



# Balance Sheet

2006-07

## **Auditors' Report**

To The members of  
REI Agro Limited

1. We have audited the attached Balance Sheet of REI Agro Limited as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account and 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 have 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 accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004, issued by the Central Government of India in terms of Section 227(4A) of Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanations given to us we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it 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 31<sup>st</sup> March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 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 notes thereon 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 31<sup>st</sup> March, 2007;
  - 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**

Date : 29<sup>th</sup> June 2007  
Place : New Delhi

CA P.K. Lilha  
**Partner**  
Membership No. 11092

## **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) The fixed assets, is being physically verified in the phased manner by the management in accordance with a program of verification covering all the fixed assets over a period of three years, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed any substantial part of its fixed assets during the year, which may have any impact on the going concern nature of the Company.
- ii) In respect of its inventories:
  - (a) The stock of Finished Goods, stores, spare parts and raw materials have been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory 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 inventory and no material discrepancies were noticed on physical verification.
- iii) The Company has not granted / taken any loans, secured or unsecured to / from 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.
- iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
- v) (a) The particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register maintained under that section.

- (b) The transactions made in pursuance of contracts or arrangements referred to in section 301 of the Act are in our opinion, at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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) Maintenance of Cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for the products manufactured by the company.
- ix) (a) The company has been regular in depositing undisputed Statutory Dues, including Provident fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Wealth Tax, Service Tax, Sales tax, Custom Duty, Excise, Cess and any other material statutory dues as applicable to it with the appropriate authorities during the year.

(b) No undisputed amounts payable were outstanding at the year end, for a period of more than six months from the date they became payable.

(c) There are no amounts in respect of statutory dues or that have not been deposited with the appropriate authorities on account of any disputes other than those mentioned below: -

Name of the statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Haryana Sales Tax Act	Local Sales tax	Rs.51.34 for which third parties bonds have been executed.	1997-98	Sales Tax Tribunal

- x) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses during the current and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institutions, or debenture holders.

- xii) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company has in our opinion maintained proper records and contracts with respect to its investments where timely entries & transactions are made in the former. All investments at the close of the year are held in the name of the Company.
- xiv) The nature of the Company's business / activities during the year have been such that clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us there are no guarantee given by the company for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanation given to us, the term loans have been applied for the purpose for which they 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 and vice versa.
- 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 not issued any secured debentures during the year, hence the question of charge does not arise.
- xx) The Company has not raised any money through public issue during the year.
- xxi) No fraud on or by the Company was noticed or reported during the course of our audit.

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

Date : 29<sup>th</sup> June 2007  
Place : New Delhi

CA P.K. Lilha  
**Partner**  
Membership No. 11092

**REI AGRO LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2007**

	SCHEDULES	AS AT 31.03.2007	( In Rs.) AS AT 31.03.2006
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUND</b>			
Share Capital	1	849,165,830	788,311,870
Reserves & Surplus	2	3,772,285,193	2,470,971,263
		<b>4,621,451,023</b>	<b>3,259,283,133</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	10,340,238,728	5,980,796,681
Unsecured Loans	4	2,572,762,827	1,551,726,606
		<b>12,913,001,555</b>	<b>7,532,523,287</b>
Deferred Tax Liability ( Net)		<b>694,097,636</b>	<b>502,556,289</b>
<b>TOTAL</b>		<b>18,228,550,214</b>	<b>11,294,362,709</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	3,373,368,080	2,727,918,627
Less : Depreciation		372,001,133	217,028,614
Net Block		<b>3,001,366,947</b>	<b>2,510,890,013</b>
Capital Work-In-Progress(including capital advance)		699,372,446	559,100,253
		<b>3,700,739,393</b>	<b>3,069,990,266</b>
<b>INVESTMENTS</b>	6	<b>5,827,282</b>	<b>5,827,282</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	9,276,141,498	5,960,921,103
Sundry Debtors	8	4,558,043,973	2,385,185,528
Cash & Bank Balances	9	46,295,364	44,215,086
Loans & Advances	10	1,238,563,690	323,522,569
		<b>15,119,044,525</b>	<b>8,713,844,286</b>
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	11	597,060,986	495,299,125
<b>NET CURRENT ASSETS</b>		<b>14,521,983,539</b>	<b>8,218,545,161</b>
<b>TOTAL</b>		<b>18,228,550,214</b>	<b>11,294,362,709</b>
Significant Accounting Policies	19		
Notes on Accounts	20		

In terms of our attached report of even date  
For P.K.Lilha & Co.  
Chartered Accountants

For and on behalf of the Board

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

Sandip Jhunjunwala  
Managing Director

Place : New Delhi  
Dated : 29th June 2007

A. Chatterjee  
Director

Dr. Ing N.K.Gupta  
Director

Mandan Mishra  
Company Secretary

**REI AGRO LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

	SCHEDULES	FOR THE YEAR ENDED 31.03.2007	(IN Rs.) FOR THE YEAR ENDED 31.03.2006
<b>INCOME</b>			
Sales	12	10,851,489,416	9,587,650,030
Other Income	13	1,872,962	2,201,828
		<b>10,853,362,378</b>	<b>9,589,851,858</b>
<b>EXPENDITURE</b>			
Materials consumed & Purchase of Goods	14	7,311,616,127	8,863,036,626
(Increase)/Decrease of Inventory	15	862,940,217	(1,377,438,288)
Manufacturing , Administrative & Selling Expenses	16	690,375,459	599,987,018
Interest	17	772,433,715	387,532,641
Depreciation		155,569,712	92,795,255
Preliminary & public Issue Exp. W/o		-	631,886
		<b>9,792,935,230</b>	<b>8,566,545,138</b>
<b>Profit Before Taxation</b>		<b>1,060,427,148</b>	<b>1,023,306,720</b>
Provision for Current Taxation		154,293,924	83,524,137
Provision for Deferred Tax (See note no 13 of Schedule 20)		-	255,616,285
Provision for Fringe Benefit Tax		1,068,693	1,591,185
Prior Period Income Tax		(5,733,446)	5,444,024
Prior Period Deferred Tax		-	16,836,809
<b>Profit After Taxation</b>		<b>910,797,977</b>	<b>660,294,280</b>
Add- Balance Brought Forward		73,891,753	15,142,208
Amount Available for Appropriation		984,689,730	675,436,488
Less - Interim Dividend on Equity Share		67,239,845	72,345,456
Less - Dividend Tax on Interim Dividend		9,430,388	10,146,446
Less- Proposed Dividend on Pref. Shares		16,000,000	16,000,000
Less- Dividend Tax on above		2,719,200	2,244,000
Less- Short Provision for Dividend & Dividend Tax		101,411	808,833
Less - Transfer to General Reserve		700,000,000	500,000,000
Balance Carried to Balance Sheet		<b>189,198,886</b>	<b>73,891,753</b>
<b>Earning Per Share</b>	18		
-Basic ( Rs.)		<b>22.30</b>	<b>19.32</b>
-Diluted (Rs.)		<b>20.62</b>	-
Significant Accounting Policies	19		
Notes on Accounts	20		

**In terms of our attached report of even date  
For P.K.Lilha & Co.  
Chartered Accountants**

**For and on behalf of the Board**

**CA P.K.Lilha  
Partner  
Membership No.: 11092**

**Sandip Jhunjhunwala  
Managing Director**

**Place : New Delhi  
Dated : 29th June 2007**

**A. Chatterjee  
Director**

**Dr.Ing N.K.Gupta  
Director**

**Mandan Mishra  
Company Secretary**

REI AGRO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON 31ST MARCH 2007

(In Rs.)

	2006-07	2005-06
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Taxes	1,060,427,148	1,023,306,720
Adjustments:		
Depreciation / Amortization	155,569,712	93,427,141
Other income not related to operations	(163,192)	(1,549,749)
Loss on Sale of Fixed Assets	1,057,218	-
Operating profit before changes in working capital	1,216,890,886	1115184112
Changes in:		
Decrease/ (increase) in trade & other receivables	(2,172,858,445)	(924,978,285)
Decrease/ (increase) in inventories	(3,315,220,395)	(830,050,100)
Decrease/ (increase) in loan & advances	(833,413,299)	(139,222,073)
Increase/(Decrease) in trade and other payables	30,136,072	(918,132,315)
Cash generated from operations	(5,074,465,181)	(1,697,198,661)
Less : Direct Tax Paid	161,161,545	108,847,176
<b>Net Cash used in Operating Activities</b>	<b>(5,235,626,726)</b>	<b>(1,806,045,837)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(647,958,864)	(1,030,981,044)
Capital Work in Progress	(140,272,193)	(554,251,767)
Sale of Fixed Assets	855,000	881,162
Dividend Received	163,192	147,120
Sale of investments	-	13,985,292
Purchase of Investments	-	(16,163,396)
<b>Net Cash used in investing activities</b>	<b>(787,212,865)</b>	<b>(1,586,382,633)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of equity Share (Including GDR)(Net)	-	1,030,069,426
Proceeds from long term borrowings	1,148,118,603	341,103,000
Proceeds from short term borrowings	3,211,323,444	1,379,987,967
Proceeds from FCCB's(Net)	-	1,127,871,200
Refund of FCCB/GDR expenses(net)	3,590,104	-
Proceeds from unsecured loans	1,755,848,221	(439,184,486)
Dividend & Dividend Tax Paid	(93,960,503)	(156,359,029)
<b>Net Cash from financing activities</b>	<b>6,024,919,869</b>	<b>3,283,488,078</b>
NET INCREASE/(DECREASE) IN CASH	2,080,278	(108,940,392)
CASH AND CASH EQUIVALENTS(OPENING BALANCE)	44,215,086	153,155,478
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)	46,295,364	44,215,086
	<b>2,080,278</b>	<b>(108,940,392)</b>

In terms of our attached report of even date

For P.K.Lilha & Co.

Chartered Accountants

For and on behalf of the Board

CA P.K.Lilha

Partner

Membership No.: 11092

Place : New Delhi

Dated : 29th June, 2007

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 2007**

	<b>AS AT 31.03.2007 (IN Rs.)</b>	<b>AS AT 31.03.2006 (IN Rs.)</b>
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
8,00,00,000 (8,00,00,000) Equity Shares of Rs.10/- each	800,000,000	800,000,000
40,00,000 (40,00,000) Preference Share of Rs. 100/- each	<u>400,000,000</u>	<u>400,000,000</u>
	<b><u>1,200,000,000</u></b>	<b><u>1,200,000,000</u></b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
4,49,16,583 (3,88,31,187) Equity Shares of Rs.10/- each fully paid up	449,165,830	388,311,870
Of the above:-		
a) 1,48,00,300 Equity Shares issued as fully paid up Bonus Share by Capitalisation of General Reserve in 2003-04		
b) 60,85,396 (Previous Year 16,90,587) Equity Shares issued during the year against conversion of 1690 (Previous Period 626) FCCBs of US \$ 10,000 each.		
4,000,000 (4,000,000) 4% Non-Convertible Redeemable Preference Shares of Rs.100/- each fully paid up in Cash	400,000,000	400,000,000
( Refer note no.1 of Schedule 20)		
	<b>849,165,830</b>	<b>788,311,870</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Securities Premium</b>		
As per Last Year	1,437,763,576	461,538,480
Add: During The year (Refer Note No. 2 of Schedule 20)	673,958,040	1,098,462,050
Less: Deferred Tax Liability (Net) (Refer Note No.13 of Schedule 20)	(191,541,347)	-
Add/(less) : GDR & FCCB refund/ (expenses)	3,590,104	(122,236,954)
	<b>1,923,770,373</b>	<b>1,437,763,576</b>
<b>General Reserve</b>		
As Per Last Year	959,315,934	459,315,934
Add: Transferred from Profit and Loss Account	700,000,000	500,000,000
	<b>1,659,315,934</b>	<b>959,315,934</b>
<b>SURPLUS</b>		
As per Annexed Profit and Loss Account	189,198,886	73,891,753
	<b>3,772,285,193</b>	<b>2,470,971,263</b>

	AS AT 31.03.2007 (IN Rs.)	AS AT 31.03.2006 (IN Rs.)
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>A. Long Term Loan</b>		
<b>Term Loan</b>		
United Bank of India (Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice,Paddy, Book-debts & Stores etc. of Rice Division both present & future on a pari passu basis with consortium of Banks) Amount due within one year Rs. 500 lacs (Previous Year Rs. 500 Lacs)	162,500,000	212,500,000
Indian Renewable Energy Development Agency( IREDA) Secured by first charge on Suzlon Make 5 WTGs at Jaislamer, Rajasthan and further 6 WTGs at Dhule, Maharashtra and Sundry Debtors thereon together with personal guarantee of some of the directors.) Amount due within one year Rs 468.40 (Previous Year Rs 205.56 Lacs)	258,476,000	174,723,000
Allahabad Bank ( Secured by creation of first charge on 1 WTG at Jaislamer,Rajasthan with Sundry Debtors thereon.) Amount due within one year Rs.69.20 Lacs (Previous Year Rs. 69.20 Lacs)	29,390,000	34,580,000
Infrastructure Development Finance Company Limited ( Secured by creation of first charge on 6 WTG's( NEG Make) at Dhule, Maharashtra and 12 WTGs at Tirunelveli, Tamilnadu and Sundry Debtors thereon) Amount due within one year Rs.520.28 Lacs (Previous Year Rs. Nil )	759,600,000	496,000,000
Interest accrued and due on above	224,758	-
	<b>1,210,190,758</b>	<b>917,803,000</b>
<b>Corporate loan</b>		
Bank of Maharastra	250,000,000	-
Corporation Bank	222,000,000	-
State Bank of Indore	200,000,000	-
State Bank of Bikaner & Jaipur	180,000,000	-
(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) Amount due within one year Rs.960.00 Lacs (Previous Year Rs. Nil )		
Interest accrued and due on above	3,730,845	-
	<b>855,730,845</b>	<b>-</b>
<b>B. Short Term Loan from Banks</b>		
Cash Credit/ Packing credit/Working Capital facilities		
i) Rupee denominated Loan	6,879,051,298	2,254,876,489
ii) Foreign Currency denominated Loan	1,387,184,629	808,117,192
( 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 retail division) and by second charge on all Fixed Assets both present and future and second charge on all fixed assets of rice division)		
Commercial Paper ( Secured by earmarking of working capital limits) Maximum balance outstanding during the year Rs. 275 Crores (Previous Year Rs. 200 crores)	-	2,000,000,000
Interest accrued and due on above	8,081,198	-
	<b>8,274,317,125</b>	<b>5,062,993,681</b>
	<b>10,340,238,728</b>	<b>5,980,796,681</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>A. Long Term Loan</b>		
i) From a Body Corporate Amount payable within one year Rs.1147.03 Lacs (Previous Year Rs. 1038.24 Lacs)	259,703,627	363,527,286
ii) Foreign Currency Convertible Bonds (FCCB) ( Refer note no. 3 of Schedule 20)	393,059,200	1,127,871,200
iii) Bank	420,000,000	-
<b>B. Short Term Loan</b>		
1) i) Redeemable Non Convertible Debentures Issued to Financial Institutions	1,500,000,000	-
2) Suppliers Credit -Suzlon Energy Limited	-	60,328,120
	<b>2,572,762,827</b>	<b>1,551,726,606</b>

**SCHEDULE-5**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS ON	ADDITIONS	DEDUCTIONS	AS ON	AS ON	FOR THE	DEDUCTIONS	AS ON	AS ON	AS ON
	01.04.2006			31.03.2007	01.04.2006	PERIOD		31.03.2007	31.03.2007	31.03.2006
LAND	32,478,553	26,932,652	-	59,411,205	-	-	-	-	59,411,205	32,478,553
LEASE HOLD LAND	27,120,000	-	-	27,120,000	772,379	1,160,589	-	1,932,968	25,187,032	26,347,621
BUILDING	312,630,226	13,199,252	-	325,829,478	29,431,386	10,671,336	-	40,102,722	285,726,756	283,198,840
PLANT & MACHINERY	808,607,139	274,592,867	2,459,411	1,080,740,595	107,090,324	49,386,653	588,783	155,888,194	924,852,401	701,516,816
WINDFARM GENERATORS	1,527,599,153	323,037,230	-	1,850,636,383	72,361,716	91,957,248	-	164,318,964	1,686,317,419	1,455,237,437
OFFICE EQUIPMENT	1,600,085	783,491	50,000	2,333,576	333,542	78,533	8,410	403,665	1,929,911	1,266,543
TUBEWELL	468,850	-	-	468,850	114,148	22,270	-	136,418	332,432	354,702
COMPUTER	7,715,467	4,518,671	-	12,234,138	4,350,049	1,373,178	-	5,723,227	6,510,911	3,365,418
VEHICLES	6,251,525	3,758,155	-	10,009,680	1,616,529	697,223	-	2,313,752	7,695,928	4,634,996
FURNITURE & FIXTURES	3,447,629	1,136,546	-	4,584,175	958,541	222,682	-	1,181,223	3,402,952	2,489,088
<b>TOTAL</b>	<b>2,727,918,627</b>	<b>647,958,864</b>	<b>2,509,411</b>	<b>3,373,368,080</b>	<b>217,028,614</b>	<b>155,569,712</b>	<b>597,193</b>	<b>372,001,133</b>	<b>3,001,366,947</b>	<b>2,510,890,014</b>
Previous Year total	1,698,188,363	1,030,981,044	1250780	2,727,918,627	124,602,977	92,795,255	369,618	217,028,614	2,510,890,014	
Capital Work in progress	559,100,253	436,722,446	296,450,253	699,372,446	-	-	-	-	699,372,446	559,100,253

		AS AT 31.03.2007 (IN Rs.)	AS AT 31.03.2006 (IN Rs.)
<b>SCHEDULES - 6</b>			
<b>INVESTMENTS( Non-trade and Long Term) at cost</b>			
(Quoted Equity Shares, fully paid up)		Face Value	
<b>No of Shares</b>	<b>Company</b>		
35000	Allahabad Bank	Rs.10	2,870,000
10000	Jyoti Structure Limited	Rs. 2	546,155
398	Punjab National Bank	Rs.10	155,220
5500	Reliance Capital Limited	Rs.10	2,255,907
Market Value as on 31.03.2007: Rs.81,10,632/- (Rs. 68,90,169/-)			
		<b>5,827,282</b>	<b>5,827,282</b>
<b>SCHEDULES - 7</b>			
<b>INVENTORIES</b>			
( As taken, valued & Certified by the Management)			
Raw materials		7,378,125,309	3,201,243,860
Finished Goods		1,881,774,299	2,744,714,516
Stores, Spares & Packing Materials etc.		16,241,890	14,962,727
		<b>9,276,141,498</b>	<b>5,960,921,103</b>
<b>SCHEDULE - 8</b>			
<b>SUNDRY DEBTORS</b>			
( Unsecured, Considered Good)			
Debts Due for a period exceeding six months		24,631,456	4,084,669
Others debts		4,533,412,517	2,381,100,859
		<b>4,558,043,973</b>	<b>2,385,185,528</b>
<b>SCHEDULE - 9</b>			
<b>CASH &amp; BANK BALANCES</b>			
Cash in Hand (As certified)		2,574,382	2,398,418
<b>Balance with Scheduled Banks</b>			
- In Current Accounts		40,793,112	13,209,066
- In Fixed Deposits		2,891,200	28,391,200
- interest Accrued on Fixed Deposits		36,670	216,402
		<b>46,295,364</b>	<b>44,215,086</b>
<b>SCHEDULE - 10</b>			
<b>LOANS &amp; ADVANCES</b>			
(Unsecured, Considered Good)			
Advances (recoverable in Cash or in kind or for value to be received)		1,032,924,512	195,589,737
Deposits		15,081,698	19,858,004
Advance Income tax payments		155,040,834	80,862,158
Vat /Excise /DEPB etc receivable		27,241,615	26,386,785
Income Tax Refundable		7,275,031	
Advance Fringe Benefit Tax		1,000,000	825,885
		<b>1,238,563,690</b>	<b>323,522,569</b>
<b>SCHEDULE - 11</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>(A) CURRENT LIABILITIES</b>			
Acceptances		-	249,671,581
Sundry Creditors			
For Goods supplied and Services(other than Small Scale Industrial Undertaking)		295,488,957	72,239,109
For Capital Expenditure		21,553,880	28,118,547
For other Liability		25,287,021	22,682,779
For Investor Education & Protection Fund( Unclaimed Dividend)		3,232,607	3,183,742
Interest accrued but not due		74,636,606	13,161,508
		<b>420,199,071</b>	<b>389,057,266</b>
<b>( B ) Provisions</b>			
For Taxation		154,293,924	83,675,984
For Fringe Benefit Tax		1,068,693	1,591,185
For Gratuity & Leave Encashment		2,780,098	2,730,690
For Dividend		16,000,000	16,000,000
For Dividend Tax		2,719,200	2,244,000
		<b>176,861,915</b>	<b>106,241,859</b>
		<b>597,060,986</b>	<b>495,299,125</b>

	AS AT 31.03.2007 (IN Rs.)	AS AT 31.03.2006 (IN Rs.)
<b>SCHEDULE - 12</b>		
<b>SALES</b>		
Sale of Goods	10,611,056,646	9,431,019,049
Export Incentives	15,196,953	9,203,583
Sale of Power/Energy	225,235,817	147,427,398
	<b>10,851,489,416</b>	<b>9,587,650,030</b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Profit on Sale of Investments (In Shares)	-	1,423,102
Dividend received ( from long term & non trade investment)	163,192	147,120
Miscellaneous receipts	1,709,770	631,606
	<b>1,872,962</b>	<b>2,201,828</b>
<b>SCHEDULE - 14</b>		
<b>MATERIALS CONSUMED &amp; PURCHASE OF GOODS</b>		
A) Raw Material Consumed		
Opening Stock	3,201,243,860	3,755,668,280
Purchases	10,853,022,190	7,014,157,882
Agriculture crop produce expenses	-	14,193,832
Less - Closing Stock	7,378,125,309	3,201,243,860
	<b>6,676,140,741</b>	<b>7,582,776,134</b>
B) Purchase of Goods		
	635,475,386	1,280,260,492
	<b>7,311,616,127</b>	<b>8,863,036,626</b>
<b>SCHEDULE - 15</b>		
<b>INCREASE/(DECREASE) IN INVENTORY</b>		
Opening Stock of Finished Goods	2,744,714,516	1,367,276,228
Closing Stock of Finished Goods	1,881,774,299	2,744,714,516
	<b>(862,940,217)</b>	<b>1,377,438,288</b>
<b>SCHEDULE - 16</b>		
<b>MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Stores, Spares & Packing Material Consumed( 100% indigeous)	184,338,029	129,317,248
Power & Fuel	83,058,356	57,355,485
Salary,Wages & Bonus	85,735,178	74,889,058
Contribution to Provident Fund & Other Fund	4,175,541	1,471,838
Staff Welfare	1,985,849	1,672,804
Security Charges	6,068,161	4,539,654
Hire Charges	1,323,055	2,837,442
Repairs & Maintenance		
- Plant & Machinery	4,285,562	1,542,004
- Buildings	236,142	906,945
-Windfarms	132,050	161,391
-others	1,890,341	517,956
Rent	6,372,814	6,363,082
Rates & Taxes	70,843	71,945
Key Man Insurance	1,204,931	1,211,188
Insurance	10,407,200	5,933,988
ECGC Premium	1,757,812	1,089,073
Bank Charges	5,040,893	2,953,906
Postage & Telephone	2,968,424	2,877,236
Auditors' Remuneration	906,920	1,124,441
Directors' Remuneration	3,120,000	2,976,000
Directors' Fees	40,500	39,000
Filing Fees	23,344	36,730
Travelling & Conveyance	8,004,874	10,099,013
Miscellaneous Expenses	25,323,894	18,830,077
Carriage Outward, Freight & Clearing Charges	231,011,283	256,260,034
Advertisement	642,521	1,519,856
Brokerage & Selling Expenses	3,885,905	12,090,511
Purchase /Sales Tax	15,307,819	1,299,111
Loss on sale of Fixed Assets	1,057,218	-
	<b>690,375,459</b>	<b>599,987,018</b>
<b>SCHEDULE - 17</b>		
<b>Interest</b>		
- On Term Loan	127,855,270	56,157,432
- On Debentures	71,217,982	-
- On other loan ( Net)	573,360,463	331,375,209
	<b>772,433,715</b>	<b>387,532,641</b>

## Schedule – 18

### Earning per Share:

- a) Calculation of weighted number of equity shares of Rs. 10 each  
No. of Equity Shares at the beginning of the year 3,88,31,187  
Add: Equity Shares on FCCB Conversion:

<u>Date of Allotment</u>	<u>Nos.</u>	<u>Weighted Nos.</u>	
11.12.2006	270,061	82,128	
13.12.2006	900,207	268,829	
29.12.2006	720,165	183,494	
25.01.2007	180,041	32,555	
29.01.2007	900,207	152,912	
05.02.2007	3,024,695	4,55,776	
10.03.2007	<u>90,020</u>	<u>5,426</u>	
	<u>60,85,396</u>	<u>11,81,120</u>	<u>11,81,120</u>

Total number of Shares for Basic Earning Per Share **4,00,12,307**

Add: Effect of Potential equity shares equivalent **32,55,149**  
- on outstanding FCCB

Number of Equity Shares for Diluted Earning Per Share **4,32,67,456**

- b) Calculation of profit available to Equity Share holders  
Net Profit After Tax 91,07,97,977  
Less: Preference Shares Dividend and Dividend Tax 1,87,19,200  
Profit attributable to Equity Shareholders **89,20,78,777**

Basic Earning Per Share =  $\frac{89,20,78,777}{4,00,12,307}$  Rs. 22.30

Diluted Earning Per Share =  $\frac{89,20,78,777}{4,32,67,456}$  Rs. 20.62

## **Schedule – 19**

### **SIGNIFICANT ACCOUNTING POLICIES:**

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

- a) The Financial Statements have been prepared under historical cost convention basis. The generally accepted Accounting Principles and the Accounting Standards referred to in section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirement of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.
- b) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.
- c) Accounting policies not specifically referred otherwise, are consistent and in consonance with generally accepted accounting principles.

#### **2. FIXED ASSETS:**

- a) Fixed Assets are stated at cost of acquisition or construction inclusive of freight, duty, taxes and incidental expenses related to acquisition or construction less depreciation.
- b) Land is stated at cost of acquisition inclusive of incidental expenses thereto.
- c) Leasehold Land is stated at cost and is amortized over the period of lease.
- d) When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed assets and any gain / loss resulting there from is reflected in profit & loss account.

#### **3. EXPENDITURE DURING CONSTRUCTION/ INSTALLATION:**

In respect of new projects and substantial expansion of existing factories or otherwise, expenditure including trial production expenses if any, net of revenue earned, and attributable interest and financing cost prior to commencement of commercial production/ installation are capitalized.

#### **4. DEPRECIATION:**

Depreciation on Fixed Assets is provided pro-rata and on the Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

#### **5. INVESTMENTS:**

Long Term Investments are stated at cost, unless there is a permanent decline in value thereof. In such a case, adequate provision is made against such diminution in the value of investments.

#### **6. INVENTORIES:**

Inventories are valued as under:

- a) Raw Materials, Stores & Spares, Packing Material are valued at lower of cost computed on FIFO basis and net realizable value.
- b) Finished goods are valued at cost (less realizable value of by-products) or net realizable value whichever is lower.

- c) Raw material on floor shop and in process is taken as part of raw material and valued accordingly.

## **7. FOREIGN CURRENCY TRANSACTIONS**

- a) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction.
- b) Current Assets and Current Liabilities are translated at rate prevailing at the end of the year. The differences between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year are recognized in the Profit & Loss Account.
- c) Premium or Discount arising at the inception of the forward contracts is amortized as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense of the year.

## **8. REVENUE RECOGNITION**

- a) Domestic Sales are accounted when goods are supplied to customers and are recorded net of trade discounts, rebates, sales tax/ vat etc. Export sales are recognized on the date, the 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.
- b) Export entitlements in respect of Export made under Duty Entitlement Pass Book (DEPB) Scheme are recognized in the profit & Loss account when the right to receive credit as per the terms of the scheme is established.
- c) 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.
- d) Sale of Certified Emission Reduction (CER) will be 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.
- e) 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 on cash basis.
- f) Interest on Fixed Deposits is booked on time proportion basis taking into account the amount invested and the rate of interest.
- g) Profit/Loss on sale of investments is booked on the basis of contract notes for sale of shares.
- h) Dividend income on Investments is accounted for when the right to receive the payment is established.
- i) Insurance claims are recorded on cash basis.
- j) Claims by the Government Authorities regarding taxes, duties, etc. which are disputed by the Company, are accounted based on the merits of each claim.

**9. BORROWING COSTS:**

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

**10. FCCBS & GDRS ISSUE EXPENSE**

Foreign Currency Convertible Bonds (FCCBs) & Global Depositary Receipt (GDRs) issue expenses incurred are adjusted against the Security Premium Account in the year in which they are incurred in terms of Section 78 (2) of the Companies Act, 1956.

**11. IMPAIRMENT OF ASSETS**

The company on annual basis tests 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.

**12. FINANCIAL DERIVATIVES AND HEDGING TRANSACTION**

Financial Derivatives and hedging contracts are accounted on the date of their settlement and realized gain/loss in respect of such contracts are recognized along with the underlying transactions.

**13. RETIREMENT BENEFITS**

Retirement Benefits to employees comprise Provident fund, Gratuity and leave encashment benefit under the Scheme of the Company.

In respect of defined contribution schemes, the contribution payable for the year is charged to Profit & Loss account.

Provisions for liabilities in respect of gratuity and leave encashment are made based on actuarial valuation made by independent actuary as at balance sheet date.

**14. TAXES ON INCOME:**

- a) Tax expense for the year comprising current tax and Fringe benefit tax are included in determination of net profit for the year.
- b) Deferred Tax is recognized on all timing differences subject to consideration of prudence in respect of deferred Tax Assets.
- c) In view of the Hon'ble Kolkata High Court's dictated order Deferred tax Liability (Net) is allowed to be adjusted to Securities Premium Account.

**15. CONTINGENT LIABILITIES**

Contingent liabilities are disclosed after a careful evaluation of the facts and various aspects of the matter involved.

**16. EARNING PER SHARE**

Earning per share is calculated by dividing the net profit or loss for the period available to equity shareholders, by the weighted average number of equity shares outstanding during the period.

## **SCHEDULE-20**

### **NOTES ON ACCOUNTS:**

#### **1. Preference Share Capital**

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

#### **2. Security Premium Account**

- a) Additions to Security Premium during the year amounting Rs. 6739.58 Lacs (previous year Rs. 10984.62) is on account of issue of 60,85,396 (previous year 53,84,433 net) equity shares at a premium of Rs.110.75 per share on conversion of 1690 FCCBs.
- b) Amount adjusted against Securities premium is on account of Deferred Tax Liability (Net) (see note no.13 of schedule 20)

#### **3. Foreign Currency Convertible Bonds (FCCB)**

The Company had issued during the year 1.5% Foreign Currency Convertible Bonds (FCCB) of US \$ 10000 each aggregating US \$ 32.20 million [Rs. 140.01 Crores] at par. The bonds are redeemable on 8<sup>th</sup> July, 2010 unless previously converted at 125.383% of its principal amount; these bonds were convertible into equity shares at a initial conversion price of Rs.161/- per share. Since then the Conversion price has been reset @ Rs. 120.75 per share with effect from 26<sup>th</sup> June 2006 with existing fixed rate of exchange on conversion @ Rs.43.48 =US \$ 1.00 at the option of the bondholder at any time on or after 8<sup>th</sup> August, 2005 and prior to the close of business on 7<sup>th</sup> June, 2010. During the year, conversion option in respect of 1690 bonds( previous period 626) bonds was exercised by the bondholders and pursuant to this 60,85,396 (previous period 16,90,587) equity shares of Rs.10 each were allotted. The exercise of conversion option and the consequent allotment of shares resulted in the Share Capital of the company increasing by Rs. 6.09 Crores (previous period 1.69 Crores) and security Premium A/c credited by Rs. 67.75 Crores (previous period 25.53 Crores).

The outstanding 904 bonds as at 31<sup>st</sup> March 2007 (previous period 2594) bonds amounting to US \$ 9.04 (previous period US \$ 25.94) million, when fully converted, would result in issue of additional 32,55,149 (previous period 70,05,413) equity shares of Rs.10/-each. In view of the imbedded terms of the issue of FCCB, the company has issued 1<sup>st</sup> notice for mandatory conversion on 17<sup>th</sup> April 2007 to the existing bondholders by which they are required to deposit the bonds with paying and conversion agent within 60 days from the date of the notice for conversion.

4. The Company has issued 150 redeemable Non –Convertible Unsecured Debenture of Rs.100 lacs each to financial institution on short-term basis repayable along with interest on maturity.

#### **5. Contingent liabilities not provided for in respect of:**

- a) Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs.3490 Lacs (previous year Rs. 2122 Lacs)
- b) Sales Tax Demand for the financial year 1997-98 of Rs 51.34 Lacs (Net of deposits) for which Bonds have been executed by third parties.
- c) Letters of Guarantee issued by the Bank in favour of Dy. Commissioner of Customs, for Rs.22,29,200/- is awaited clearance on completion of the Export performance under Para 5.2/5.7 of Exim Policy 2002-07.

6. Sundry Creditors include Rs. NIL due to small scale and ancillary industrial undertakings to the extent such parties have been identified from the available documents/ information.
7. Liability on account of Gratuity and Leave Encashment provided as per actuarial valuation amounts to Rs.27,80,098/- (Rs 27,31,140/-).
8. Fixed deposits with banks include Rs 28.91 Lacs (Rs.178.91 Lacs) pledged as margin money against Letter of Guarantee and Letter of Credits issued by them.
9. Stores, Spares and packing materials consumed are net of realization.
10. Interest on others loans, etc. is Net of interest on fixed deposit with Bank.

**11. Director's Remuneration ( In Rs.):\***

	<u>2006-07</u>	<u>2005-06</u>
(a) Salary & Allowances	19,20,000	17,76,000
(b) Contribution to provident fund	9,360	9,360
(c) Commission to a director	12,00,000	12,00,000
(d) Perquisites	3,28,935	4,38,603
(e) Director Sitting Fees	40,500	39,000
<b>TOTAL</b>	<b><u>34,98,795</u></b>	<b><u>34,62,963</u></b>

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

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

<u>Particulars</u>	<u>2006-07</u>	<u>2005-06</u>
Net Profit before Taxation	106,04,27,148	102,33,06,720
Add: Director's Remuneration (including commission as above)	34,98,795	34,62,963
	<u>106,39,25,943</u>	<u>102,67,69,683</u>
Less: Profit/ (Loss) on sale of fixed assets	(10,57,218)	-
Profit/ (Loss) on sale of Investment	-	<u>14,23,102</u>
<b>Net Profit</b>	<b><u>106,28,68,725</u></b>	<b><u>102,53,46,581</u></b>
Commission to a Director	Rs.12,00,000	Rs.12,00,000
- Percentage of Net Profit	0.11%	0.18%

Commission Payable to a Director up to @ 1% of Net Profit u/s 309 of the Companies Act 1956 restricted to Rs.12,00,000/- being an amount determined by the Board of Directors.

<b>12. Auditors Remuneration includes:</b>	<b><u>2006-07</u></b>	<b><u>2005-06</u></b>
(a) Audit Fees	4,50,000	4,50,000
(b) Tax Audit Fees	50,000	50,000
(c) For Certification	2,00,000	3,00,000
(d) For Management Consultancy Fees	-	1,75,000
(e) For Service Tax	85,680	99,450
(f) For reimbursement of expenses	1,21,240	1,49,441
<b>Total</b>	<b><u>9,06,920</u></b>	<b><u>12,23,891</u></b>

<b>13. Deferred Taxation:-</b>	<b><u>As on 31.03.2007</u></b>	<b><u>As on 31.03.2006</u></b>
a) Deferred Tax Liabilities :		
- On Depreciation	Rs. 70,82,44,676	Rs 50,34,75,591
<b>Gross Deferred Tax Liability</b>	<b>Rs. 70,82,44,676</b>	<b>Rs. 50,34,75,591</b>
b) Deferred Tax Assets		
- On Gratuity & Leave Encashment	Rs. 9,35,781	Rs. 9,19,302
- On Issue Expenses( U/s 35D)	Rs. 1,32,11,259	Rs. -----
<b>Gross Deferred Tax Assets</b>	<b>Rs. 1,41,47,040</b>	<b>Rs. 9,19,302</b>
<b>Net Liability</b>	<b>Rs 69,40,97,636</b>	<b>Rs 50,25,56,289</b>

Deferred Tax Liability adjusted  
(Against Securities premium account schedule 2) Rs.19,15,41,347

The Hon'ble Kolkata High Court vide its dictated order dated 20<sup>th</sup> June 2007 has allowed the Company to utilize the Securities Premium Account towards meeting the Deferred Tax Liability computed as per the Accounting Standard "Accounting for Taxes on Income" AS 22 prescribed by The Institute Of Chartered Accountants of India. Accordingly the Securities Premium Account has been utilized towards adjustment of Net Deferred Tax Liabilities Rs 19,15,41,347 for the year in terms of the said order.

The Deferred tax liability has arisen on account of the timing difference between the depreciation admissible under Income Tax and the depreciation adjusted in the accounts. Though provision is being made as per Accounting Standard (AS-22) "Accounting of Taxes on Income" issued by the Institute of Chartered Accountants of India, having regard to the normal capital expenditure which the company is expected to continue to make in the future years, the timing difference is not expected to be reversed and no cash outgo is expected to materialize towards such liability in foreseeable future.

<b>14. Capital Work in Progress includes:</b>	<b>Amount</b> (In Rs.)
a) Purchase of Fixed Assets including Building, Site development, Retail Chain and Plant and Machinery	9,20,95,573
b) Expenditure incurred during construction period	80,62,007
c) Advance against Capital Expenditure	5,71,576,186
d) Advances against Construction / Development	<u>2,76,38,680</u>
	<b><u>69,93,72,446</u></b>

### 15. Segment Reporting:

Based on the guiding principles given in accounting standard on Segment Reporting (AS-17) issued by the Institute Of Chartered Accountants Of India, the company's primary business segment is Rice and Wind Farm and retail. As the retail operation was commenced at the fag end of the year, there was no significant sale during the year hence separated Segment is not reported.

### Primary Business Reporting

#### a) Business Segment.

(Rs. in Lacs)

S. No.	Particulars	Rice	Wind power & Others	Unallocable (Expenditure) / Revenue	Total
1	Net Sales/Income from operation	105,148.68 (94,402.23)	3,366.22 (1,474.27)		108,514.89 (95,876.50)
2	Segment Result Profit(+)/Loss (-) before Tax, Interest & Depreciation from each segment	17,614.61 (13,627.85)	2,250.97 (1,408.49)		19,865.58 (15,036.34)
	Less: i) Interest	6,502.82 (3,313.60)	1,221.52 (561.72)		7,724.34 (3,875.32)
	ii) Depreciation	624.46 (378.45)	931.24 (549.50)		1,555.70 (927.95)
	Total Profit before Tax	10,487.33 (9,935.80)	98.21 (297.27)	18.73 (-)	10,604.27 (10,233.07)
	Segment Assets	165,557.16 (100,752.00)	21,007.52 (16,327.74)	1,691.43 (816.88)	188,256.11 (117,896.62)
4	Segment Liabilities	119,979.79 (67,729.32)	13,319.89 (11,513.79)	8,741.92 (6,060.67)	142,041.60 (85,303.78)
5	Segment Assets - Segment Liability	45,577.37 (33,022.68)	7,687.63 (4,813.95)	(7,050.49) (-5243.79)	46,214.51 (32,592.84)
6	Addition to Segment Fixed Assets	3,140.26 (4,109.32)	3,339.33 (6,200.49)		6,479.59 (10,309.81)
7	Depreciation	624.46 (378.45)	931.24 (549.50)		1,555.70 (927.95)

b) Geographical Segment

S.No.	Particulars	Rice	Wind power & Others	Unallocable Assets	Total
1	Revenue Source : India	90,335.42 (86875.34)	2,254.84 (1474.27)	- -	92,590.26 (88349.61)
	Outside India	14,813.25 (7526.89)	1,111.38 -	- -	15,924.63 (7526.89)
	Total	105,148.67 (94402.23)	3,366.22 (1,474.27)	- -	108,514.89 (95876.50)
2	Assets : India	164,086.36 (99291.03)	21,007.52 (16327.74)	1,691.43 (816.88)	186,785.31 (116435.65)
	Outside: India	1470.80 (1460.97)	- -	- -	1470.80 (1460.97)

**16. 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:

(A) List of related parties:

I) Key Management Personnel:

- a) Sri Sanjay Jhunjunwala (Chairman)
- b) Sri Sandip Jhunjunwala (Managing Director)

II) Name of the companies

Where control exists (either individually or with others)

- a) Aspective Vanijya Pvt. Ltd.
- b) Jagdhatri Tracon Pvt. Ltd.
- c) REI Steel & Timber Pvt. Ltd.
- d) Snehpusph Barter Pvt. Ltd.
- e) Subhchintak Vancom Pvt. Ltd.
- f) Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.
- g) Dr. ING N.K. Gupta Technical Consultants (P) Ltd.
- h) Varrsana Ispat Limited
- i) Directors' relatives:
  - i) Sri Kailash Chandra Jhunjunwala
  - ii) Smt. Koushalya Devi Jhunjunwala
  - iii) Smt. Sangita Jhunjunwala
  - iv) Smt. Suruchi Jhunjunwala
  - v) Sri Akshay Jhunjunwala

III) Transactions with Related parties:

<u>Transaction</u>	<u>Control</u>	<u>Key Management</u>	<u>Relatives of key Management Personnel</u>
1) Dividend Paid	2,36,29,385 (5,54,12,235)	12,75,960 (29,77,240)	1,79,475 (4,18,755)
2) Remuneration	----- (-----)	34,98,795 (34,23,963)	70,000 (92000)
3) Consultancy Fees - Dr. ING N.K Gupta Technical Consultants (P) Ltd.	---	5,00,000	-----

4) Purchase of Steel - Varrsana Ispat Ltd.	---	12,64,92,606	-----
5) Sale of DEPB License - Varrsana Ispat Ltd.	---	1,29,60,212	-----
6) Sale of Scrap - Varrsana Ispat Ltd.	---	8,90,240	-----
7) Sale of Fixed Assets - Varrsana Ispat Ltd.	---	2,60,000	-----

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

**17. 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)

	<u>UNIT</u>	<u>2006-07</u>	<u>2005-06</u>
I) Licensed Capacity		Not Applicable	Not Applicable
II) Installed Capacity			
-Basmati Rice Processing	(TPH)	61	49
- Wind Turbine Generators (WTG)	( MW)	35.90	29.90

**i) Finished Goods**

Particulars	<u>2006-07</u>		<u>2005-06</u>	
	Qty in MT.	Amount (Rs)	Qty in MT.	Amount (Rs)
<b>Processed Rice</b>				
i) Opening stock	72491	2744714516	32679	1112474513
ii) Production	288025	-	265632	-
iii) Sales	290121	9799093283	225820	7709089240
iv) Closing stock	70395	1881280929	72491	2744714516

**ii) By-Product**

	<u>2006-07</u>		<u>2005-06</u>	
	Qty in MT.	Amount (Rs)	Qty in MT.	Amount (Rs)
Rice Bran & Husk				
Sales	34640	158840704	24478	74812155

**iii) Power Generation**

	<u>2006-07</u>		<u>2005-06</u>	
	Units	Amount (Rs)	Units	Amount (Rs)
Electricity	48773407	22,52,35,817 *	42387141 *	147427398 *

\*includes claim for short generation

**iv) Purchase of Goods**

	<u>2006-07</u>		<u>2005-06</u>	
	Qty in MT.	Amount	Qty in MT.	Amount
i) Opening stock	-	-	24759	254801715
ii) Purchase	38071	634817636	79599	1280260492
	-	657750	-	-
iii) Sales	38010	652874486	103598	1647117654
	-	248173	-	-
iv) Closing stock	-	-	-	-
	-	493370	-	-
v) Shortage	61	-	760	-

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

	<u>2006-07</u>		<u>2005-06</u>	
	Qty in MT.	Amount(Rs)	Qty in MT.	Amount(Rs)
Raw material consumed	375612	6676140741	338613	7582776134
Purchase of goods	38071	635475386	79599	1280260492
Total		7311616127		8863036626

	<u>2006-07</u> (in Rs)	<u>2005-06</u> (in Rs)
(C) (i) FOB Value of Export	148,44,84,787	70,84,06,516
(ii) Interest Earned	-	1,19,14,280
(iii) Refund on account of GDR Expenses	48,23,882	-
D) C.I.F. Value of Capital Goods import	---	3,81,41,659
(E) Expenditure in Foreign Currency		
i) Revenue Expenditure (Travelling)	33,15,779	54,28,312
ii) Capital Expenditure Travelling	-	17,46,179
iii) Management Training Expenditure	14,11,109	12,63,883
iv) Interest on FCCB's (Net of TDS)	59,19,677	1,27,60,405
v) Legal & Professional	4,72,469	-
vi) Listing Fees	6,03,565	-
vii) Ocean Freight	1,05,07,620	-

(G)		
i) Amount remitted in Foreign Currency on Account of Dividend		
(a) On Equity Share	60,35,781	1,16,69,900
(b) On Preference Share	1,60,00,000	1,60,00,000
ii) No. of Non-resident Shareholders		
(a) Equity Shares	6	5
(b) Preference Share	4	5
iii) No. of shares held by Non- resident Shareholders		
(a) Equity Shares	40,23,854	87,21,900
(b) Preference Shares	40,00,000	40,00,000

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

19. Figures in brackets denote previous year's figures.

**Signature to Schedule 1 to 20**

In terms of our attached report of even date  
For **P.K.Lilha & Co.**  
Chartered Accountants

For and on behalf of the Board

CA P.K.LILHA <b>Partner</b> Mem. no: 11092	Sandip Jhunjhunwala <b>Managing Director</b>	A.Chatterjee <b>Director</b>	DR. ING N.K. Gupta <b>Director</b>	Mandan Mishra <b>Company secretary</b>
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Place: New Delhi  
Dated: 29<sup>th</sup> June, 2007