



*Taking  
our brands  
to the  
next level*





## *Contents*

Taking our brands to the next level	01
Financial Highlights	02
Directors' Report	04
Management Discussion & Analysis	08
Report on Corporate Governance	12
Auditors' Report	23
Financials	26

### **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.

## *Taking our brands to the next level*



As No.1 Rice Company in India, No.1 Global Basmati Rice Company, No.1 Basmati Rice Company in India; we have scaled many feats in a very short span of 16 years. Our claim to fame is a logical culmination of our two-phased evolution, where first half (1995 to 2003) was devoted on learning the nuances of the business. In the second phase (2003 to 2011) of our evolution, we have leveraged our learning to great effects. We prefer to call the later phase as our transformation phase. Between FY 03 (March 2003) and FY 11 (March 2011), our revenue has grown at a CAGR of 20.37% to reach ₹3723.88 crores and our EBIDTA has grown at a CAGR of 31.34% to reach ₹772.91 crores.

Having understood the business basics in the first phase and having attained the scale leadership in the second phase, we are entering the third phase of our evolution, going forward. The third phase of our evolution is the one that will unlock the underlying value in our business. The unlocking is going to be led by our strengthened brands, expanded market footprints, significantly scaled-up capacities and a defining core belief. That of the largest grower of Basmati globally can be the largest market for Basmati globally. Of Course, we are referring to India.

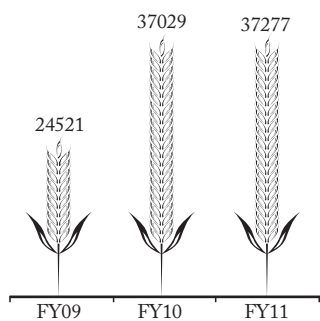
It is the power of our brands that is going to drive our growth in this phase. Rightly then, we are taking our brands to the next level.

# Financial Highlights

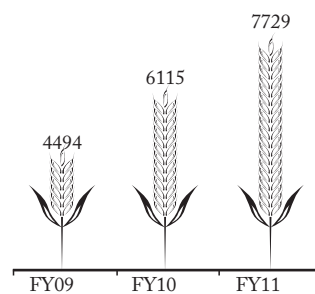
(₹ in million)

	March, 06	March, 07	March, 08	March, 09	March, 10	March, 11
Total Income	9590	10853	17386	24521	37029	37277
EBITDA	1490	1989	3206	4494	6115	7729
Depreciation	93	156	199	213	214	221
EBIT	1397	1833	3007	4281	5901	7508
Interest	374	772	1774	3328	3482	3276
PBT	1023	1061	1233	953	2419	4232
Tax	363	150	202	344	847	1407
PAT	660	911	1031	609	1572	2825
Net Block	2511	3001	3627	3487	3329	4066
Capital Work in Progress	559	699	237	270	1096	5653
Inventory	5961	9276	16523	23101	32401	35711
Receivables	2385	4558	4491	5892	8360	11191
Advances	324	1239	4205	4680	5391	6533
Cash	44	46	125	178	4633	3524
Total Current Asset	8714	15119	25344	33851	50785	56959
Current Liabilities	495	597	722	2047	1671	5050
Share Capital						
Equity	388	449	289	289	319	958
Preference	400	400	400	400	400	400
Reserves	2471	3772	4764	5333	8296	22254
Net worth	3259	4621	5453	6022	9015	23612
Loans	7533	12913	23160	29748	44767	38540

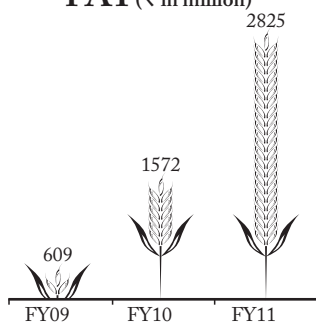
### Total Income (₹ in million)



### EBITDA (₹ in million)

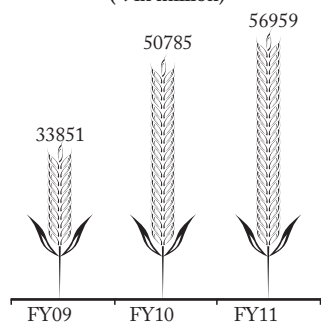


### PAT (₹ in million)



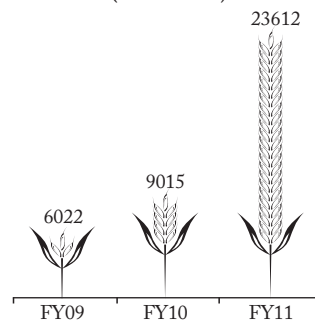
### Total Current Assets

(₹ in million)



### Net worth

(₹ in million)



# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 17th Board Report along with the Audited Financial Results for the year ended 31st March 2011.

## Summarised Financial Results:

(₹ in Lacs)

Particulars	2010-11	2009-10
Sales	372,388	369,323
Other Income	386	970
<b>Total</b>	<b>372,774</b>	<b>370,293</b>
Profit Before Interest and Depreciation	77,291	61,147
Less: Interest	32,757	34,825
Less: Depreciation	2,212	2,139
<b>Profit Before Taxation</b>	<b>42,322</b>	<b>24,183</b>
Provision for Current Taxation	13,975	8,402
Provision for Fringe Benefit Tax	-	-
Prior Period Tax Payments	102	65
<b>Profit after Taxation</b>	<b>28,245</b>	<b>15,717</b>
Add- Balance Brought Forward	454	309
Amount Available for Appropriation	28,699	16,026
Less - Interim Dividend on Equity Share	958	319
Less - Dividend Tax on Interim Dividend	159	54
Less - Proposed Dividend	2,076	799
Less - Dividend Tax on above	337	136
Less - Short Provision for Dividend & Dividend Tax	1486	35
Less - Transfer to Debenture Redemption Reserve	1,300	230
Less - Transfer to General Reserve	14,000	14,000
<b>Balance Carried to Balance Sheet</b>	<b>8,383</b>	<b>453</b>

## FINANCIAL PERFORMANCE

During the year under review your Company has achieved a turnover of ₹3724 Crore as against ₹3693 Crores in the previous year. During the financial year ended on 31st March 2011, we have achieved a net profit of ₹282.45 crores as compared to a profit of ₹157.17 crores in the previous year, an increase of about 80% over the previous year. We have managed to increase our bottom line not only in absolute terms but also in terms of net profit margin

which has moved to 7.58% up from 4.26% in the previous year. The increase in the margins is a result of the growing strength of your company in the basmati rice industry. The highlights of the performance of each of the segments of your company are highlighted later in this report.

## DIVIDEND

During the year under review, the company has declared and distributed interim dividend of 10% on the equity share, i.e. ₹0.10 on each share of the face value of ₹1 each aggregating to ₹957.98 lacs. In addition to the interim dividend the Board has proposed and recommended a final dividend of 20% i.e., ₹0.20 on face value of ₹1 each, aggregating to ₹1915.96 lacs. Hence, the total dividend for the financial year ended 31st March, 2011 stands ₹0.30 per equity share aggregating to ₹2873.94 lacs. In addition, Board of Directors has also proposed and recommended a dividend @ 4%, i.e. ₹4/- each on the preference share having face value of ₹100/- each to the preference shareholders aggregating to ₹160 lacs for the financial year 2010-11.

## UNCLAIMED / UNPAID DIVIDEND

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, unclaimed dividend which remains unpaid for a period of seven years from the date of its transfer to unpaid Dividend account of the Company shall be transferred to Investor Education & Protection Fund (IEPF). Accordingly, the Company has transferred all unclaimed dividend for the year upto 2002-2003 to the said fund. Unclaimed dividend for the year 2003-04 (₹2,32,472) 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. Members are requested to claim the amount of unclaimed dividend for the year 2004-2005 onwards on or before the due date failing which the said amount shall be transferred to the above mentioned fund.

## BASMATI RICE SEGMENT

During the financial year 2010-2011, the sales of basmati rice increased to ₹3702 Crore from ₹3668 Crore in the immediately preceding previous year.

The Company is currently undergoing an expansion and modernization plan. At the beginning of the financial year the Company had a total installed capacity of 103 TPH including the leased capacity of 42 TPH, which was phased out during the year. The company is modernizing and expanding its existing installed capacity of 37 TPH.

Further the company has already installed new capacity of 22 TPH which has started commercial production w.e.f. 01.10.2010. The balance capacity is expected to start commercial production during

the current financial year i.e., 2011-12. With the successful implementation of these projects, we expect to substantially improve the operational efficiency.

#### **WIND POWER SEGMENT**

Your Company has wind farms in the States of Rajasthan, Maharashtra, Tamilnadu and Gujarat and its installed aggregate capacity is 46.1 MW. During the financial year 2010-2011, revenue from the segment was ₹22.60 Crore.

#### **PAYMENT OF COMMISSION ON THE NET PROFITS TO SHRI SANJAY JHUNJHUNWALA, CHAIRMAN OF THE COMPANY.**

Under the Provisions of section 309 of the Companies Acts, 1956 and clause 86 of the Articles of Association of the Company, the Company is willing to pay the commission to the chairman of the Company on the net profits of the Company to be computed in the manner laid down under section 349 of the Companies Act, 1956 as remuneration to him for his valuable services to the Company.

Accordingly, Board of Director of the Company in their meeting held on 21st May, 2011 has accorded their approval for payment of commission of an amount not exceeding 1% of the net profits of the Company to the chairman subject to approval of the shareholders of the Company; a requisite resolution has been put in the notice of the ensuing Annual General Meeting for approval of the Members of the Company seeking approval of the shareholders of the Company.

#### **CREDIT RATING**

Credit and Analysis Research Ltd. (CARE) has issued rating of CARE "A"(Single A) to long term facilities and short term banking facilities. Further CARE has assigned a rating of "PR1+" to short term debt (including CP, Mibor Linked Bonds) for an amount of ₹1400 crores in addition to rating of "CARE A" to the Non Convertible Debentures.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

#### **CORPORATE GOVERNANCE**

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

#### **ENVIRONMENTAL ASPECT AND SOCIAL RESPONSIBILITY**

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

#### **DIRECTORS**

Dr. ING N.K. Gupta and Shri K.D. Ghosh, Directors of the Company, will retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. A brief resume of the Directors seeking re-appointment, their expertises etc. are given in the notice to the ensuing Annual General Meeting.

#### **AUDITORS**

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

#### **AUDITORS' REPORT**

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- I. In preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures, if any.
- II. 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 affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- III. 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.
- IV. The Directors have prepared the annual accounts on a going concern basis.



## PUBLIC DEPOSITS

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

## PARTICULARS OF EMPLOYEES

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

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

## ACKNOWLEDGMENT

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

For and on behalf of Board of Directors

(Sandip Jhunjhunwala)

Vice Chairman & Managing Director

Place: New Delhi

Date: 21 May, 2011

(A. Chatterjee)

Director

# Annexure-A

## Conservation of energy:

Review of business process and close coordination with plants has resulted in energy conservation. Some of the energy conservation measures taken during the year 2010-11 in the different areas are as under:

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

## Technology absorption:

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

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

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

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

- iii) Future plan of action:

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

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

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

Benefits derived as a result of the above efforts:

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

Foreign exchange earnings and outgo:

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

Foreign exchange earned (Export of goods and interest earned)	41854.40
Foreign exchange outgo	7967.58
Net foreign exchange earned	33886.82

# Management Discussion and Analysis

## I. PERFORMANCE HIGHLIGHTS

In 2011, we saw a tightening of the liquidity position in the financial markets. Despite these challenging conditions, we acted quickly and decisively to improve the capital structure and further accelerate the growth of the company. During the year we have successfully completed a rights issue of ₹1245 crores. The rights issue has enabled us to improve the debt equity ratio of the company. We are also implementing a major expansion of our owned capacity even as we continue to focus on operational cash flow. We are happy to report that compared to 2010, EBITA, Net income and Cash flow before financing activities improved. In fact for the first time in our recent history we have recorded a positive operating cashflow.

Full-year comparable sales were 0.83 % above last year, which was relatively muted growth compared to our past record. This reflected the non availability of our processing capacity due to the modernization and expansion of our capacities. However, inspite of a relatively muted growth in our top line we have closed the year with a profit of ₹282 crores compared to profit of ₹157 crores in financial year 2009-10, as increase of 80 %.

## II. INDUSTRY OVERVIEW

Rice is the staple food for more than half of the world population, a good source of vitamins and minerals such as thiamine, niacin, iron, riboflavin, vitamin D, calcium and fiber and providing more than one fifth of the calories consumed worldwide by the human species. India is one of the original centres of rice cultivation, with the rice harvesting area in India being the world's largest. The world market for rice has been growing modestly since 2005.

However, Basmati Rice is the king of rice and has been growing rapidly with farmers preferring to grow basmati rice. However, in the crop year 2010-11 we have seen a decline in the production of basmati rice with an estimated production of about 3.6 Mn MT. Basmati is a variety of long grain rice that can be grown only in certain parts of India and Pakistan and which is notable for its fragrance, non sticky nature and delicate, nuanced flavour. The grains of basmati rice are also longer than most other types of rice.

Rice is cultivated in over 100 countries and in every continent except Antarctica, however, as mentioned above, basmati can only be grown by 2 countries in the world i.e. India and Pakistan due to the agro-climatic conditions. India and Pakistan have been growing basmati rice for many centuries and enjoy IPR protection for the use of the term 'Basmati' worldwide. Consequently, the two countries enjoy exclusivity

in this business which helps them command a greater price from the global market.

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

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

### India

In India, basmati can be grown only in certain regions of Northern India viz., Punjab, Haryana, Uttarakhand and Western Uttar Pradesh, which have unique agro climatic conditions required for production of Basmati. Its production represents only a small proportion of India's total rice production at about 4%. As both the area under production and yields are only capable of being increased to a limit, this is a natural restriction on the production of Basmati. However, Basmati rice is grown in areas that have very fertile land and this area also contributes to a large portion of the non-basmati rice. There is enough potential for basmati rice to take share from non basmati rice.

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

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

### The Year in Review

Total production of rice was 94 mn mt under 44 mn hectares of area in the year 2011. Out of the 94 mn mt of production, about 3.6 mn mt was basmati rice produced in India,

accounting for 80% of the total world basmati production while balance 20% was contributed by Pakistan.

According to Agricultural and Processed Food Products Export Development Authority (APEDA), basmati acreage was about 1.7 million hectares in 2010-11.

### III. OPPORTUNITIES AND THREATS

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

Indian Basmati rice production for 2011 stood at approximately 3.60 mn mt. Though Basmati consumption has increased, the share of Basmati rice as a percentage of total rice is a mere 1%, and we believe there is significant room for growth.

Exports are also enjoying greater traction as newer markets are developed increasing international demand and prices. On the supply side, Indian farmers are increasingly shifting the focus from non-basmati paddy to basmati paddy due to the favourable cost benefit dynamics and an assured demand.

However, the industry at large and the Company in particular faces certain threats. As the Company operates in majority in one segment, any adverse policy for Basmati rice, may have a negative impact on Company's performance.

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

### IV. RISKS AND CONCERNS

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

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

A significant portion of our company's revenues are generated from the sale of basmati rice. Out of the total income basmati rice sales accounted for 99% of the total revenue of ₹3727.75 Crore. Any change in the consumption pattern of Basmati rice or any reduction in demand for Basmati rice processed by us could adversely affect our company's operations. Further there is generally a long period following the procurement of Paddy before which the basmati rice is

sold in the market. The price of Basmati will depend on the quality and maturity of Basmati rice. Currently we have no means or methods of hedging the price risk associated with our Basmati rice products.

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

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

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

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

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

Our operations are principally in India, but we exports our products to many countries in the Gulf which accounted for more than 15% of sales in 2010-11. The Gulf countries could be subject to volatile economic, political and market conditions. Such conditions may have a negative impact on our ability to execute the business strategies and on its operating results.

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

Our operations require a substantial amount of working capital. We require to obtain and /or maintain adequate cash flows and or credit facilities from time to time in order to finance the purchase, storing, processing and

marketing of Basmati. Our inability to obtain or maintain cash flows can have a material adverse impact on our operations, financial conditions and profitability.

## V. FINANCIAL PERFORMANCE

### I. Results of Operations

#### a. Income

##### i) Income from operations

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

During the year under review, the total sales increased to ₹3723.88 Crore from ₹3693.23 Crore and Net profit to ₹282.45 Crores as compared to a profit of ₹157.17 Crore in the previous year, an increase of about 80% over the previous year.

##### ii) Other income

Other income includes dividend from long term investments, insurance claims, interest and profit on sale of investment. Other income are stood at ₹3.86 Crore in the year under review compared to ₹9.70 Crore in the previous year.

#### b. Expenditure

Operating expenses includes manufacturing expenses, employees costs and administration and selling expenses, The total operating expenses during the year under review decreased from ₹152.92 Crore in the previous year to ₹126.75 Crore in year under review. This is the result of commitment to effective utilisation of resources by the company.

#### c. Depreciation

Depreciation charge has increased marginally to ₹22.12 Crore in the year under review from ₹21.39 Crore in the previous year.

#### d. Interest

The interest expenditure for the year under review has reduced to 8.80% of sales from 9.43% of sales in last year resulting an increase in the net profit margin of the Company.

#### e. Income tax expense

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

The provision for income tax stood at ₹139.75 Crore in the year under review as compared to ₹84.01 Crore in the previous year.

### II. Financial Condition

#### a. Share Capital

We have authorised share capital of ₹200 Crore as on March 31, 2011. The issued, subscribed and paid up capital was ₹135.79 Crore which comprises of ₹95.80 Crore of equity shares of ₹1 each and 40 Lacs Redeemable Preference shares of ₹100 each as on March 31, 2011 as compared to ₹71.93 Crore of capital comprising of ₹31.93 Crore equity shares and 40 Lacs Redeemable Preference shares of ₹100 each in the previous year. The increase in paid up capital during current year was due to rights issue of 63,86,56,636 equity shares on 2:1 ratio to equity shareholders.

#### b. Reserves & Surplus

The reserves & surplus increased to ₹2225.38. Crore in the year under review from ₹829.61 Crore in the previous year on account of premium on the fresh issue of shares mentioned above and retained earnings.

#### c. Fixed Assets

The Gross block of fixed assets as on March 31, 2011. ₹526.13 Crore (₹431.67 Crore as on March 31, 2010) and depreciation amounted to ₹119.54. Crore (₹98.76 Crore as on March 31, 2010). Additions to fixed assets made during the year were ₹96.92 Crore (₹5.79 Crore during the previous year) comprising of land & building, plant & machinery, office equipment, computer and vehicles. In addition, capital work in progress as on March 31, 2011 stood at ₹565.25 Crore (₹109.57 Crore as on March 31, 2010).

#### d. Investments

Investment represents the amount invested in equity shares of other Companies amounting to ₹132.50 Crores as compared to previous year investment of ₹110.79 Crores.

#### e. Sundry Debtors

The debtors days has increased to 110 days as on March 31, 2011 from 83 days as on March 31, 2010. ₹0.47 Crore remains provided for doubtful debts in the year under review also.

#### f. Cash and Bank Balance

The cash and bank balances decreased to ₹352.48 Crore as on March 31, 2011 from ₹463.29 Crore as on March 31, 2010. Of this, ₹330.64 Crore represents

FCCB proceeds that have been parked abroad pending utilization of the same. We had ₹21.21 Crore (previous year ₹37.80 Crore) held with scheduled banks and with other banks.

**g. Loans and Advances**

Loans and advances represent the amount paid by the Company in advance for value of goods and services to be received. These increased to ₹653.27 Crore as on March 31, 2011 from ₹539.09 Crore as on March 31, 2010.

**h. Current Liabilities**

As on March 31, 2011 the current liabilities were ₹339.70 Crore which includes sundry creditors of ₹306.10 Crore (₹72.89 Crore for previous year) payable to vendors for supply of goods and services.

**i. Provisions**

Provisions for gratuity and leave encashment, taxes and dividend as on March 31, 2011 amounted to ₹165.34 Crore as compared to ₹94.22 Crore in previous year. Provision for dividend and tax on dividend was ₹24.13 Crore (₹9.34 Crore for previous year), provision for taxes was ₹139.75 Crore (₹84.02 Crore in previous year) and provision for gratuity was ₹1.46 Crore. (₹0.86 Crore in previous year).

## **VI. MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

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

## **VII. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACIES**

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

## **VIII. CAUTIONARY STATEMENT**

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

# Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement entered by Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the best practices followed internationally on Corporate Governance, the report contains the details of governance systems and processes at REI Agro Ltd.

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

The Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices stem from an inherent desire to improve and innovate and reflect the culture of trusteeship that is deeply ingrained in our value system and form part of the strategic thought process.

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

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

Our governance philosophy rests on five basic tenets, viz., Boards' accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as transparency and timely disclosure.

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

## [B] BOARD OF DIRECTORS

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

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

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

Name of the Director	Category	** No. of other Directorship	No. of Membership / Chairmanship of other Board Committees	No. of Board Meetings attended	Attendance at last AGM of the Company
Shri Sanjay Jhunjhunwala	Non-Executive Chairman	Nil	Nil	1	Absent
Shri Sandip Jhunjhunwala	Vice-Chairman & Managing Director	2	1	7	Present
Dr ING N.K. Gupta	Independent Non-Executive Director	3	8	3	Absent
Shri A. Chatterjee	Independent Non-Executive Director	6	6	7	Present
Shri K.D.Ghosh	Independent Non-Executive Director	1	4	2	Present

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

#### DETAILS OF BOARD MEETINGS HELD:

During the Financial Year ended 31st March 2011, Seven (7) Board Meetings were held, whose details are given as:-

Sl. No.	Date (FY: 2010-11)	Board Strength	No. of Directors present
1	28.04.2010	5	2
2	26.05.2010	5	3
3	30.07.2010	5	3
4	16.08.2010	5	2
5	19.08.2010	5	2
6	08.10.2010	5	4
7	14.01.2011	5	4

#### [C] AUDIT COMMITTEE

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

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

During the year 2010-11, the Committee met on 26.05.10, 30.07.10, 08.10.10 and 14.01.11. The constitution and particulars of meetings attended by members of the Committee are given below:

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

#### [D] REMUNERATION OF DIRECTORS:

The Details of Remuneration paid to Directors for the year ended 31st March 2011 is as follows:

(Amount in ₹)

Name of the Directors	Sitting Fees	Salary & Perquisites	Commission
Shri Sanjay Jhunjunwala	10,000	NIL	NIL
Shri Sandip Jhunjunwala	NIL	2,33,40,000	NIL
Dr. ING N.K. Gupta	60,000	NIL	NIL
Shri A. Chatterjee	1,10,000	NIL	NIL
Shri KD Ghosh	40000	NIL	NIL

The details of Equity Shares held by the Directors as on 31st March 2011 are as follows:

Name of Director	No. of shares held	Nominal value of shares (₹)
Shri Sanjay Jhunjunwala	7650360	7650360
Shri Sandip Jhunjunwala	7661160	7661160
Dr. ING N.K. Gupta	NIL	NIL
Shri A. Chatterjee	NIL	NIL
Shri K.D. Ghosh	NIL	NIL

#### [E] SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted Shareholders'/Investors' Grievance Committee to look into and redress shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends, issue of duplicate shares etc. The committee comprises of Shri A. Chatterjee (Chairman, Independent Director), Shri K.D. Ghosh (Member, Independent Director). During the year, several Investors' complaints were received by the Company and no complaints were pending at the end of the year. During the year, seven meetings were held on 30.06.2010, 23.09.2010, 26.10.2010, 06.11.2010, 04.12.10, 12.01.2011 and 31.03.2011 respectively. The Company Secretary of the Company acts as Secretary to the Committee.

**Name and designation of Compliance Officer (Contact Person)**

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

**Compliance Officer:**

Shri Mandan Mishra

Company Secretary

Address : 58A/1, Sainik Farm, New Delhi – 110062

Phone No.: 011-32905030, 32906030

Fax No.: 011-29552403

E-mail : mandan@reiagro.com

Website : www.reiagro.com

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

**Share Transfer Committee and Share Transfer System**

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

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

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane,

Kolkata-700 001.

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

Fax : 033-2248-4787

**[F] GENERAL BODY MEETINGS**

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

VENUE	FINANCIAL YEAR	DATE & TIME
The Institution of Engineers (India), Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020	2007-08	30th September, 2008 10.00 A.M.
The Institution of Engineers (India), Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020	2008-09	23rd September, 2009 9:30 A.M.
The Sangit Kala Mandir Trust, Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017	2009-10	27th September, 2010 at 2:30 P.M.

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

Date of resolution	Meeting	Subject matter of resolutions
19th January, 2009	Extra Ordinary General Meeting	Alteration of Clause V of Memorandum of Association of the company by splitting the face value of one equity share of Rs. 10/- each into Ten Equity shares of Re. 1/- each.
19th June, 2009	Extra Ordinary General Meeting	Further Issue of Securities u/s 81 (1A) of the Companies Act, 1956.
23rd September, 2009	Annual General Meeting	Enhancement of FII Limit up to 40% of the Paid up Capital of the Company.
11th February, 2010	Extra Ordinary General Meeting	Enhancement of FII Limit up to 75% of the Paid up Capital of the Company.
22nd May, 2010	Extra Ordinary General Meeting	Reservation of Equity Shares in the Rights issue for the FCCB Holders
27th September, 2010	Annual General Meeting	Extension of redemption period of 4% Non Convertible Redeemable Preference Shares

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

## [G] DISCLOSURES

### (i) Related party transactions

During the year under review, there were no transactions of a material nature with the directors or the management or relatives of the directors that could have potential conflict with the interests of the Company except an consultancy agreement with M/s Dr. ING N.K. Gupta Technical Consultants (P) Ltd. in which, Dr. ING N.K. Gupta, Director of the Company is also a director and Company has taken all the necessary approval for the same under section 297 of the Companies Act, 1956. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly.

### (ii) Accounting treatment

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

### (iii) Compliance by the Company

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

### (iv) Whistle blower policy

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

### (v) Code of Conduct

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

### (vi) Risk Management

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

## [H] MEANS OF COMMUNICATION

The Company timely informs its investor and statutory authorities of all the price sensitive and critical information's. Quarterly Results are sent to the Stock Exchanges on regular

and timely basis and also published in leading English 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](http://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](mailto:investorgrievance@reiagro.com)) for the purpose of investor grievance and other queries of the investors.

## [I] GENERAL SHAREHOLDERS' INFORMATION

### (i) Details of the ensuing AGM

Date & Time	Thursday, 29th September 2011
Venue	Mini Auditorium, Science City, J.B.S Haldane Avenue, Kolkata – 700046 at 11:30 A.M.
Book Closure Date	26th September, 2011 to 28th September, 2011 (both days inclusive)

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

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, Kolkata-700 001.  
Phone no. 033-22482248, 22435029/5089  
Fax: 033-22484787

## [J] DIVIDEND AND FINANCIAL YEAR INFORMATION

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

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, unclaimed dividend which remains unpaid for a period of seven years from date of its transfer to unpaid dividend account of the company shall be transferred to Investor Education & Protection Fund (IEPF). Accordingly, unclaimed dividend for the year 2003-04 (₹2,32,472) 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. Members are requested to claim the amount of unclaimed dividend for the year 2004-2005 onwards on or before the due date failing which the said amount shall be transferred to the above mentioned fund.

(ii) **Interim and Final Dividend for the Year 2010-11**

During the year under review, the company declared and distributed interim dividend of 10% on equity share, i.e. ₹ 0.10 on equity share of face value of ₹1 each aggregating to ₹957.98 lacs. In addition to the interim dividend the Board proposed and recommended a final dividend of 20% i.e., ₹0.20 on face value of ₹1 each, aggregating to ₹1915.96 lacs, and the total dividend for the financial year ended on 31st March, 2011 comes to @30% i.e. ₹0.30 per share and in aggregate total dividend payout stands at ₹2873.95lacs. In addition to dividend to equity shareholders, Board of Directors have also proposed and recommended a dividend @ 4%, i.e. ₹4/- each on the preference share having face value of ₹100/- each to the preference shareholders aggregating to ₹160 lacs for the financial year 2010-11.

(iii) **Financial year:**

The financial year of the Company starts with 1st April 2010 and ends on 31st March 2011.

(iv) **Financial Calendar (Tentative)**

Sl. No.	Approval/Adoption of	On or before
1.	1st Qtr. Financial Result ending on 30th June, 2011	14th August, 2011
2.	2nd Qtr. And half year Financial Result ending on 30th September, 2011	14th November, 2011
3.	3rd Qtr. Financial Result ending on 31st December, 2011	14th February, 2012
4.	Audited Financial Result for year ending 31st March, 2012	30th May, 2012
5.	Next Annual General Meeting	29th September, 2012

(iii) **Market Price Data**

The Monthly high and low prices of the Equity Shares of the Company at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. during financial year 2010-2011 are as follows:

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April 2010	51.25	47.00	51.50	46.85
May 2010	48.20	39.00	48.25	39.10
June 2010	44.85	25.10	44.95	25.55
July 2010	31.90	27.45	32.00	27.20
August 2010	25.50	18.85	25.50	18.85
September 2010	22.50	19.00	22.40	19.00
October 2010	27.60	20.75	27.85	20.70
November 2010	28.50	22.20	28.20	22.15
December 2010	27.50	22.55	27.50	22.55
January 2011	28.90	24.90	28.60	24.90
February 2011	29.30	24.00	29.30	23.85
March 2011	29.95	25.60	29.95	25.45

**K] LISTING OF SECURITIES AND OTHER INFORMATION**

(i) **Listing of Securities at Stock Exchanges:**

Equity Shares :	ISIN :	INE385B01031
Bombay Stock Exchange Limited (BSE) Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400001	National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai- 400051	
Scrip Code: 532106	Trading Symbol: REIAGROLTD	
FCCBs	GDRs	
Singapore Stock Exchange (SGX)	London Stock Exchange (LSE)	
Code: 4BQB and 4BPB	Code: REAA & REA	
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.

(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.

#### (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, 2011 is given as under.

Chart One: Both BSE (Sensex) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2011.

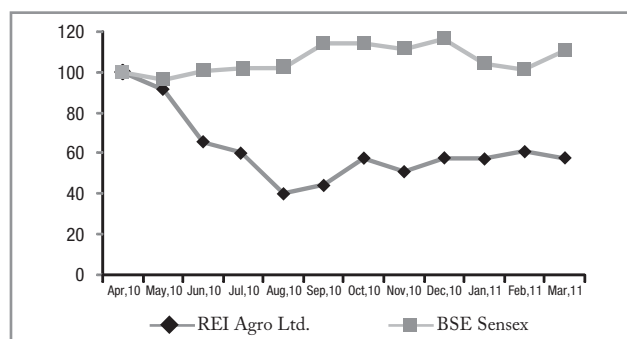
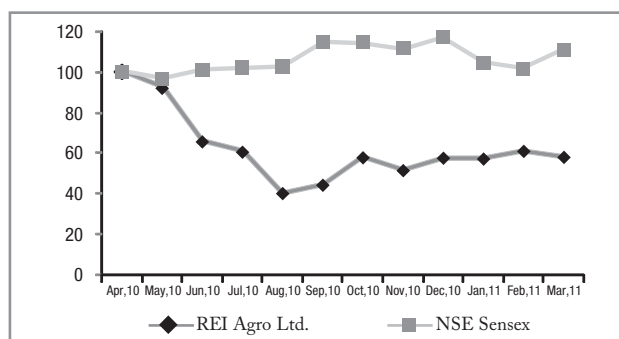


Chart Two: Both NSE (Nifty) and REI Agro Share prices are indexed to 100 based on closing prices of April, 2011.



#### (v) Distribution of Shareholding

The Shareholding distribution of equity shares as on 31st March, 2011 is given below: -

Sl. No	Shares Holding	No. of Share Holders	% of Share Holders	No. of Shares	% of Shareholding
1.	1 to 500	33538	73.3456	6194887	0.6467
2.	501 to 1000	5977	13.0713	4949127	0.5166
3.	1001 to 2000	3113	6.8079	4854377	0.5067
4.	2001 to 3000	1146	2.5062	3034270	0.3167
5.	3001 to 4000	456	0.9972	1654595	0.1727
6.	4001 to 5000	378	0.8267	1802307	0.1881
7.	5001 to 10000	586	1.2815	4287636	0.4476
8.	10000 & above	532	1.1635	931207755	97.2048
	Total	45726	100	957984954	100

#### (vi) Shareholding Pattern of the Company as on 31st March, 2011

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	7	17465220	17465220	1.8762	1.8231	Nil	Nil
(b)	Central government/ State government(s)	0	0	0	0	0	0	0
(c)	Bodies corporate	12	391664349	391664349	42.0756	40.8842	202754544	51.7674
(d)	Financial institutions/ Banks	0	0	0	0	0	0	0
(e)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (A)(1)	19	409129569	409129569	43.9518	42.7073	202754544	49.5575
(2)	Foreign							
(a)	Individuals (Non-Resident individuals/ Foreign individuals)	0	0	0	0	0	0	0

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(b)	Bodies corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (A)(2)	0	0	0	0	0	0	0
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	19	409129569	409129569	43.9518	42.7073	202754544	49.5575
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	3	340830	340830	.0366	.0356	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	.1355	.1317	0	0
(f)	Foreign institutional investors	62	399049617	399049617	42.869	41.6551	0	0
(g)	Foreign venture Capital investors	0	0	0	0	0	0	0
(h)	Any other (specify)	0	0	0	0	0	0	0
	Sub-total (B)(1)	66	400651752	400651752	43.0411	41.8223	0	0
(2)	Non-institutions							
(a)	Bodies corporate	698	64426395	64425795	6.9212	6.7252	0	0
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to ₹1 lakh.	44056	30461917	30128259	3.2725	3.1798	0	0
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	12	15281531	15281531	1.6417	1.5952	0	0
(c)	Any other-NRIs	764	9193794	2118594	.9877	.9597	0	0
	Trust	2	1360	1360	.0001	.0001	0	0
	Clearing Member	108	1712336	1712336	.184	.1787	0	0
	Sub-total (B)(2)	45640	121077333	113667875	13.0071	12.6388	0	0
	Total public shareholding (B)=(B)(1)+(B)(2)	45706	521729085	514319627	56.0482	54.4611	0	0
	TOTAL (A)+(B)	45725	930858654	923449196	100.0000	97.1684	0	0
(C)	Shares held by custodians and against which depository receipts have been issued	1	27126300	27126300	---	2.8316		
	Grand total (A)+(B)+(C)	45726	957984954	950575496		100.0000	202754544	21.1647

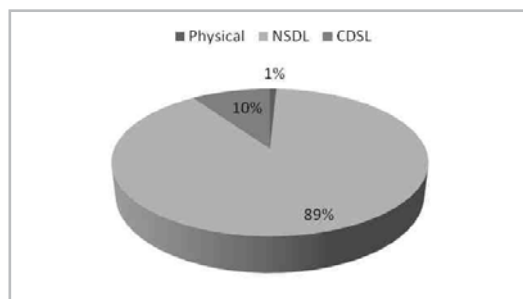
vii) **Dematerialization of shares and liquidity:**

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, 2011.**

	Holders	No. of shares	% of Shareholding
1. Physical	95	7409458	0.7734
2. NSDL	29311	858357356	89.6003
3. CDSL	16320	92218140	9.6263
Total	45726	957984954	100.0000

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



**[L] 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 ₹1/- each and 40,00,000 (Forty Lacs) Preference Shares of ₹100/- each.

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

Rights Issue of 63,86,56,636 Equity Shares during FY 2010-2011.

Board of Directors of your Company at their meeting held on September 9, 2009, has decided to offer equity shares to the existing eligible Equity Shareholders of Company on right basis with a right to renounce. Thereafter Board of Directors in their meeting held on May 26, 2010 decided to offer 63,86,56,636 equity shares under rights issue at a price of ₹19.50/- per equity share including premium of ₹18.50/- per share in the ratio of 2 (Two) Rights Equity Shares of face value of ₹1/- each for every 1 (One) Equity Share and fixed 8th June, 2010 as the record date to determine eligibility of the Equity Shareholders who are eligible to apply for the

rights issue shares as on the record date. After completing all the formalities, issue was open on 30th June, 2010 and closed on 16th July, 2010. The Issue was oversubscribed and the Company as successfully raised ₹1245.38 Crore through rights issue. On 29th July, 2010, 63,86,56,636 equity Shares were allotted as per the basis of allotment approved by the Bombay Stock Exchange Ltd. by the Rights issue Committee of the company.

**[M] 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 Calcutta on 27th August, 2008, becoming effective from 8th September, 2009. After the scheme of arrangement become effective the paid value of underlying equity shares was reduced and 45,24,000 equity shares were issued in place of 75,40,000. The Company has sub divided the face value of its equity shares of ₹10/- each into ten equity shares of ₹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 been reported as to receipt of request for redemption of GDRs and releasing of underlying shares in favour of non-resident investor. As on 31st March 2011, 1356315 GDR were outstanding.

(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. These outstanding bonds are due for redemption on November 13, 2014. As on 31st March 2011, out of 105000 Bonds, 350 bonds stand converted into equity shares up as per following details.

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

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

**(N) PLANT LOCATIONS  
(MANUFACTURING UNITS)**

- (1) Plot No. 691 to 696, Sector-2, 94, K.M. Mile Stone, Delhi-Jaipur Road, NH-8, Bawal Growth Centre, Distt. Rewari, Haryana.
- (2) Plot No 180D,E, F, G, H, I, J, &181A, Sector -3, 94, KM Milestone, Delhi-Jaipur Road, Bawal Growth Centre, Distt. Rewari, Haryana.
- (3) Plot No 126, Sector - 6, HSIIDC Delhi-Jaipur Road, NH 8 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, Distt. Tirunelveli, Tamilnadu
4. Village : Surajbari, Dist. Kutch, Gujarat

**(O) ADDRESS FOR CORRESPONDENCE**

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

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

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

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

**Cautionary Statement:**

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

**Certificate**

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

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

For and on behalf of the Board of Directors

A. Chatterjee  
Director

Sandip Jhunjhunwala  
Vice-Chairman & Managing Director

# Annexure to Report on Corporate Governance

## CEO'S CERTIFICATION AS TO COMPLIANCE WITH CODE OF CONDUCT

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

For and on behalf of the Board of Directors

Sandip Jhunjhunwala  
Vice-Chairman & Managing Director

## CEO and CFO Certification

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

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

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

Place: New Delhi  
Date : 21 May, 2011

Sandip Jhunjhunwala  
Managing Director



# Corporate Governance Certificate

## On Compliance of Clause 49 of the Listing Agreement

To,

The Members

REI AGRO LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s REI AGRO LIMITED ("the Company") for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We have been explained that no investor grievance are pending for a period exceeding one month as at 31st March, 2011 against the Company.

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

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

(P. K. Lilha)

Partner

M. No.11092.

Place: Kolkata

Date : 21 May, 2011

REI AGRO LIMITED

# Auditors' Report

To,  
The Members  
REI AGRO LIMITED

1. We have audited the attached Balance Sheet and Profit & Loss Account of REI AGRO LIMITED as at 31st March, 2011 also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies as per Schedule 20 and Notes thereon as per Schedule 21, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - 1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - 2) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
    - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(CA. P.K. LILHA)

Partner

M.No.011092

Place : Kolkata  
Date : 21/05/2011

## ANNEXURE TO THE AUDITORS' REPORT

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

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

(d) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed amounts of statutory dues, which have not been deposited. The details of disputed dues as at 31st March, 2011 in respect of income tax that have not been deposited by the Company, are as follows:-

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

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

information and explanations given to us, we are of the opinion that the terms and condition thereof are not prima facie prejudicial to the interest of the Company.

- xvi) In our opinion and according to the information and explanation given to us, the term loans were applied for the purpose for which these were raised.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has issued during the year secured non convertibles debentures amounting to ₹99 crores and has created securities / charges in respect of secured debentures issued.
- xx) The Company has raised monies through Right issue during the year to the extent of ₹1245.38 Crores.
- xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

(CA. P.K. LILHA)

Partner

M.No.011092

Place : Kolkata  
Date : 21/05/2011

# Balance Sheet as at 31st March 2011

(Amount in ₹)

	Schedules	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	1,357,984,954	719,328,318
Reserves & Surplus	2	22,253,847,717	8,296,093,199
		<b>23,611,832,671</b>	<b>9,015,421,517</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	33,867,868,071	36,074,170,332
Unsecured Loans	4	4,672,622,500	8,692,901,000
		<b>38,540,490,571</b>	<b>44,767,071,332</b>
Deferred Tax Liability (Net)		799,852,527	864,421,065
<b>TOTAL</b>		<b>62,952,175,769</b>	<b>54,646,913,914</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	5		
Gross Block		5,261,334,501	4,316,713,863
Less : Depreciation		1,195,388,188	987,603,883
Net Block		4,065,946,313	3,329,109,980
Capital Work-In-Progress	6	5,652,506,332	1,095,741,840
		<b>9,718,452,645</b>	<b>4,424,851,820</b>
<b>INVESTMENTS</b>	7	<b>1,325,026,932</b>	<b>1,107,927,282</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	8	35,710,744,884	32,400,926,434
Sundry Debtors	9	11,190,755,655	8,360,452,694
Cash & Bank Balances	10	3,524,804,324	4,632,887,646
Loans & Advances	11	6,532,746,912	5,390,931,282
		<b>56,959,051,775</b>	<b>50,785,198,056</b>
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	12		
Liabilities		3,396,977,885	728,897,756
Provisions		1,653,377,698	942,165,488
		<b>5,050,355,583</b>	<b>1,671,063,244</b>
<b>NET CURRENT ASSETS</b>		<b>51,908,696,192</b>	<b>49,114,134,812</b>
<b>TOTAL</b>		<b>62,952,175,769</b>	<b>54,646,913,914</b>
Significant Accounting Policies	20		
Notes on Accounts	21		

The Schedules referred to above form an Integral Part of the Balance Sheet

In terms of our attached report of even date

For P.K.Lilha & Co.  
Chartered Accountants  
[Firm Regn No. : 307008E ]

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

Place : Kolkata  
Dated : 21/05/2011

For and on behalf of the Board

Sandip Jhunjhunwala  
Managing Director

A. Chatterjee  
Director

Dr. Ing N K Gupta  
Director

Mandan Mishra  
Company Secretary

# Profit & Loss Account for year ended 31st March 2011

(Amount in ₹)

	Schedules	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>INCOME</b>			
Sales	13	37,238,806,742	36,932,344,003
Other Income	14	38,646,985	96,967,309
		<b>37,277,453,727</b>	<b>37,029,311,312</b>
<b>EXPENDITURE</b>			
Materials consumed & Purchase of Goods	15	26,538,705,651	29,246,399,100
(Increase)/Decrease of Inventory	16	1,742,150,844	138,936,437
Manufacturing, Administrative & Selling Expenses	17	1,267,454,350	1,529,231,800
Interest	18	3,275,681,886	3,482,460,953
Depreciation		221,217,853	213,940,321
		<b>33,045,210,584</b>	<b>34,610,968,611</b>
<b>Profit Before Taxation</b>		<b>4,232,243,143</b>	<b>2,418,342,701</b>
Provision for Current Taxation		1,397,507,749	840,172,787
Prior Period Tax Payments		10,188,458	6,476,134
		<b>2,824,546,936</b>	<b>1,571,693,780</b>
Add- Balance Brought Forward		45,375,237	30,942,359
<b>Amount Available for Appropriation</b>		<b>2,869,922,173</b>	<b>1,602,636,139</b>
Less - Interim Dividend on Equity Share		95,798,495	31,897,592
Less - Dividend Tax on Interim Dividend		15,910,933	5,420,996
Less - Proposed Dividend		207,596,991	79,865,664
Less - Dividend Tax on above		33,677,422	13,573,170
Less - Short Provision for Dividend & Dividend Tax		148,637,422	3,503,480
Less - Transfer to Debenture Redemption Reserve		130,000,000	23,000,000
Less - Transfer to General Reserve		1,400,000,000	1,400,000,000
Balance Carried to Balance Sheet		<b>838,300,910</b>	<b>45,375,237</b>
<b>Earning Per Share</b>	19		
- Basic (₹)		<b>3.49</b>	<b>3.29</b>
- Diluted (₹)		<b>3.08</b>	<b>3.13</b>
Significant Accounting Policies	20		
Notes on Accounts	21		

The Schedules referred to above form an Integral Part of the Profit & Loss A/c

In terms of our attached report of even date

For P.K.Lilha & Co.  
Chartered Accountants  
[ Firm Regn No. : 307008E ]

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

Place : Kolkata  
Dated : 21/05/2011

For and on behalf of the Board

Sandip Jhunjhunwala  
Managing Director

A. Chatterjee  
Director

Dr. Ing N K Gupta  
Director

Mandan Mishra  
Company Secretary

# Cash Flow Statement for the year ended 31st March 2011

(Amount in ₹)

	2010-2011	2009-2010
<b>Cash Flow from Operating Activities</b>		
Net Profit Before Taxes	4,232,243,143	2,418,342,701
Adjustments:		
Depreciation / Amortization	221,217,853	213,940,321
Interest Expenses	3,275,681,886	3,482,460,953
Dividend Income	(7,267,046)	(7,144,190)
Interest Received	(16,326,680)	(6,463,747)
(Profit) /Loss on Sale of Fixed Assets	4,142,801	1,175,734
Operating profit before changes in working capital	7,709,691,957	6,102,311,772
Changes in:		
Decrease/ (increase) in inventories	(3,309,818,450)	(9,300,131,865)
Decrease/ (increase) in trade & other receivables	(2,830,302,961)	(2,468,833,288)
Decrease/ (increase) in loan & advances	(699,216,516)	(245,600,543)
Increase/(Decrease) in trade and other payables	2,674,121,797	(920,382,379)
Cash generated from operations	3,544,475,827	(6,832,636,303)
Direct Tax Paid	(1,292,960,358)	(808,214,373)
<b>Net Cash from Operating Activities (A)</b>	<b>2,251,515,469</b>	<b>(7,640,850,676)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(969,177,533)	(57,900,113)
Capital Work in Progress	(4,556,764,492)	(825,911,811)
Investments in Shares	(217,099,650)	-
Sale of Fixed Assets	6,980,546	270,900
Dividend Received	7,267,046	7,144,190
Interest Received	16,326,680	6,463,747
<b>Net Cash used in Investing Activities (B)</b>	<b>(5,712,467,403)</b>	<b>(869,933,087)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Issue of Right Equity Shares (Net of Expenses)	12,245,040,968	-
Proceeds from QIP issue (Net of Expenses)	-	1,764,055,452
Conversion of FCCBs into Equity Shares	-	16,457,000
Repayment of Long Term Borrowings	(600,110,300)	(563,038,529)
Proceeds from Non Convertible Debenture (Net of Expenses)	953,875,975	1,349,417,608
Proceeds from/(Repayments) of Short Term Borrowings	(2,596,191,961)	10,738,840,327
Proceeds from /Repayments of Unsecured Loans (Net of Expenses)	(4,020,278,500)	3,235,237,206
Interest Paid	(3,275,681,886)	(3,482,460,953)
Dividend & Dividend Tax Paid	(353,785,684)	(93,356,376)
<b>Net Cash from Financing Activities (C)</b>	<b>2,352,868,612</b>	<b>12,965,151,735</b>
<b>NET INCREASE/(DECREASE) IN CASH (A+B+C)</b>	<b>(1,108,083,322)</b>	<b>4,454,367,972</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>4,632,887,646</b>	<b>178,519,674</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>3,524,804,324</b>	<b>4,632,887,646</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) Figures in Bracket indicate Cash outflows.
- 3) Previous Year's figures have been reclassified to conform with current period's presentation.

In terms of our attached report of even date

For P.K.Lilha & Co.  
Chartered Accountants  
[ Firm Regn No. : 307008E ]

CA. P.K.Lilha  
Partner  
M No.: 0111092

Place : Kolkata  
Dated : 21/05/2011

For and on behalf of the Board

Sandip Jhunjhunwala  
Managing Director

A. Chatterjee  
Director

Dr. Ing N K Gupta  
Director

Mandan Mishra  
Company Secretary

REI AGRO LIMITED

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
160,00,00,000 (160,00,00,000) Equity Shares of ₹1/- each	1,600,000,000	1,600,000,000
40,00,000 (40,00,000) Preference Share of ₹100/- each	400,000,000	400,000,000
	2,000,000,000	2,000,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
95,79,84,954 (31,93,28,318) Equity Shares of ₹1/- each fully paid up	957,984,954	319,328,318
Of the above:-		
a) 8,88,01,800 Equity Shares of ₹1/-each issued as fully paid up Bonus Shares by Capitalisation of General Reserve in 2003-04		
b) 2,99,45,550 Equity Shares of ₹1/- each issued through QIP		
c) 3,52,398 Equity Shares of ₹1 each issued against conversion of 350 FCCB Bonds of US \$ 1,000 each		
d) Includes 2,71,26,300 Equity Share of ₹1 each representing 13,56,315 Gobar Depository Receipt in ratio of 20 Equity Shares for each GDR		
e) 63,86,56,636 Equity Shares Issued as right shares of ₹1 each during the year		
4,000,000 (4,000,000) 4% Non-Convertible Redeemable Preference Shares of ₹100/- each fully paid up in Cash	400,000,000	400,000,000
	1,357,984,954	719,328,318
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>SECURITY PREMIUM</b>		
As per Last Year	3,527,717,962	2,002,283,026
Add : During The year		
On QIP/FCCB conversion	-	1,812,837,602
On Right Equity Shares issued	11,815,147,766	-
Less : QIP issue expenses	-	(62,623,098)
Less : FCCB issue expenses	-	(207,663,794)
Less : Debenture issue expenses	(36,124,025)	(50,582,392)
Less : Right Issue Expenses	(208,763,434)	-
Add/(Less): Deferred Tax Assets/(Liabilities)	64,568,538	33,466,618
(Refer note no. 3 of Schedule 21)		
	15,162,546,807	3,527,717,962
<b>DEBENTURE REDEMPTION RESERVE</b>		
As Per Last Year	23,000,000	-
Add: Transferred from Profit and Loss Account for the period	130,000,000	23,000,000
	153,000,000	23,000,000
<b>GENERAL RESERVE</b>		
As Per Last Year	4,700,000,000	3,300,000,000
Add: Transferred from Profit and Loss Account	1,400,000,000	1,400,000,000
	6,100,000,000	4,700,000,000
<b>Profit and Loss Account (As per Annexed Account)</b>	838,300,910	45,375,237
	22,253,847,717	8,296,093,199

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 3</b>		
<b>SECURED LOAN</b>		
<b>A. Long Term Loan</b>		
<b>1) Term Loan</b>		
<b>United Bank of India</b>	-	12,500,000
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book-debts & Stores etc. of Rice Division both present & future on a pari passu basis with consortium of Banks) Due within One year NIL ( Previous Year ₹125 Lacs )		
<b>Indian Renewable Energy Development Agency ( IREDA)</b>	273,241,000	337,281,000
(Secured by first charge on 5 WTGs at Jaisalmer , Rajasthan and 10 WTGs (Suzlon Make) at Dhule, Maharashtra and Sundry Debtors thereon together with personal guarantee of some of the directors.) Amount due within one year ₹640.40 lacs (Previous Year ₹640.40 Lacs)		
<b>Allahabad Bank</b>	1,710,000	8,630,000
(Secured by creation of first charge on 1 WTG (Suzlon Make) at Jaisalmer, Rajasthan with Sundry Debtors thereon.) Amount due within one year ₹17.10 lacs (Previous Year ₹69.20 Lacs)		
<b>Infrastructure Development Finance Company Limited</b>	501,977,500	593,632,500
(Secured by creation of first charge on 6 WTG's( VESTAS Make) at Dhule, Maharashtra and 12 WTGs (RRB Make) at Tirunelveli, Tamilnadu and Sundry Debtors thereon) Amount due within one year ₹949.50 lacs (Previous Year ₹916.53 Lacs)		
<b>External Commercial Borrowing( ICICI Bank, Hong Kong Branch)</b>	154,788,416	234,730,652
(Secured by creation of first charge on 17 WTGs (RRB Make) at Surajbari, Gujarat and Sundry Debtors thereon) Amount due within one year ₹773.94 lacs (Previous Year ₹782.44 Lacs)		
<b>Interest Accrued and Due</b>	80,032	270,779
	<b>931,796,948</b>	<b>1,187,044,931</b>
<b>2) Corporate Loans</b>		
<b>Bank of Maharashtra</b>	-	106,800,000
<b>Corporation Bank</b>	-	54,000,000
<b>State Bank of Indore</b>	300,000,000	300,000,000
<b>ICICI Bank (Formerly Bank of Rajasthan)</b>	120,000,000	280,000,000
<b>State Bank of Mysore</b>	-	25,000,000
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book-debts & Stores etc. of Rice Division both present & future on pari passu basis with consortium of Banks and additional security of company's shares by promoters) Amount due within one year ₹2700.00 lacs (Previous Year ₹3458 Lacs)		
<b>Interest Accrued and Due on Above</b>	2,873,577	1,935,894
	<b>422,873,577</b>	<b>767,735,894</b>
<b>3) 11.75% Non Convertible Secured Debenture</b>	2,390,000,000	1,400,000,000
(Secured by way of first mortgage / charge on the immovable property situated at Maharajpura, Dist. Mehsana, Gujrat and secured by way of pari passu first charge on fixed assets of the rice mill division) Due within One year NIL		
	<b>2,390,000,000</b>	<b>1,400,000,000</b>

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>B. Short Term Loan</b>		
<b>From Banks -</b>		
Cash Credit/ Packing credit/Working Capital facilities		
i) Rupee denominated Loan	26,832,408,464	29,709,448,323
ii) Foreign Currency denominated Loan	183,556,302	1,763,574,702
(Secured by creation of first charge on pari passu basis on hypothecation of stocks of Rice, Paddy, Book Debts & Stores etc. both present & future (except windfarm Division) and by second charge on all Fixed Assets both present and future of rice division)		
<b>Commercial Paper</b>	3,100,000,000	1,100,000,000
(Secured by earmarking of working capital limits) Maximum balance outstanding during the Year ₹420 Crores (Previous Year ₹465 crores)		
Interest accrued and due on above	7,232,780	146,366,482
	<b>30,123,197,546</b>	<b>32,719,389,507</b>
	<b>33,867,868,071</b>	<b>36,074,170,332</b>

## SCHEDULE - 4

### UNSECURED LOAN

#### A. Long Term Loan

i) Foreign Currency Convertible Bond	4,672,622,500	4,723,901,000
ii) From a Body Corporate	-	439,000,000

#### B. Short Term Loan

i) From Banks	-	3,530,000,000
	<b>4,672,622,500</b>	<b>8,692,901,000</b>

## SCHEDULE - 5

### FIXED ASSETS

(Amount in ₹)

Particulars	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Additions	Sale / Adjustment	As on 31.03.2011	As on 01.04.2010	For the Year	Sale / Adjustment	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
<b>TANGIBLE ASSETS</b>											
Land	0.00%	124,715,962	6,517,270	-	131,233,232	-	-	-	-	131,233,232	124,715,962
Lease Hold Land	0.00%	27,120,000	-	-	27,120,000	5,414,735	1,160,589	-	6,575,324	20,544,676	21,705,265
Building	3.34%	411,574,672	953,999,470	-	1,365,574,142	79,918,385	21,431,443	-	101,349,828	1,264,224,314	331,656,287
Plant & Machinery	5.28%	1,358,018,608	2,170,583	23,391,982	1,336,797,209	359,702,851	71,153,415	13,045,456	417,810,810	918,986,399	998,315,757
Windfarm Generators	5.28%	2,373,069,544	-	-	2,373,069,544	533,487,103	125,298,072	-	658,785,175	1,714,284,369	1,839,582,441
Office Equipment	4.75%	2,243,443	249,035	-	2,492,478	680,124	112,281	-	792,405	1,700,073	1,563,319
Tubewell	4.75%	468,850	-	-	468,850	203,228	22,270	-	225,498	243,352	265,622
Computer	16.21%	4,966,597	115,180	-	5,081,777	2,881,746	813,534	-	3,695,280	1,386,497	2,084,851
Vehicles	9.50%	10,353,244	2,012,708	1,164,913	11,201,039	3,891,252	940,016	388,092	4,443,176	6,757,863	6,461,992
Furniture & Fixtures	6.33%	4,182,943	487,567	-	4,670,510	1,424,459	279,611	-	1,704,070	2,966,440	2,758,484
<b>INTANGIBLE ASSETS</b>											
Computer Software	-	-	3,625,720	-	3,625,720	-	6,622	-	6,622	3,619,098	-
<b>TOTAL</b>		<b>4,316,713,863</b>	<b>969,177,533</b>	<b>24,556,895</b>	<b>5,261,334,501</b>	<b>987,603,883</b>	<b>221,217,853</b>	<b>13,433,548</b>	<b>1,195,388,188</b>	<b>4,065,946,313</b>	<b>3,329,109,980</b>
Previous Year total		4,261,292,432	57,900,113	2,478,682	4,316,713,863	774,695,610	213,940,321	1,032,048	987,603,883	3,329,109,980	

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 6</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
A) Advance against Capital Expenditure	3,312,219,185	240,617,155
B) Expenditure during Construction period	2,313,515,590	839,353,128
C) Project Development Expenditure	26,771,557	15,771,557
	<b>5,652,506,332</b>	<b>1,095,741,840</b>

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

			As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 7</b>				
<b>INVESTMENTS ( Non-trade and Long Term) at cost</b>				
(Quoted Equity Shares, fully paid up)				
<b>No of Shares</b>	<b>Company</b>	<b>Face Value/Share</b>		
35000 (35000)	Allahabad Bank	₹10/-	2,870,000	2,870,000
10000 (10000)	Jyoti Structure Limited	₹2/-	546,155	546,155
398 (398)	Punjab National Bank	₹10/-	155,220	155,220
5500 (5500)	Reliance Capital Limited	₹10/-	2,255,907	2,255,907
35000000 (35000000)	REI Six Ten Retail Limited	₹2/-	70,000,000	70,000,000
			<b>75,827,282</b>	<b>75,827,282</b>
<b>Unquoted - In Equity Shares,</b>				
<b>No of Shares</b>	<b>Company</b>	<b>Face Value/Share</b>		
52,56,277 (51,60,500)	Varrasana Ispat Limited	₹10/-	1,245,699,650	1,032,100,000
<b>In Mutual Fund</b>				
10,00,000 Units	Reliance Alternative Investments Fund ,	₹10/-	3,500,000	-
	Private Equity Scheme - I		1,249,199,650	1,032,100,000
	Partly paidup ₹3.50 ( see note)		1,325,026,932	1,107,927,282
			<b>75,827,282</b>	<b>75,827,282</b>
<b>Aggregate Amount of Quoted Investments</b>			<b>75,827,282</b>	<b>75,827,282</b>
{Market Value ₹15525.67 Lacs (Previous Year - ₹2704.44 Lacs)}				
<b>Aggregate Amount of Unquoted Investments</b>			<b>1,249,199,650</b>	<b>1,107,927,282</b>
During the year the Company has Purchased and Sold 95,777 shares of Varsana Ispat Limited and 16,55,000 Equity Shares of Anagi Construction Pvt. Ltd.				
<b>SCHEDULE - 8</b>				
<b>INVENTORIES</b>				
(As taken, valued & Certified by the Management)				
Raw materials			32,984,884,572	27,933,000,464
Finished Goods & By-Products			2,705,535,159	4,447,686,003
Stores, Spares & Packing Materials etc.			20,325,153	20,239,967
			<b>35,710,744,884</b>	<b>32,400,926,434</b>
<b>SCHEDULE - 9</b>				
<b>SUNDRY DEBTORS - UNSECURED</b>				
Unsecured				
Debts outstanding for a period exceeding six months				
~ Considered Good			686,007,636	120,131,298
~ Considered Doubtful			4,717,660	4,717,660
			690,725,296	124,848,958
Others debts - Considered Good			10,504,748,019	8,240,321,396
			11,195,473,315	8,365,170,354
Less: Provision for Doubtful Debts			4,717,660	4,717,660
			<b>11,190,755,655</b>	<b>8,360,452,694</b>

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 10</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand (As certified)	6,263,283	2,364,684
<b>Balance with Scheduled Banks</b>		
- On Current Accounts	106,810,567	259,308,570
- On Fixed Deposits Account	102,750,338	115,510,474
- On Margin Money Account	2,531,500	3,171,500
<b>Balance with other Banks</b>		
- In Current Accounts - ICICI Bank, London	15,360,762	178,268,783
- In Fixed Deposits - PICTET & CIE, London	3,291,087,874	4,074,263,635
	<b>3,524,804,324</b>	<b>4,632,887,646</b>
<b>Balance with other Banks</b>	<b>Maximum amount outstanding at any time during the Year</b>	<b>Maximum amount outstanding at any time during the Year</b>
ICICI Bank, London	178,268,783	4,578,103,811
PICTET & CIE, London	4,074,263,635	4,074,263,635
<b>SCHEDULE - 11</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good)		
Advances to suppliers & others (recoverable in Cash or in kind or for value to be received)	5,132,105,360	4,536,350,003
Deposits	130,663,673	5,685,673
Income Tax Payments	1,256,081,188	807,400,886
Vat / DEPB etc receivable	8,976,933	6,851,182
Interest Receivable	4,670,891	34,397,260
Income Tax Refundable/TDS Receivable	248,867	246,278
	<b>6,532,746,912</b>	<b>5,390,931,282</b>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITY &amp; PROVISIONS</b>		
<b>(A) CURRENT LIABILITY</b>		
Acceptances	-	95,155,155
<b>Sundry Creditors</b>		
For Goods supplied and Services (Includes Micro and Small Enterprises Rs. NIL)	3,061,004,460	359,920,522
For Capital Expenditure	181,939,114	45,024,635
For other Liability	49,963,750	83,124,985
For Investor Education & Protection Fund (Unclaimed Dividend)	4,253,190	2,306,431
Interest Accrued but not due	99,817,371	143,366,028
<b>TOTAL (A)</b>	<b>3,396,977,885</b>	<b>728,897,756</b>
<b>(B) Provisions</b>		
For Taxation	1,397,507,750	840,172,787
For Gratuity & Leave Encashment	14,595,535	8,553,867
For Dividend	207,596,991	79,865,664
For Dividend Tax	33,677,422	13,573,170
<b>TOTAL (B)</b>	<b>1,653,377,698</b>	<b>942,165,488</b>
<b>TOTAL (A+B)</b>	<b>5,050,355,583</b>	<b>1,671,063,244</b>

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 13</b>		
Sale of Goods	37,022,938,628	36,678,332,301
Export Incentives & Duty Claim	-	5,538,351
Sale of Energy (including lease rental)	215,868,114	248,473,351
	<b>37,238,806,742</b>	<b>36,932,344,003</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Dividend - on long term investment	7,267,046	7,144,190
Insurance claim	49,259	48,224
Foreign Exchange Fluctuation	-	83,311,148
Interest on Fixed Deposit	16,326,680	6,463,747
Profit on sale of Investments	15,004,000	
	<b>38,646,985</b>	<b>96,967,309</b>
<b>SCHEDULE - 15</b>		
<b>MATERIALS CONSUMED &amp; PURCHASE OF GOODS</b>		
A) Raw Material Consumed		
Opening Stock	27,933,000,464	18,499,069,639
Purchases	24,763,900,007	34,646,957,221
Less - Closing Stock	32,984,884,572	27,933,000,464
	<b>19,712,015,899</b>	<b>25,213,026,396</b>
B) Purchase of Goods	6,826,689,752	4,033,372,704
	<b>26,538,705,651</b>	<b>29,246,399,100</b>
<b>SCHEDULE - 16</b>		
<b>(INCREASE)/DECREASE IN INVENTORY</b>		
Opening Stock of Finished Goods	4,447,686,003	4,586,622,440
Closing Stock of Finished Goods	2,705,535,159	4,447,686,003
	<b>1,742,150,844</b>	<b>138,936,437</b>
<b>SCHEDULE - 17</b>		
<b>MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Stores, Spares & Packing Material Consumed (100% indigenous)	313,080,236	433,246,532
Power & Fuel	77,963,493	107,519,470
Salary, Wages, Bonus, Gratuity, etc (Incl. Prov. For Gratuity & Leave Encashment ₹60,41,668/-)	138,401,441	121,700,294
Contribution to Provident Fund & Other Funds	4,968,283	4,487,201
Staff Welfare	5,329,836	3,863,880
Security Charges	13,947,700	11,868,681
Hire Charges	1,967,754	312,200
Repairs & Maintenance		
- Plant & Machinery	5,988,077	10,443,599
- Buildings	1,755,929	1,384,302
- Windfarms	40,633,050	28,444,925
- others	1,187,970	2,881,310

# Schedules forming part of accounts as at 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>SCHEDULE - 17 (contd.)</b>		
Rent	26,557,736	37,768,172
Rates & Taxes	38,183,213	938,414
Key Man Insurance	1,211,306	2,270,186
Insurance	20,669,236	11,794,006
ECGC Premium	10,372,951	32,185,335
Bank Charges	18,720,654	11,283,089
Postage & Telephone	4,658,225	3,380,809
Auditors' Remuneration	3,089,961	2,799,667
Directors' Remuneration	23,340,000	11,240,000
Directors' Fees	220,000	470,000
Filing Fees	22,998	7,020
Travelling & Conveyance	25,068,336	6,866,871
Miscellaneous Expenses	180,698,860	294,955,218
Carriage Outward, Freight & Clearing Charges	248,617,222	300,261,010
Advertisement	2,823,772	816,655
Brokerage & Selling Expenses	6,585,835	3,547,178
Purchase /Sales Tax	42,344,926	81,320,042
Foreign Exchange Fluctuation/Derivative Loss (Net)	4,902,549	-
Loss on sale of Fixed Assets	4,142,801	1,175,734
	<b>1,267,454,350</b>	<b>1,529,231,800</b>
<b>SCHEDULE - 18</b>		
<b>Interest &amp; Finance Charges</b>		
- On Fixed Loan	159,047,343	616,931,529
- Other loan (Net)	3,116,634,543	2,865,529,424
	<b>3,275,681,886</b>	<b>3,482,460,953</b>
<b>SCHEDULE - 19</b>		
<b>EARNING PER SHARE</b>		
Profit after Tax as per Profit & Loss A/c	2,824,546,936	1,571,693,780
Less: Preference Shares Dividend and Dividend Tax thereon @ 16.2225%	18,595,600	18,719,200
Net profit after tax available to Equity Shareholders (For Basic EPS)	2,805,951,336	1,552,974,580
Interest on FCCB*		81,102,961
Less: Tax saving on Interest portion of FCCB	-	27,566,896
Net amount to be added to Profit available for Equity Shareholders	-	53,536,065
* Not considered as Interest has been capitalised		
Net profit after tax available to Equity Shareholders (For Diluted EPS)	2,805,951,336	1,606,510,644
No. of Equity Share at the beginning of the year	319,328,318	289,030,370
Effective No. of Shares after the Right Issue for Basic EPS	804,672,891	472,600,370
Effective No. of Shares considering Rights of FCCBs Holders for diluted EPS	910,039,979	512,832,668
Earning Per Share (BASIC)	3.49	3.29
Earning Per Share (DILUTED)	3.08	3.13

## SCHEDULE – 20

### {A} SIGNIFICANT ACCOUNTING POLICIES:

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

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

#### 2. USE OF ESTIMATES:

The preparation of financial statements is in conformity with the Generally Accepted Accounting Principles {GAAP} requires management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates. Any revision to the accounting estimates is recognized in current and future periods.

#### 3. FIXED ASSETS:

- a) Free Hold Land / Lease Hold Land is stated at cost of acquisition inclusive of incidental expenses thereto.
- b) Fixed Assets are recorded at cost of acquisition or construction inclusive of inward freight, duties, taxes and other directly attributable incidental expenses relating thereto less accumulated depreciation.
- c) Capital Work-in-Progress includes Advances paid to acquire Fixed Assets and the cost of Fixed Assets together with incidental Expenses and attributable interest on borrowed Fund for the purpose of acquiring these assets that were not put to use for their intended use.
- d) When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed asset and any gain/loss resulting therefrom is reflected in Profit & Loss account.

#### 4. INTANGIBLE ASSETS

Acquired Intangible Assets represented Software is recorded at its acquisitions price and related expenses thereon is amortised over its estimated useful life on straight-line basis, commencing from the date, the asset is available for its use. The Management has estimated the useful life for such software as 3 {Three} Years. The useful life of the Assets shall be reviewed by the management at each Balance Sheet Date.

#### 5. DEPRECIATION / AMORTISATION

- a) Cost of Lease Hold land is amortized over the period of the lease on straight-line Method.
- b) Depreciation is provided on the Straight Line Method (SLM) as per rates specified in Schedule XIV of the Companies Act, 1956 (as amended).

#### 6. INVESTMENTS:

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

#### 7. INVENTORIES:

Inventories are valued as under:

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

#### 8. 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 actual net billing plus claims for short generation wherever applicable and includes income from Lease Rent of WTG.
- b) Export incentives are recognized when the right to receive credit as per the terms of incentive is established in respect of Export made and when there is no significant uncertainty regarding the ultimate collection of the relevant Export Proceeds.
- c) Sale of Certified Emission Reduction (CER) is recognized as income on the delivery of the CER to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.
- d) Other items of revenue are recognized in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment / realization of income, the same is accounted when it is measured with certainty.
- e) Interest income is recognized on time proportion base taking into account the amount outstanding and the rates applicable.

- f) Profit / Loss on sale of investments is booked on the basis of contract notes/delivery of shares.
- g) Dividend income is recognized when the right to receive Dividend is established.
- h) Income from Operating Lease is recognized as rentals, as accrued during the year.

**9. FOREIGN CURRENCY TRANSACTIONS:**

- a) Foreign currency transactions are recorded by applying the relevant exchange rates. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Profit & Loss account for the year.
- b) All foreign currency denominated monetary Assets & Liabilities are translated at the Exchange rates prevailing on the Balance Sheet date. The resultant exchange differences are recognized in the Profit & Loss Account for the year.
- c) The Company uses Derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currencies fluctuations. Profit / loss on derivatives and financial instruments such as forward exchange contracts and interest rate swap to hedge risks associated with foreign currency fluctuations and interest rates are considered as revenue items on maturity of the contracts.
- d) Gain or Loss on restatement of forward exchange contracts for hedging underlying outstanding if any, at the Balance Sheet date are recognized for the year in which it occurs. The Premium or Discounts on such contracts is recognized in the Profit & Loss account over the period of the contract.

**10. ACCOUNTING OF CLAIMS:**

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

**11. BORROWING COST:**

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

**12. SECURITIES ISSUE EXPENSE:**

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

**13. IMPAIRMENT OF ASSETS:**

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

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

**14. 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 Profit & Loss account 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 as at the balance Sheet date, using the projected unit credit method. Effects of changes in actuarial valuations are immediately recognized in the Profit & Loss account. 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.

**15. PROPOSED DIVIDEND:**

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

## 16. TAXATION:

Current Tax is determined on the profit of the year in accordance with the provisions of Income Tax Act, 1961. Deferred tax is calculated at the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date and is recognised on timing differences that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

## 17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:

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

## 18. EARNING PER SHARE:

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

## SCHEDULE - 21

### NOTES ON ACCOUNTS:

#### 1. Equity Share Capital:

- i. During the year the company has issued 63,86,56,636 shares of ₹1/- each through Right Issue at ₹19.50 per share including Securities Premium of ₹18.50 per share. The share has been allotted on 29.07.2010.
- ii. During the previous year the company Issued 2,99,45,550 shares of ₹1/- each through Qualified Institutional Placement (QIP) at a premium of ₹60/- per share and the same has been allotted on 27.07.2009 and has converted 350 FCCBs of \$ 1000 each into 352398 shares at a premium ₹45.70.

#### 2. Preference Share Capital:

4% Non Convertible 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 has been extended to 30.06.2022 in the

Annual General Meeting held on 27.09.2010.

#### 3. Securities Premium:

- a) Addition to Securities Premium during the period amounting to ₹1,18,151 Lacs is on account of issue of 63,86,56,636 Equity Shares on Right basis at a premium of ₹18.50 per share, whereas during the previous year it was on account of issue of 2,99,45,550 equity shares at a premium of ₹60 per share through QIP and on issue of 3,52,398 equity shares at a premium of ₹45.70 per Share on conversion of 350 FCCBs.
- b) A sum of ₹6,45,68,538/- (Previous year ₹3,34,66,618) has been adjusted on account of Deferred Tax Assets / (Liabilities) for the year ended 31.03.2011 (see note no 14).

#### 4. Foreign Currency Convertible Bonds (FCCB):

The Company issued on 13.11.2009, 5.5% 105000 Foreign Currency Convertible Bonds (FCCB) of US \$ 1000 each aggregating US \$105 million [₹493.71 Crore] at par. The bonds are redeemable on 13th November, 2014 unless previously converted; these bonds are convertible into equity shares at an initial conversion price of ₹46.70 per equity share with existing fixed rate of exchange on conversion @ ₹47.02 = US \$ 1.00 at the option of the bondholder at any time on or after 22nd December, 2009 and prior to the close of business on 13th November, 2014. The outstanding 104,650 bonds when fully converted would result in issue of additional 105,367,088 equity shares of ₹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 ₹19.50 (Including Share Premium of ₹18.50 per share) at the time of conversion into Equity Shares on or before 13th November, 2014.

#### 5. ISSUE OF NON-CONVERTIBLE DEBENTURES:

- i. During the year ended 31.03.2010 the company issued 1400, 11.75% Non Convertible Secured Debentures of ₹10 Lacs each divided into 14000 'Separately Transferable Redeemable Principle Part' (STRPP) of ₹1 Lacs each. These are secured by creation of mortgage of land situated at Mehasana (Gujarat) and by creation of pari passu first charge on fixed assets of Rice Mill Division (valued at Market Price) of the Company and the subservient charge on the total assets of the Company to maintain asset cover of 1.25 times. These Debentures are redeemable at par in one or more installments, on various dates with the earliest redemption being on 20.06.2013 & the last being

20.12.2014. These Debentures are redeemable as under:-

- a) In FY 2013-14 ₹5600 Lacs
- b) In FY 2014-15 ₹8400 Lacs
- ₹14000 Lacs

ii. During the year the company issued 990, 11.75% Non Convertible Secured Debentures of ₹10 Lacs each divided into 9900 'Separately Transferable Redeemable Principle Part' (STRPP) of ₹1 Lacs each. These are secured by creation of mortgage of land situated at Mehasana (Gujarat) and by creation of pari passu first charge on fixed assets, valued as above, of the Company together with the subservient charges on of the total assets of the Company to maintain asset cover of 1.25 times. These are redeemable at par in one or more installments, on various dates with the earliest redemption being on 07.12.2013 & the last being 07.06.2015. These Debentures are redeemable as under:-

- a) In FY 2013-14 ₹1980 Lacs
- b) In FY 2014-15 ₹4950 Lacs
- c) In FY 2015-16 ₹2970 Lacs
- ₹9900 Lacs

- 6. Interest on other loan (net) under Schedule 18 is net of interest on Advances / Deposits, etc received ₹334.94 Lacs (TDS ₹33.57 Lacs) {Previous Year ₹382.19 Lacs}.
- 7. Diminution in the value of Investments if any, has not been recognised as in the opinion of Management the fall is not permanent in nature

#### B) Defined Benefit Plans

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

(₹ in lacs)

i) Changes in Defined Benefit obligation	2010-11		2009-2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the year	70.55	14.98	71.92	12.98
Service Cost	20.01	7.65	13.88	2.78
Interest Cost	7.70	1.56	5.70	1.12
Actuarial (Gain)/Loss	25.13	35.67	(2.93)	12.68
Benefit Paid	(1.40)	(35.90)	(18.02)	(14.58)
Present Value of obligation at the end of the year	121.99	23.96	70.55	14.98

8. Estimated amount of contracts remaining to be executed on Capital account (net of advances) ₹3476 Lacs (previous year ₹2469 Lacs).

#### 9. Contingent liabilities not provided for in respect of:

- i) Letter of guarantee issued by the bank amounts to ₹77.68 Lacs (₹31.71 Lacs) against which full margin money is held by them.
- ii) Liability for partly paid up investment in 10 Lacs Units of Reliance Alternative Investment Private Equity Scheme - I of ₹10/- each @ ₹6.50 amounts to ₹65 Lacs.

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

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 information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

#### 11. Disclosures pursuant to Accounting Standard-15 (Revised) 'Employees Benefits':

##### A) Defined Contribution Plans

In accordance with the Accounting Standard 15 on employee benefits issued by The Institute of Chartered Accountants of India, the company makes payment of its contribution to Recognized Provident Fund Commissioner (RPFC).

(₹ in lacs)

ii) Change in Plan Assets	2010-11		2009-2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Assets at the beginning of the year	-	-	-	-
Actual return on plan Assets	-	-	-	-
Contribution by the Company	1.40	35.90	18.02	14.58
Actual Benefits paid	(1.40)	(35.90)	(18.02)	(14.58)
Actuarial (Gain)/ Loss	-	-	-	-
Plan Asset at the end of year	-	-	-	-
<b>iii) 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	121.99	23.96	70.55	14.98
Fair value of plan Assets at the end of the year	-	-	-	-
Liability / (Asset) recognized in the Balance Sheet	121.99	23.96	70.55	14.98
<b>iv) Expenses Charged to profit &amp; Loss Account:</b>				
Current Service Cost	20.01	7.65	13.88	2.78
Interest Cost	7.70	1.56	5.70	1.12
Expected return on Plan Assets	-	-	-	-
Actuarial (Gain) / Loss	25.13	35.67	(2.93)	12.68
Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual	52.85	44.88	16.65	16.58
<b>v) Actuarial Assumption</b>				
Discount rate Per Annum compound	8.00%	8.00%	8.00%	8.00%
Rate of Increase in Salary	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	0.00%	0.00%	0.00%	0.00%

**12. Director's Remuneration:**

(in ₹)

	2010-2011	2009-2010
(a) Salary & Allowances	2,33,40,000	88,40,000
(b) Contribution to provident fund	9,360	9,360
(c) Commission to a director	NIL	24,00,000
(d) Perquisites	2,75,556	1,05,899
(e) Director Sitting Fees	2,20,000	4,70,000
<b>TOTAL</b>	<b>2,38,44,916</b>	<b>1,18,25,259</b>

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

(in ₹)

Particulars	2010-2011	2009-2010
Profit Before Taxation	4,23,22,43,143	2,41,83,42,701
Add: Director's Remuneration (as above)	2,57,89,916	1,18,25,259
<b>TOTAL</b>	<b>4,25,80,33,059</b>	<b>2,43,01,67,960</b>
Add: Loss on sale of fixed assets	41,42,801	11,75,734
Less: Profit on sale of Investment	1,50,04,000	-
<b>Net Profit</b>	<b>4,24,71,71,860</b>	<b>2,43,13,43,694</b>
Commission to a Director	NIL	24,00,000
- Percentage of Net Profit	NIL	0.10%

### 13. Auditors Remuneration includes:

	(in ₹)	
	2010-2011	2009-2010
(a) Audit Fees	13,00,000	13,00,000
(b) Tax Audit Fees	2,00,000	2,00,000
(c) For Certification, Right (QIP/ FCCB) issue	10,50,000	8,00,000
(d) For Service Tax	2,62,650	2,36,900
(e) For Re-imbursement of Expenses	2,77,311	2,62,767
<b>TOTAL</b>	<b>30,89,961</b>	<b>27,99,667</b>

### 14. Deferred Taxation:

	(in ₹)	
Deferred Taxation:-	As at 31.03.2011	As at 31.03.2010
<b>a) Deferred Tax Liabilities :</b>		
- On Depreciation	80,61,18,693	86,89,32,057
<b>b) Deferred Tax Assets(-)</b>		
- On Gratuity & Leave Encashment	47,35,521	29,07,459
- On Provision for Doubtful Debts	15,30,645	16,03,533
<b>Sub-Total</b>	<b>62,66,166</b>	<b>45,10,992</b>
<b>Net Deferred Tax Liability</b>	<b>79,98,52,527</b>	<b>86,44,21,065</b>

The Hon'ble Kolkata High Court vide its order has allowed the company to utilize the Securities Premium Account towards meeting Deferred Tax Liability computed as per the Accounting Standard (AS-22) "Accounting of Taxes on Income" prescribed by The Institute of Chartered Accountants of India. Accordingly the Securities Premium Account has increased by adjustment of Net Deferred Tax Assets of ₹6,45,68,538 for the year (Previous Year ₹3,34,66,618).

### 15. Particulars of Un-hedged foreign currency exposure as on Balance Sheet

Particulars	(Rate 1 USD = ₹44.65)		(Rate 1 USD = ₹45.14)	
	2010-11		2009-2010	
	USD	Amount (In ₹)	USD	Amount (In ₹)
Working Capital in Foreign Currency	--	--	1,20,00,000	54,16,80,000
PCFC	41,11,003	18,35,56,302	2,70,69,001	1,22,18,94,702
FCCB's (Net of Deposit abroad)	3,05,97,399	1,36,61,73,864	1,04,42,370	47,13,68,582
External Commercial Borrowing	34,66,706	15,47,88,416	52,00,059	23,47,30,652
<b>TOTAL</b>	<b>3,81,75,108</b>	<b>1,70,45,18,582</b>	<b>5,47,11,430</b>	<b>2,46,96,73,936</b>

### 16. Operating Lease:

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

	As at 31.03.2011	As at 31.03.2010
<b>i) Gross Block of Fixed Assets</b>		
a) Freehold Land	1,02,00,000	
b) Cost of 17WTG {Including Interest etc}	52,24,33,161	53,26,33,161
<b>ii) Accumulated Depreciation</b>	<b>10,41,50,367</b>	<b>7,65,65,896</b>
<b>iii) Future Lease Rental Receivable</b>		
a) Not later than one year	4,20,00,000	4,20,00,000
b) Later than one year and not later than five years	16,80,00,000	16,80,00,000
c) Later than five years	8,40,00,000	12,60,00,000

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

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of secondary reporting revenues are attributed to geographical areas based on the location of the customers. The following table presents the revenue, profit, assets and liabilities information relating to the business/ geographical segment for the year ended 31st March 2011.

### A) Primary Business Reporting

(₹ in lacs)					
Sl. No.	Particulars	Rice	Wind power	Unallocable	Total
1	Net Sales/Income from operation	370,229.39	2,158.68	-	372,388.07
	Other Income	211.83	101.97	72.67	386.47
	<b>Total Revenue</b>	<b>370,441.23</b>	<b>2,260.65</b>	<b>72.67</b>	<b>372,774.54</b>
		<b>(367,384.78)</b>	<b>(2,836.89)</b>	<b>(71.44)</b>	<b>(370,293.11)</b>
2	Segment Result Profit(+)/Loss (-) before Tax & Interest from each segment	74,581.95	424.63	72.67	75,079.25
		(57,764.46)	(1,172.14)	(71.44)	(59,008.04)
	Less : i) Interest	31,801.85	954.96	-	32,756.82
		(33,679.23)	(1,145.38)	-	(34,824.61)
	<b>Total Profit before Tax</b>	<b>42,780.09</b>	<b>(530.33)</b>	<b>72.67</b>	<b>42,322.43</b>
		<b>(24,085.23)</b>	<b>(26.75)</b>	<b>(71.44)</b>	<b>(24,183.42)</b>
3	Segment Assets	634,915.97	19,295.78	25,813.57	680,025.32
		(523,248.64)	(20,775.39)	(19,155.74)	(563,179.77)
4	Segment Liabilities	418,073.28	9,445.89	16,387.82	443,906.99
		(451,739.40)	(11,950.04)	(9,336.12)	(473,025.56)
5	Segment Assets - Segment Liability	216,842.69	9,849.89	9,425.75	236,118.33
		(71,509.24)	(8,825.35)	(9,819.62)	(90,154.21)
6	Addition to Segment Fixed Assets	9,691.78	-	-	9,691.78
		(572.52)	(6.48)	-	(579.00)
7	Depreciation	947.59	1,264.59	-	2,212.18
		(874.82)	(1,264.58)	-	(2,139.40)

### B) Geographical Segment

S.No.	Particulars	Rice	Wind power	Unallocable Assets	Total
1	Revenue Source : India	327,045.06	2,260.65	72.67	329,378.38
		(310,904.79)	(2,836.89)	(71.44)	(313,813.12)
	Outside India	43,396.16	-	-	43,396.16
		(56,480.00)	-	-	(56,480.00)
	<b>Total</b>	<b>370,441.22</b>	<b>2,260.65</b>	<b>72.67</b>	<b>372,774.54</b>
		<b>(367,384.78)</b>	<b>(2,836.89)</b>	<b>(71.44)</b>	<b>(370,293.11)</b>
2	Assets : India	592,494.14	19,295.78	25,813.57	637,603.49
		(457,495.90)	(20,775.39)	(19,155.74)	(497,427.03)
	Outside: India	42,421.82	-	-	42,421.82
		(65,752.74)	-	-	(65,752.74)

## 18. Related party disclosures:

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

### List of related parties:

#### I) Key Management Personnel

- a) Mr. Sanjay Jhunjhunwala (Chairman)
- b) Mr. Sandip Jhunjhunwala (Managing Director)

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

- a) Aspective Vanijya Pvt. Ltd.
- b) Jagdhatri Tracon Pvt. Ltd.
- c) REI Steel & Timber Pvt. Ltd.
- d) REI Six Ten Retail Limited
- e) Snehpusph Barter Pvt. Ltd.
- f) Subhchintak Vancom Pvt. Ltd.
- g) Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.
- h) Dr. ING N.K. Gupta Technical Consultants (P) Ltd.
- i) Varsana Ispat Limited

#### III) Directors' Relatives:

- a) Mr. Kailash Chandra Jhunjhunwala
- b) Mrs. Koushalya Devi Jhunjhunwala
- c) Mrs. Sangita Jhunjhunwala
- d) Mrs. Suruchi Jhunjhunwala
- e) Mr. Akshay Jhunjhunwala
- f) Mr. Ambuj Jhunjhunwala

#### IV) Transactions with Related parties:

Sl No.	Transactions	Control Exists	(in ₹)	
			Key Management Personnel (KMP)	Relatives of KMP
1	Dividend	10,48,23,913	45,93,456	6,46,110
	~ Equity Shares	(2,30,31,218)	(10,20,768)	(143,580)
2.	Managerial Remuneration	-	2,38,44,916	-
		-	(1,13,75,259)	-
3.	Sale of Rice			
	~ REI Six Ten Retail Ltd.	3,69,74,24,732	-	-
		(3,41,52,19,155)	-	-
4.	Sundry Debtors			
	~ REI Six Ten Retail Ltd.	3,24,62,87,108	-	-
		(1,22,85,10,192)	-	-
5.	Loan Taken			
	~ SKG Flour Mills Pvt Ltd	-	-	-
		(43,90,00,000)	-	-
6.	Investments In Shares			
	i) REI Six Ten Retail Ltd.	7,00,00,000	-	-
		(7,00,00,000)	-	-
	ii) Varsana Ispat Limited	124,56,99,650	-	-
		(103,21,00,000)	-	-
7.	Professional Fees:			
	Dr Ing N K Gupta Technical Consultants (P) Ltd	22,06,000		
		(NIL)		
8.	Equity Shares of ₹1/-each allotted to Promoters pursuant to Right Issue at a premium of ₹18.50 each			

Sl. No	Particulars	No. of Shares	Amount(₹)
<b>Key Management Personnel (KMP)</b>			
1	Mr. Sanjay Jhunjunwala	51,07,440	9,95,95,080
2	Mr. Sandip Jhunjunwala	51,00,240	9,94,54,680
<b>Relatives of KMP</b>			
1	Mrs. Kaushalya Devi Jhunjunwala	6,00,600	1,17,11,700
2	Mrs. Sangita Jhunjunwala	5,35,200	1,04,36,400
3	Mrs. Suruchi Jhunjunwala	3,00,000	58,50,000
<b>Control Exists</b>			
1	Aspective Vanijya Pvt. Ltd.	7,19,57,858	1,40,31,78,231
2	Snehpusph Barter Pvt. Ltd.	4,35,57,600	84,93,73,200
3	Subhchintak Vancom Pvt. Ltd.	3,65,16,000	71,20,62,000
4	Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.	3,56,35,000	69,48,82,500
5	REI Steel & Timber Pvt. Ltd.	3,46,23,120	67,51,50,840
6	Jagdhatri Tracon Pvt. Ltd.	80,22,600	15,64,40,700
<b>Total</b>		<b>24,19,55,658</b>	<b>4,71,81,35,331</b>

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

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

(A) Capacities, Production, Sales and Stocks  
(As certified by the Management)

	Unit	2010-2011	2009-2010
I) Licensed Capacity		N.A	N.A
II) Installed Capacity			
~ Basmati Rice Processing	(TPH)	103**	103*
~ Wind Turbine Generator	(MW)	46.10#	46.10#

\* Includes Leased Capacity of 42 TPH at various places in Punjab.

\*\* Includes Leased Capacity of 42 TPH at various places in Punjab which have been surrendered w.e.f. 01.11.2010.

\*\* Includes Owned Capacity of 37 TPH at Bawal under modernization w.e.f. 01.08.2010 and commenced with 22 TPH w.e.f. 01.10.2010, balance capacity is under progress.

\*\* After the completion of the ongoing modernization the totaled installed capacity will be 118 TPH

# Includes leased out capacity of 10.2 MW

i) Finished Goods

Particulars	2010-2011		2009-2010	
	Qty in MT.	Amount (₹)	Qty in MT.	Amount (₹)
a) Processed Rice				
i) Opening stock	99,380	4,44,76,86,003	89,657	4,58,66,22,440
ii) Actual Production	3,93,207	-	5,56,039	-
iii) Sales	4,34,213	28,76,09,36,813	5,46,316	32,26,74,62,158
iv) Closing stock	58,374	2,70,55,35,159	99,380	4,44,76,86,003

ii) By-Product

Particulars	2010-2011		2009-2010	
	Qty in MT.	Amount (₹)	Qty in MT.	Amount (₹)
Bran & Husk				
Sales	47,746	23,85,45,025	24,266	16,48,44,570

iii) Power Generation

Particulars	2010-2011		2009-2010	
	Units	Amount (₹)	Units	Amount (₹)
Electricity*	4,67,87,039	21,58,68,114	5,45,91,920	24,84,73,351

\* Including Operating Lease Rental of Gujarat Wind Power Project

iv) Purchase/ Sale of Goods

Particulars	2010-2011		2009-2010	
	Qty in MT.	Amount (₹)	Qty in MT.	Amount (₹)
i) Purchase -Paddy/Rice	2,14,212	6,82,66,89,752	1,16,340	4,03,33,72,704
ii) Sales - Paddy/ Rice	2,14,212	8,02,34,56,790	1,16,340	4,24,60,25,573

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

Particulars	2010-2011		2009-2010	
	Qty in MT.	Amount (₹)	Qty in MT.	Amount (₹)
Raw material consumed	4,88,482	19,71,20,15,899	7,25,680	25,21,30,26,396
Purchase of goods	2,14,212	6,82,66,89,752	1,16,340	4,03,33,72,704
Total	7,02,694	26,53,87,05,651	8,42,020	29,24,63,99,100

(in ₹)

	2010-2011	2009-2010
(C) FOB Value of Export	4,18,54,40,239	5,54,74,51,766
(D) Payment for Capital Goods import	44,92,92,782	-
(E) Expenditure in Foreign Currency		
i) Foreign Traveling	1,62,66,928	6,71,885
ii) Registration Fees	4,82,288	-
iii) Interest on FCCB/ECB	30,17,84,754	85,37,873
iv) Sale Promotion Expenses	11,04,565	-
vi) Listing Fees	13,16,220	6,88,035
vii) Right/FCCB/QIP Issue Expenses	83,26,257	17,42,76,876
viii) Car Hire Charges	61,955	-
(F) i) Amount remitted in Foreign Currency on Dividend A/c		
(a) On Equity Share	21,22,560	14,15,090
(b) On Preference Share	1,60,00,000	1,60,00,000
ii) No. of Non-resident Shareholders		
(a) Equity Shares	4	4
(b) Preference Share	4	4
iii) No. of shares held by Non- resident Shareholders		
(a) Equity Shares	70,75,200	70,75,200
(b) Preference Shares	40,00,000	40,00,000

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

21) Figures in brackets in Note No. 17 denote previous year's figures.

Signature to Schedule 1 to 21

In terms of our attached report of even date

For P.K.Lilha & Co.  
Chartered Accountants  
[ Firm Regn No. : 307008E ]

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

Place : Kolkata  
Dated : 21/05/2011

For and on behalf of the Board

Sandip Jhunjhunwala  
Managing Director

A. Chatterjee  
Director

Dr. Ing N K Gupta  
Director

Mandan Mishra  
Company Secretary

# Balance Sheet Abstract and Company's Business Profile

## I. Registration Details

Registration No.  State Code   
 Balance Sheet Date

## II Capital Raised during the Year (₹ in Thousand)

Public Issue  Right Issue   
 Bonus Issue  Private Placement\*

## II Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities <input type="text" value="62952176"/>	Total Assets <input type="text" value="62952176"/>
<b>Sources of Funds</b>	<b>Application of Funds</b>
Paid-up Capital <input type="text" value="1357985"/>	Net Fixed Assets <input type="text" value="9718453"/>
Reserves & Surplus <input type="text" value="22253847"/>	Net Current Assets <input type="text" value="51908696"/>
Secured Loans <input type="text" value="33867868"/>	Investments <input type="text" value="1325027"/>
Unsecured Loans <input type="text" value="4672622"/>	Misc. Expenditure <input type="text" value="0000"/>
Deferred Tax <input type="text" value="0799853"/>	Accumulated Losses <input type="text" value="NIL"/>

## IV Performance of Company (₹ in Thousands)

Turnover <input type="text" value="37277454"/>	Total Expenditure <input type="text" value="33045211"/>
Profit/(Loss) Before Tax <input type="text" value="4232243"/>	Profit/(Loss) After Tax <input type="text" value="2824547"/>
Earning per Share in (₹) <input type="text" value="0003.49"/>	Dividend Rate <input type="text" value="00030%"/>

## V Generic Names of three principal Products/Services of Company (As per Monetary terms)

Product Description	Item Code No. ( ITC Code)
<input type="text" value="Rice Processing"/>	<input type="text" value="10060000"/>
<input type="text" value="Wind Mill"/>	<input type="text" value="841280.04"/>

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

For and on behalf of the Board

Sandip Jhunjhunwala  
Managing Director

Dr. Ing N K Gupta  
Director

A. Chatterjee  
Director

Mandan Mishra  
Company Secretary

Place : New Delhi  
Dated : 21/05/2011

REI AGRO LIMITED





# Corporate Information

## BOARD OF DIRECTORS

Shri Sanjay Jhunjhunwala  
Chairman

Shri Sandip Jhunjhunwala  
Vice Chairman cum Managing Director

Dr. ING N. K. Gupta  
Independent Non-Executive Director

Shri A. Chatterjee  
Independent Non-Executive Director

Shri K. D. Ghosh  
Independent Non-Executive Director

## 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

## AUDITOR

P. K. Lilha & Co.  
Chartered Accountants

## INTERNAL AUDITOR

S. Jaykishan  
Chartered Accountants

## PRINCIPAL BANKERS

UCO Bank

IDBI Bank Limited

Indian Overseas Bank

Corporation Bank

Allahabad Bank

State Bank of Bikaner & Jaipur

United Bank of India

Axis Bank

Indusind Bank

Dena Bank

State Bank of Patiala

Bank of Maharashtra

State Bank of Travancore

Karur Vysya Bank

Central Bank of India

Infrastructure Development Finance Company Ltd.

Indian Renewable Energy Development Agency Ltd.

ICICI Bank, Hong Kong Branch

State Bank of India

ICICI Bank Limited

ING Vysya Bank

## REGISTRAR & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd

6 Mangoe lane, 2nd Floor,

Kolkata - 700001

Tel: + 91 33 22482248/22435029;

Fax: +91 33 2248 4787

Email: [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in)





**REI AGRO LIMITED**

46C, Chowringhee Road, 'Everest House', Room No. 15B, 15th Floor, Kolkata - 700071  
Website: [www.reiagro.com](http://www.reiagro.com)