Banks	8,741,629	176,465,657
Other Bank Balances (In Foreign Banks for restricted Use)	512,937,115	1,623,215,967
On Unclaimed Dividend Account	5,326,781	5,286,503
	666,527,789	1,893,799,776
<b>Note :</b>		
1. In absence of Statement of Accounts, some of the current account balances are not confirmed.		
2. Details of Fixed Deposit		
~ Maturity less than 3 months	-	30,700,000
~ Maturity more than 3 months but less than 12 months	-	121,470,283
~ Maturity more than 12 months	8,741,629	24,295,374
	8,741,629	176,465,657
<b>17) OTHER CURRENT ASSETS (Refer Note No: 29.7)</b>		
(Unsecured, considered good )		
Interest Accrued on Fixed Deposits	3,523,342	10,279,253
Commission against Corporate Guarantee receivable*	-	151,071,052
Total	3,523,342	161,350,305

\*Note: Corporate guarantee commission receivable from Subsidiaries of the company was considered not realizable and accordingly the same has been written off during the year.



## 18) REVENUE FROM OPERATIONS

	Year Ended March 31'2015 ( Rs )	Year Ended March 31'2014 ( Rs )
<b>Revenue from operations</b>		
Sale of Products	18,322,517,372	44,998,655,795
Sale of Energy (Including lease rent)	188,964,787	221,199,433
Sales of Carbon Credit	-	211,952
<b>Revenue from other operations</b>		
Sales of Scrap	46,179,176	12,376,230
Sales of Others	-	22,400
	<b>18,557,661,335</b>	<b>45,232,465,810</b>
<b>18.1) A) Particulars of Sale of Products</b>		
i) Manufactured Goods		
Rice ( Incl. Paddy )	18,322,517,372	35,815,857,062
ii) Traded Goods		
Rice	-	760,156,380
Other Food Grain & Agricultural Items	-	6,538,872,602
Iron & Steel ,Coal & Other Products	-	1,883,769,751
	-	9,182,798,733
Total ( i + ii )	18,322,517,372	44,998,655,796
<b>B) Particulars of Sale of Energy</b>		
Sales of Electricity	176,964,787	209,199,433
Lease Rental (WTG)	12,000,000	12,000,000
	<b>188,964,787</b>	<b>221,199,433</b>

18.2) Carbon Credit as on 1st April 2014 (generated through WTGs) was 13,895 units which together with 37,869 units generated during the year, a total 51,764 units are in hand as on 31st March, 2015 which will be accounted for on the basis of actual sale.

18.3) Based On The Guiding Principles In The Accounting Standards On Segment Reporting (AS – 17) issued by the ICAI, the Company is primarily in the business of manufacturing and trading of Food Grains (mainly rice) which is single reportable segment. However trading in various commodities of Agri and Non Agri have been done internationally as such primary reportable segment is Geographical Segment.

### 18.4) Geographical Segments

Revenue from Operation	Year Ended Mar 31'2015	Year Ended Mar 31'2014
Within India	17,567,403,384	40,572,555,751
Outside India (Including Deemed Export)	990,257,951	4,659,910,059
Total	<b>18,557,661,335</b>	<b>45,232,465,810</b>
<b>19) OTHER INCOME</b>		
Interest on Fixed Deposit	4,165,387	21,872,478
Interest on Loans from a Subsidiary Company	-	8,683,558
Interest on Trade Receivables	-	1,178,166
Commission on Corporate Guarantee from Subsidiaries*	-	139,706,934
Dividend Income from Long Term Investments		
~A Subsidiary Company		171,227,255
~Other Long Term Investments **	-	661,670
Insurance Claim	-	1,928,348
Net Gain on Foreign Exchange Fluctuations	-	103,492,470
Other Non Operating Income	249,885	1,283,275
	<b>4,415,272</b>	<b>450,034,154</b>

\*Note : Commission on corporate guarantee given to subsidiaries have not been provided for due to uncertainty of receipt of income.

\*\*Note: Dividend on other long term investment has not been accounted for in absence of relevant information from Banks.

## 20) COST OF RAW MATERIALS CONSUMED (Indigenous )

	Year Ended Mar 31'2015	Year Ended Mar 31'2014
Inventory at the beginning of the year	3,918,109,187	34,936,565,438
Add: Purchases	34,497,130,490	13,879,756,964
	38,415,239,677	48,816,322,402
Less: Inventory at the end of the year	-	3,918,109,187
Cost of Raw Material Consumed	38,415,239,677	44,898,213,215
Notes:		
a) Purchases of Raw Materials consist of Paddy / Rice.		
b) Cost of raw materials consumed is computed on value after adjusting excess / shortages, discount , etc. plus all direct expenses.		
<b>21) PURCHASES OF STOCK IN TRADE</b>		
Rice	-	670,643,946
Other Food Grain & Agricultural Items	-	7,105,829,852
Iron & Steel ,Coal & Other Products	-	1,964,654,224
	-	9,741,128,022
<b>22) CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>		
Closing Stock of Finished Goods	2,533,536,090	28,836,681,134
Opening Stock of Finished Goods	28,836,681,134	11,715,551,052
	26,303,145,044	(17,121,130,082)
<b>23) EMPLOYEE BENEFIT EXPENSES</b>		
	( Rs )	( Rs )
Salary and wages (Includes Managing Directors Remuneration)	83,595,849	163,547,155
Contribution to provident & other funds	1,255,487	4,545,852
Gratuity (Includes provision for the year ₹ 80 Lacs)	10,697,741	628,549
Leave Encashment	5,011,117	942,651
Staff Welfare Expenses	620,199	4,493,935
	101,180,393	174,158,142

### 23.1) Notes to Employee Benefits Expenses

a) Disclosures pursuant to Accounting Standard-15 (Revised) 'Employees Benefits':

#### i) Defined Contribution Plans

Defined contribution plans are benefit plans under which the company pays fixed contribution to State managed benefit schemes. The company contributions to defined contribution plans are recognised in the profit and loss account in the financial year to which they relate.

#### ii) Defined Benefit Plans

In keeping with the company Gratuity scheme (Defined Benefit Plan) eligible employees are entitled to gratuity benefits at 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 and paid in the same manner as Gratuity. Following are the further particulars with respect to Gratuity & Leave Encashment.

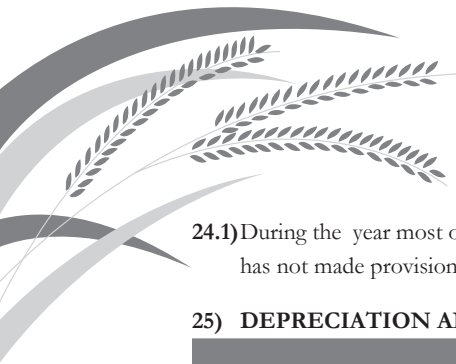


	For the year ended 31st March 2015 (See Note 23.2)		For the year ended 31st March 2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Changes in Defined Benefit Obligations</b>				
Present value of obligation at the beginning of the year			-	-
Service Cost			1,126,741	206,609
Interest Cost			1,100,241	280,795
Actuarial (Gain)/Loss			(1,598,433)	455,247
Benefit Paid			(8,796,496)	(2,615,110)
Present Value of obligation at the end of the year			(8,167,947)	(1,672,459)
<b>Change in Plan Assets</b>				
Plan Assets at the beginning of the year			-	-
Actual return on plan Assets			-	-
Contribution by the Company			(8,796,496)	(2,615,110)
Actual Benefits paid			8,796,496	2,615,110
Actuarial (Gain)/ Loss			-	-
Plan Asset at the end of year			-	-
<b>Reconciliation of the present value of defined obligation and fair value of planned Assets</b>				
Present value of the obligation at the end of the year			(8,167,947)	(1,672,459)
Fair value of plan Assets at the end of the year			-	-
Liability / (Asset) recognized in the Balance Sheet			(8,167,947)	(1,672,459)
<b>Expenses Charged to profit &amp; Loss Account:</b>				
Current Service Cost			1,126,741	206,609
Interest Cost			1,100,241	280,795
Expected return on Plan Assets			-	-
Actuarial (Gain) / Loss			(1,598,433)	455,247
Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual			628,549	942,651
<b>Actuarial Assumption</b>				
Discount rate Per Annum compounded			8.25%	8.25%
Rate of Increase in Salary			5.00%	5.00%
Rate of Return on Plan Assets			0.00%	0.00%

23.2) Upto previous year provision for gratuity was done as per the actuarial valuation but during the year most of the employees have left the company and therefore provisions need to be made for remaining employees (Less than 50). Although Actuarial valuation for the year has not been made but provision for Gratuity and Leave Encashment has been made on estimated basis which is not in consonance with AS-15.

#### 24) FINANCE COSTS

	Year Ended March 31'2015 (Rs)	Year Ended March 31, 2014 (Rs)
Interest expense (Refer Note: 24.1)	2,647,037,219	5,841,743,052
Other Borrowing Costs	30,301,344	87,447,648
~ L/C Commission	4,194,718	48,179,151
~ Processing fee and Commitment charges	26,106,626	39,268,497
Net Loss on Foreign Exchange Fluctuation	453,275,906	458,890,122
Interest on Delayed payment of Income Tax/Dividend Tax/TDS	19,273,085	103,162,756
Total	3,149,887,554	6,491,243,578



24.1) During the year most of the borrowing from the banks and financial institutions have become NPA but since then the company has not made provision for interest of ₹ 425.23 Crores.

## 25) DEPRECIATION AND AMORTISATION EXPENSES

	Year Ended March 31'2015 ( Rs )	Year Ended March 31, 2014 ( Rs )
Depreciation of Tangible Assets	1,049,512,402	684,627,677
Amortization of Intangible assets	626,419	1,238,929
	<b>1,050,138,821</b>	<b>685,866,606</b>

## 26) OTHER EXPENSES

Stores, Spares & Packing Material Consumed (100% indigenous)	44,749,870	95,309,268
Power & Fuel Consumed	35,781,564	86,365,781
Security Charges	9,994,580	13,476,578
Hire Charges	395,793	1,872,105
Repairs & Maintenance		
~ Buildings	2,608,185	4,234,590
~ Plant & Machinery	569,164	4,402,822
~ Windfarms	55,943,535	57,012,019
~ others	1,481,814	4,966,627
Rent	68,056,468	138,263,658
Rates & Taxes	568,122	2,094,165
Insurance	7,764,545	29,906,444
ECGC Premium	1,628,510	1,600,286
Telephone Charges	2,402,562	4,289,900
Auditors' Remuneration	3,634,653	3,353,529
Directors' Sitting Fees	359,552	303,372
Filing Fees	278,997	8,582
Travelling & Conveyance	9,836,602	19,580,551
Bank Charges	1,105,656	4,336,171
Miscellaneous Expenses	55,915,012	74,290,205
Assets written off on Surrender of Tenency Rights	52,352,002	
Carriage Outward and Clearing Charges, etc	38,305,606	53,309,249
Selling & Sales Promotion Expenses	10,904,188	101,714,993
VAT/Central Sales Tax	290,788	3,428,361
Provision for Bad Debts	-	505,153,222
Irrecoverable Guarantee Commission Written Off	159,025,487	-
Diminution in value of Foreign Currency deposits with Banks	1,177,502,451	-
Loss on sale of Fixed Assets	-	156,053
	<b>1,741,455,706</b>	<b>1,209,428,531</b>

### 26.1) Auditors Remuneration Includes

Audit fee	1,500,000	1,500,000
Tax Audit Fees	500,000	500,000
Special Purpose Audit Fees	500,000	-
For Certification	500,000	500,000
For Service tax	370,800	309,000
For Re-imbusement of Expenses	263,853	544,529
	<b>3,634,653</b>	<b>3,353,529</b>





	Year Ended March 31'2015 (Rs)	Year Ended March 31, 2014 (Rs)
<b>27) EARNING PER SHARE (EPS)</b>		
Profit After Tax (Rs)	(54,942,985,377)	(383,503,186)
Less: Preference Dividend Holders Right		
Preference Dividend	-	
Tax on Preference Dividend	-	
Profit for Equity Shareholders (Rs)	(54,942,985,377)	(383,503,186)
Weighted No of Equity Shares	957,984,954	957,984,954
Effective No of Equity shares on Conversion of \$ 104650000 FCCB's [ 104650000 x 47.02 / 46.7 ]	105,367,088	105,367,088
Grand Total Weighted No of Equity Shares	1,063,352,042	1,063,352,042
Basic EPS	-57.35	-0.40
Diluted EPS	-51.67	-0.36

	2014-15	2013-14
<b>28) Contingent Liabilities and Commitments ( to the extent not provided for )</b>		
<b>Contingent Liabilities</b>		
i) Guarantee provided to Banks and Financial Institutions for loans provided to Overseas Sub	31,059,315,859	29,823,211,578
ii) Guarantee provided to Jammu & Kashmir Bank against Crop Loan	4,000,000,000	4,000,000,000
iii) Claim not acknowledged as debts relating to cases being contested by the company		
~ Under Punjab Development Infrastructure Fund (PDIF) Act	11,900,000	11,900,000
~ Under Punjab Sales Tax	11,400,000	11,400,000
<b>Commitments</b>		
i) In respect of Operating lease for minimum rental for lock in period	Not ascertainable	148,280,000
ii) Tax duties if any, that may arise in respect of which appeal is pending	-	41,135,536
iii) Export Bills discounted with the Bank	820,134,935	820,134,935
iv) In respect of disputed warehousing rent	5,168,560	-

29) 29.1) Due to liquidity crunch being faced by the company, it was not able to procure adequate quantum of Raw Material during the year, which has resulted in temporary shutdown of one of its unit and partly shut down of second unit. However the third being grading & packing units has been operational.

29.2) The Company has defaulted in payment of obligations in respect of all the Banks/Financial Institutions/Non- Convertible Debentures holders together with interest thereon on due dates. As a result thereof all the Working Capital Banks, Term Lenders and NCD Holders had initiated the Corrective Action Plan (CAP) through the Joint Lenders Forum (JLF) in accordance with the RBI's SMA Guidelines dated February 26,2014. A lender bank initiated a Winding up proceedings against the company for recovery of dues. Now notices have been issued by the lenders u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. This may have adverse effect on the functioning of the company on going forward basis.

29.3) Net worth of the company has fully eroded due to huge losses incurred by the company. The company has already made an application before the Ld. BIFR in terms of section 15(1) of The Sick Industrial Company Act (SICA), 1985.



29.4) Dividend on preference shares for the year ended 31st March 2013, approved in AGM held on 30th Sep 2013, remains undeposited in the Bank and unpaid to the Shareholders.

29.5) The financial statement indicates that the company has accumulated losses and its net worth is fully eroded. The company has incurred net loss during the current year and in the previous year. The Company's current liabilities has exceeded its current assets as at the balance sheet date. These conditions along with other matters set out above indicates the existence of material uncertainty that may cast significant doubt about the company's ability to continue as going concern. However the financial statements of the company has been prepared by the management on the going concern basis.

29.6) Trade Receivables, Loans & Advances and Trade Payables are subject to confirmation.

29.7) In the opinion of the Board of Directors, Current Assets and Loans and Advances have the value at which they are stated in the Balance Sheet if realized in the ordinary course of Business unless otherwise stated. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

**30) (A) Disclosure in respect of Assets taken on Operating lease**

I) The Company's significant leasing arrangements are primarily in respect of non cancellable operating leases for office premises and Warehouses.

II) Lease payment recognised in the statement of Profit & Loss for the Year :	29,773,997	93,902,684
III) Future Minimum Lease Rentals Payable		
a) Not later than one year		27,300,000
b) Later than one year and not later than five year	} Not Ascetainable	118,335,000
c) Later than five year		2,645,000

**(B) Disclosure in respect of Assets Given on Operating lease**

The Company 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:

i) Gross Block of Fixed Assets			
a) Free hold Land	10,200,000		
b) Cost of 17 WTG's	522,433,161	532,633,161	532,633,161
ii) Accumulated Depreciation		221,372,157	202,072,001
iii) Future Lease Rent Receivables			
a) Not later than one year		12,000,000	12,000,000
b) Later than one year and not later than five year		48,000,000	48,000,000
c) Later than five year		-	-

**31) Related Party Disclosure**

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:

**A) List of Related Parties**

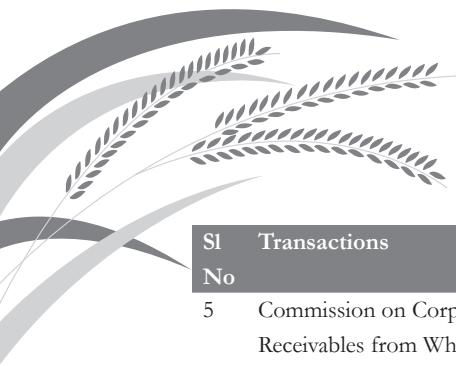
- i) Key Management Personnel
  - a) Mr. Sandip Jhunjunwala ( Managing Director )
- ii) Name of Companies, where control exist ( either individually or with others) and with whom the company had transactions during the year
  - a) Dr. ING N.K. Gupta Technical Consultants (P) Ltd.
  - b) REI Six Ten Retail Ltd
  - c) My Grahak Shopping Online Ltd



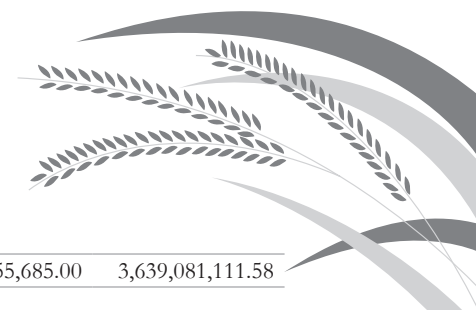
- iii) Director's Relatives
  - a) Mr. Kailash Chandra Jhunjunwala
  - b) Mrs. Koushalya Devi Jhunjunwala
  - c) Mr. Sanjay Jhunjunwala
  - d) Mrs. Suruchi Jhunjunwala
  - h) Mr. Shreyans Jhunjunwala
- iv) Wholly owned Subsidiary Companies
  - a) Ammalay Commoditiess JLT, Dubai and its subsidiaries
    - 1) Ammalay General Trading LLC, Dubai
    - 2) Ammalay FZE, Sharjah, UAE
    - 3) Surimp International Pte Ltd, Singapore
    - 4) Ammalay Mines Et Minerateurs SARL, Morocco
    - 5) Surimp Shipping Ltd, British Virgin Islands
    - 6) Alia North Ltd, Hong Kong
  - b) Ammalay International PTE, Ltd, Singapore
  - c) Auckland Holdings Ltd, Mauritius
  - d) Holy Stars Ltd, Mauritius
  - e) Orient Agro (M) Ltd, Mauritius
- v) Associate Company
  - Varrsana Ispat Limited
  - Anagi Construction Pvt Ltd

**B) Material Transactions with Related Parties**

Sl No	Transactions	Control Exists	Key Management Personnel (KMP)	Relative of KMP	Subsidiary & Associates
1	Dividend Paid	-	-	-	-
	~ on Equity Shares	-	(3,830,580)	(1,076,850)	-
2	Dividend Received				
	~ Ammalay Commoditiess JLT, UAE	-	-	-	-
		-	-	-	(171,227,255)
3	Interest credited				
	~ Ammalay Commoditiess JLT, UAE	-	-	-	-
		-	-	-	(8,683,558)
4	Commission on Corporate Guarantees credited during the year to Wholly Owned Subsidiaries				
	~ Ammalay Commoditiess JLT, UAE	-	-	-	-
		-	-	-	(104,186,283)
	~ Orient Agro (M) Ltd, Mauritius	-	-	-	-
		-	-	-	(372,107)
	~ Ammalay International PTE Ltd	-	-	-	-
		-	-	-	(35,148,544)



Sl No	Transactions	Control Exists	Key Management Personnel (KMP)	Relative of KMP	Subsidiary & Associates
5	Commission on Corporate Guarantees Receivables from Wholly Owned Subsidiaries				
	to Wholly Owned Subsidiaries				
	~ Ammalay Commoditiess JLT, UAE	-	-	-	-
		-	-	-	(84,915,954)
	~ Auckland Holdings Ltd, Mauritius	-	-	-	-
		-	-	-	(2,716,812)
	~ Holy Stars Ltd, Mauritius	-	-	-	-
		-	-	-	(5,236,076)
	~ Orient Agro (M) Ltd, Mauritius	-	-	-	-
		-	-	-	(2,152,896)
	~ Ammalay International PTE Ltd	-	-	-	-
					(56,049,314)
6	Managerial Remuneration	-	4,800,000	-	-
		-	(4,334,042)	-	-
7	Sale of Goods				
	~ REI Six Ten Retail Ltd	3,767,545	-	-	-
		(211,036,305)	-	-	-
	~ My Grahak Shopping Online Ltd	1,401,790,719			
	to a Subsidiary				
	~ Ammalay Commoditiess JLT, UAE	-	-	-	387,452,012
		-	-	-	(2,358,326,608)
8	Purchase of Goods ( Import )				
	~ REI Six Ten Retail Ltd	430,000,480			
	~ My Grahak Shopping Online Ltd	203,689,940			
	from a Step down Subsidiary				
	~ Ammalay FZE	-	-	-	-
		-	-	-	(414,893,500)
9	Receivables				
	~ My Grahak Shopping Online Ltd	-	-	-	-
		(1,900,962)	-	-	-
10	Unsecured Loans Outstanding				
	~ REI Six Ten Retail Ltd	382,700,000	-	-	-
11	Rent Paid				
	~ Varsaana Ispat Ltd	42,000			
12	Deposit Given during the year				
	~ Varsaana Ispat Ltd	-	-	-	191,002,994
	~ REI Six Ten Retail Ltd				6,000,000
					-
13	Deposit Returned during the year				
	~ Varsaana Ispat Ltd	-	-	-	191,002,994
		-	-	-	-
	~ REI Six Ten Retail Ltd				6,000,000
					-



### 32) DETAILS OF FOREIGN CURRENCY TRANSACTIONS

32.1) FOB value of Direct Exports (including high sea sales)	755,155,685.00	3,639,081,111.58
32.2) CIF Value for		
Capital Goods Import	-	-
Traded Goods Import	-	3,569,703,626.63
Expenditure in Foreign Currency		
Foreign Traveling	2,148,396.00	8,689,709.38
Registration Fees	-	-
Interest Payment		
On FCCB	-	352,707,341.00
Rating Charges	-	2,830,206.00
Listing Fees	32,772.00	1,399,974.00
Professional Charges	-	22,875.00
FCCB-Custodian admin fees	-	1,077,008.00
32.3) Amounts remitted on a/c of Dividend to FII/Non-Resident Shareholders		
On Equity Shares	-	3,537,600.00
On Preference Shares	-	-
32.4) No of Non-Resident Share holders		
On Equity Shares	3.00	3.00
On Preference Shares	4.00	4.00
32.5) No of shares held by Non-Resident Share holders		
On Equity Shares	7,075,200.00	7,075,200.00
On Preference Shares	4,000,000.00	4,000,000.00

33) The year end foreign currency exposures that have not been hedged by a derivative instruments or otherwise is given below:

Payable	As on March 31 '2015		As on March 31 '2014	
	₹	USD	₹	USD
On PCFC Facilities	₹ 329,884,811	\$ 5,270,500	₹ 316,755,996	\$ 5,270,500
FCCB ( Net of Deposit abroad )	₹ 6,037,190,105	\$ 96,454,912	₹ 4,666,228,103	\$ 77,641,325
Trade Advances (USD)	₹ 599,927,242	\$ 9,584,911	₹ 1,016,317,900	\$ 16,910,504
Trade Advance (JPY)	₹ 43,147,080	\$ 82,800,000	₹ 48,711,240	\$ 82,800,000
Trade Payable (USD)	₹ 134,570,220	\$ 2,150,000	₹ 129,214,570	\$ 2,150,000
Receivables				
Trade Receivable	₹ 354,355	\$ 5,661.45	₹ 340,252	\$ 5,661.45
Corporate Guarantee Commission Receivable	₹ -	\$ -	₹ 151,071,052	\$ 2,513,669.75

34) Previous year's figures have been regrouped/re-arranged wherever considered necessary .

35) Figures in brackets in Notes to financial statement denote previous year's figure

As per our Report of even date  
For **P. K. Lilha & Co.**  
Chartered Accountants  
[Firm Registration No.: 307008E]

**CA. P. K. Lilha**  
Partner  
Membership No. 011092

Place: Kolkata  
Dated : 13th June, 2015

For and on behalf of the Board of Directors

**Sandip Jhunjunwala**      **K.D. Ghosh**  
Managing Director              Director

**Mandan Mishra**  
Company Secretary



## REI AGRO LIMITED

Registered Office:

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

Email: [investorgrievance@reiagro.com](mailto:investorgrievance@reiagro.com)

CIN : L14200WB1994PLC104573





# REI AGRO LIMITED

## FORM A

Covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	REI Agro Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	<p>Emphasis of Matters</p> <p>1. Note 29.1 to the financial statements that describe that due to liquidity crunch being faced by the company, it was not able to procure adequate quantum of Raw Material during the year, which has resulted in temporary shutdown of one of its unit and partly shut down of second unit. However the third being grading &amp; packing units has been operational.</p> <p>2. Note 29.2 to the financial statements that the Company has defaulted in payment of obligations in respect of all the Banks/Financial Institutions/Non-Convertible Debentures holders together with interest thereon on due dates. As a result thereof all the Working Capital Banks, Term Lenders and NCD Holders have initiated the Corrective Action Plan (CAP) through the Joint Lenders Forum (JLF) in accordance with the RBI's SMA Guidelines dated February 26, 2014. A lender bank initiated a Winding up proceedings against the company for recovery of dues. Notices have now been issued by certain lenders u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. This may have adverse effect on the functioning of the company on going forward basis.</p> <p>3. Note No.29.5 to the financial statement indicates that the company has accumulated losses and its net worth is fully eroded. The company has incurred net loss during the current year and previous year and company's current liabilities exceeded its current assets as at the balance sheet date.</p>

CIN NO. - L14200WB19914PLC104573

New Delhi Office : 58A/1, Sainik Farm, New Delhi - 110 062

Tel.: 011-32905030, 32906030 Fax : 011 - 29552403 E-mail : info@reiagro.com

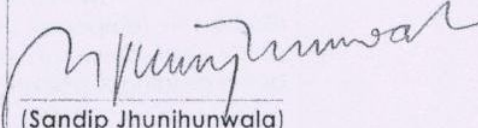

Registered Office : "Everest House" 46-C, Chowringhee Road, 15<sup>th</sup> Floor, R.N. 15B, Kolkata-700 071

Tel.: 033-32925061, 32925062 Fax : 033-22882241

Factory : Plot No. 691, Sector - 2, Delhi - Jaipur Road, NH-8,  
Bawal Growth Centre, Village Jaliavas, Dist-Rewari, Haryana

Tel.: 01284-264459, 264457 Fax : 01284-264463



		These conditions along with other matters set out above indicates the existence of uncertainty that may cast doubt about the company's ability to continue as going concern. However the financial statements of the company have been prepared by the management on going concern basis.
4.	Frequency of observation	Appeared for the second time as the Company is facing liquidity crunch and failed to pay its obligations towards the lenders and NCD holders. Net worth of the Company has been completely eroded. Company had become a Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act 1985 (SICA). Accordingly, Company filed a Reference with the Board for Industrial and Financial Reconstruction (BIFR) which has since been registered as Case No. 85/2015 by the Hon'ble BIFR for adopting measures for the rehabilitation and revival of the Company.
5.	Signed by-	
	CEO/Managing Director	 (Sandip Jhunjunwala)
	Auditor of the company	 P.K. Lilha, Partner M.No. 11092 P.K.Lilha & Co., Chartered Accountants



# REI AGRO LIMITED

## FORM B

Covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	REI Agro Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit Qualification	<p>Basis for qualified opinion</p> <p>1. The Company has not provided interest on loans availed from banks and financial institutions which have been classified as NPA by them. The amount not so provided amounts to Rs.425.23 Crores for the year ended 31st March 2015.</p> <p>2. Provision for gratuity and leave encashment has been done on the basis of estimation and not as per the Actuarial Valuation, which is not in consonance with AS-15.</p> <p>3. The company had provided Corporate Guarantee to the lenders for the borrowings by its Subsidiary Company namely Ammalay Commodities JLT. The said subsidiary company has defaulted in the repayment of the facilities provided by the lenders and therefore the lender of the subsidiary company has invoked the Corporate Guarantee provided to them amounting to Rs. 3,105.93 Crores from the company against which no provision has been made in the books of the accounts for the year ended 31st March 2015. It has been explained by the management that it shall provide for the liability, if any, after the lender has not been able to recover the amount from the subsidiary company.</p> <p>Qualified Opinion</p> <p>In our opinion, and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the basis for qualified opinion paragraph above, the accompanying standalone financial statements give</p>

CIN No - L14200WB1994PLC104573

New Delhi Office : 58A/1, Sainik Farm, New Delhi - 110 062

Tel.: 011-32905030, 32906030 Fax : 011 - 29552403 E-mail : info@reiagro.com

Registered Office : "Everest House" 46-C, Chowringee Road, 15<sup>th</sup> Floor, R.N. 15B, Kolkata-700 071

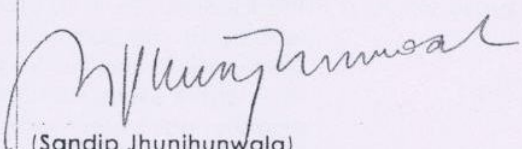

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Bawal Growth Centre, Village Jaliavas, Dist-Rewari, Haryana

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		<p>the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;</p> <p>(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and</p> <p>(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>
4.	Frequency of Qualification	Appeared for the First Time for the financial year ended on 31.03.2015.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report.	Board of Directors of the Company has provided their responses to the qualifications in the point No. 17 of the Directors report at page no. 06 for the year ended 31.03.2015
6.	Additional comments from the board/audit committee chair:	-
7.	Signed by-	
	CEO/Managing Director	 (Sandip Jhunjunwala)
	Auditor of the company	 P.K. Lilha, Partner M.No. 11092 P.K.Lilha & Co., Chartered Accountants