



REI!

REI Agro: The largest basmati rice processor in the world

REI Agro Limited

June 2009 quarter

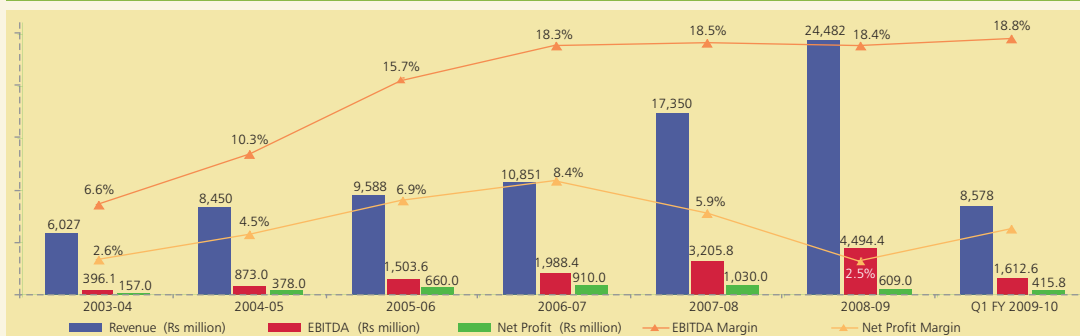
Editorial



"We remain committed to enhance stakeholder returns through a successful counter of an unpredictable business environment that started from the second half of 2008-09. We reported an attractive bottomline in the first quarter of 2009-10 and this performance vindicates our perseverance and reinforces the belief that challenging times can indeed inspire motivating responses."

Mr Sandip Jhunjhunwala,
Vice Chairman and
Managing Director,
REI Agro Limited

REI rebounds after 2008-09



REI Agro demonstrated an ability to rebound during the first quarter of 2009-10 after a challenging 2008-09. The company reported 21.78 % topline growth to Rs 857.79 cr over the corresponding period in the previous financial year. It is worth mentioning that corresponding quarter ended June 2008 included the retail business which has since been demerged into REI Six Ten Retail Limited. Hence, if we are to look at the basmati rice segment alone our revenues for the quarter ended June 2009 have increased to Rs. 849.60 crores up from 584.04 crores in June 2008. This is an increase of about 45% in the quarter. The company had a 20.80 % bottomline growth to Rs. 41.58 cr. correspondingly; net profit

margin rebounded from 2.49 % to 4.85 % in the first quarter of 2009-10.

The year 2008-09 stretched most companies; only companies with robust business models endured. The Government of India imposed an export duty of Rs 8,000 per tonne on basmati rice (to prevent disguised basmati export) which followed a ban on the export of non-basmati rice. The duty made non-basmati exports unviable and our company was compelled to pay Rs. 59 crores as export duty. It is a credit to the company that it reported a net profit of Rs. 60.92 cr in 2008-09 notwithstanding.

The financial year also witnessed tightening liquidity in the third and fourth quarters. Capital became scarce, money became dearer. In

our capital-intensive business, this translated into an increase in interest costs. The result was that our company paid Rs. 332.83 crores interest in FY 2008-09 (average 12.58 % debt cost) compared to 9.83 % in 2007-08. "I am relieved to state that our average debt cost declined to 11.31 % in the quarter ended June 2009, indicating better prospects." Mr. Sandip Jhunjhunwala, Managing Director

A big plus: despite these challenges, our company continued to enjoy the support of its lenders, making it possible to procure 683282 MT of basmati paddy in FY 2008-09, the largest quantity in its history. We are optimistic that this will translate into attractive revenue growth in 2009-10 and thereafter.

REI expects attractive growth following export duty repeal

India's basmati exports are expected to jump in 2009-10 following the removal of export duty. The industry will be able to capture markets with increase in basmati demand especially in the two largest markets (Saudi Arabia and UAE), which account for about 76% of India's basmati

exports. The Saudi market has grown by 64% recently and UAE by 126%.

REI Agro capitalized on duty withdrawal and exported 51061 MT of basmati rice worth Rs 302.04 cr in the first quarter of 2009-10.



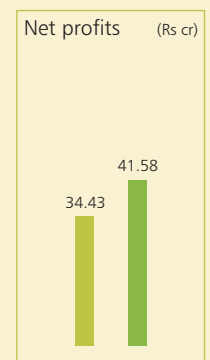
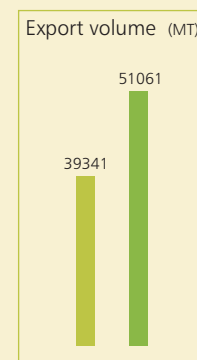
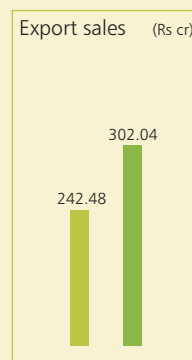
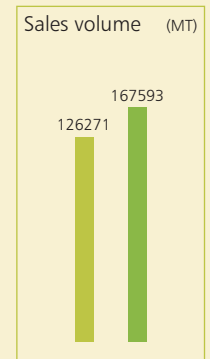
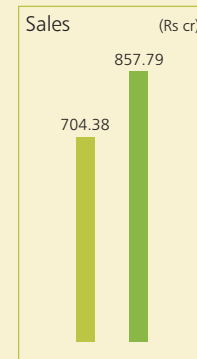
Quarterly performance review (quarter ended June 2009)

REI Agro's income from operations (net sales) increased by 21.78% from Rs 704.38 cr to Rs 857.79 cr in the first quarter of 2009-10 compared to the corresponding quarter in 2008-09 due to an increase in volumes (to 167593 MT in the first quarter compared to 126271 MT in the corresponding period of 2008-09).

The company closed the first quarter of 2009-10 with exports of Rs. 302.04 cr compared to exports of Rs. 242.48 cr in the corresponding quarter of the previous year. The volume of exports increased to 51061 MT compared to 39341 MT in the corresponding quarter in 2008-09

EBIDTA increased 17.73 % to Rs 161.26 cr during the first quarter of 2009-10 over Rs 136.97 cr in the corresponding quarter of 2008-09 as the company benefited from duty withdrawal on basmati export.

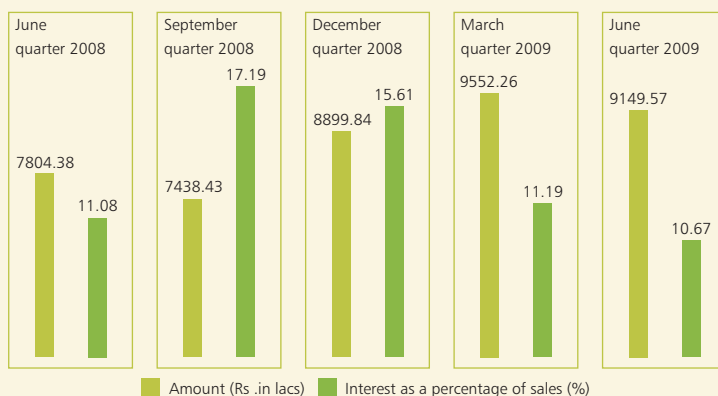
Post-tax profit increased 20.80 % in the first quarter of 2009-10. The increase in profits was driven by increased volumes, withdrawal of export duty and reduction in interest intensity. Although the overall interest cost rose to Rs. 91.49 cr for the first quarter of 2009-10 from Rs. 78.04 cr in the corresponding quarter of 2008-09, interest cost as a percentage of sales declined from 13.59 % in FY 2008-09 to 10.67 % in the first quarter of FY 2009-10.



■ June quarter 2008 ■ June quarter 2009

REI Agro renegotiates with lenders

REI Agro has benefited from an improvement in India's liquidity situation. The company renegotiated debt rates successfully with lenders. This translated into a reduction of about 200 bps in the average debt cost as of June 30, 2009, the benefits of which will reflect from the second quarter of 2009-10 onwards.



Shareholders pass resolution for raising capital

In the extraordinary general meeting of REI Agro Limited on 19th June 2009, shareholders approved the issue of such number of equity shares of the Company including by way of qualified institutional placements, fully convertible debentures, partly convertible debentures, non convertible debentures with warrants or any securities (other than warrants) that will be convertible into or exchangeable with the company's equity shares, including, without limitation, global depository receipts (GDRs) and American depository receipts (ADRs), in registered or bearer form, or any combination of securities, in one or more tranches, whether through public issue(s) or rights issue or private placement(s) at such price or prices, at a discount or premium to market prices in such manner and on such terms and conditions as may be deemed appropriate by the Board including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be up to an amount not exceeding USD 150 million.

“In the extraordinary general meeting of REI Agro Limited shareholders approved the issue of equity shares of the Company”

Interesting basmati facts

■ Exclusive varieties can be grown in four north Indian states --- Haryana, Uttar Pradesh, Himachal Pradesh and Uttaranchal --- and a portion of the Punjab in Pakistan.

■ Following a recent WTO ruling, 'basmati' is patent-protected: only particular varieties grown in India and Pakistan can be marketed as 'basmati rice'.

■ The premium moisture-losing variety of basmati enjoys a unique maturing property over time with a higher shelf-life.

■ India produces 75% of global basmati rice (3 mn mt annual production)

■ This particular rice segment is growing at over 10 per cent annually.

■ Basmati demand is growing, particularly in the Gulf.

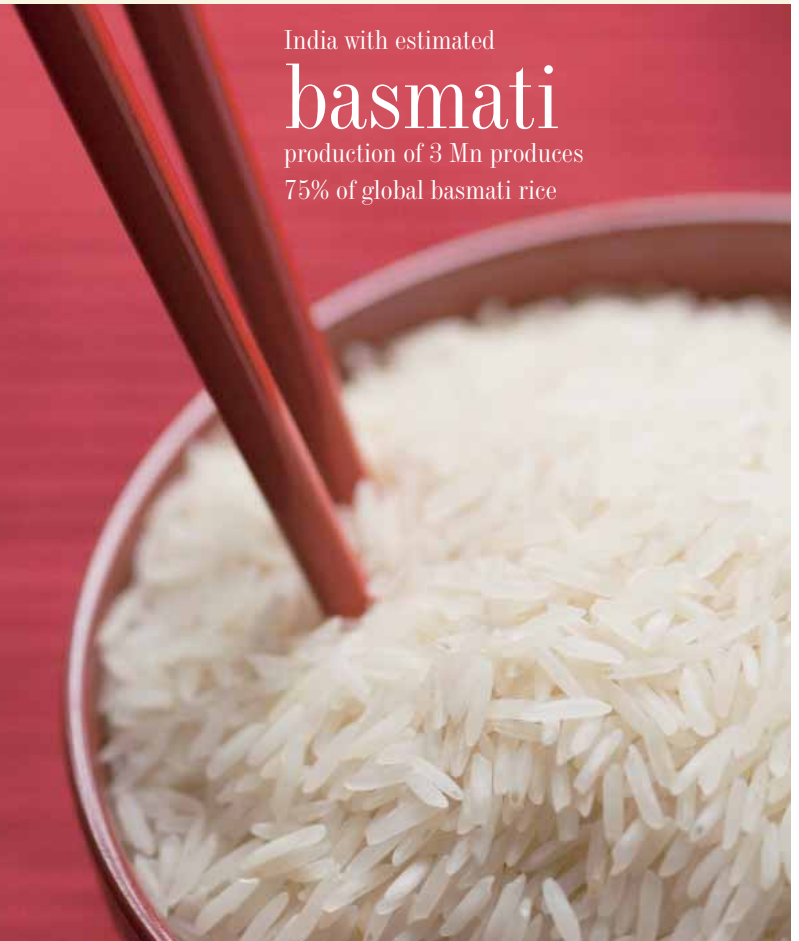
■ Basmati export is likely to increase substantially to over 1.8 million MT in 2009-10.

■ India's exports to Saudi Arabia and United Arab Emirates (key markets) grew 64% and 126% in the last year.

India with estimated

basmati

production of 3 Mn produces
75% of global basmati rice



Delayed monsoon likely to be a basmati boon

Over the last month or so there have been a lot of concerns about the performance of the monsoons this year and the likely impact of the same on agricultural products. Farmers are quite concerned about the performance of monsoons this year. There is a strong possibility of a change in the production patterns with farmers preferring cash crops that require lesser amount of water.

Basmati stands out among rice varieties for its premium quality and cultivation method. Basmati cultivation requires a relatively lower water quantity compared to other crops. For instance, basmati is grown in sprinkling rain and not standing water. In view of this, the delayed monsoon in India and Kharif sowing patterns could catalyse basmati output in 2009. On an extended level, India is expected to increase basmati output in 2009-10.


REI AGRO LIMITED

Regd. Office: 46C, Chowringhee Road, "Everest House", R.N - 15B, Kolkata-71

Unaudited Financial Results For The Quarter Ended 30th June 2009

(Rs. In Lacs)

Sl.No.	Particulars	Qtr Ended 30.06.2009	Qtr Ended 30.06.2008	Year Ended 31.03.2009 (Audited)
	Income			
1	Net Sales/Income from Operation	85,779.29	70,438.26	244,822.71
2	Total	85,779.29	70,438.26	244,822.71
3	Expenditure			
	A) (Increase)/Decrease In Stock In Trade	(3,285.55)	10,996.71	(18,306.43)
	B) Consumption of Raw Materials	52,920.27	30,130.26	168,299.18
	C) Purchase of Traded Goods	15,104.96	8,118.79	29,503.22
	D) Employees Cost	288.91	1,421.50	1,226.03
	E) Depreciation	533.97	651.58	2,128.59
	D) Other Expenditure	4,913.91	6,138.23	19,543.17
	Total	70,476.47	57,457.07	202,393.76
4	Profit from Operations before Other Income, Interest and Exceptional Items	15,302.82	12,981.19	42,428.95
5	Other Income	289.09	64.10	386.10
6	Profit before Interest and Exceptional Items	15,591.91	13,045.29	42,815.05
7	Interest/Finance Cost	9,149.57	7,804.38	33,283.22
8	Profit after Interest but before Exceptional Items (6-7)	6,442.34	5,240.91	9,531.83
9	Exceptional Items	-	-	-
10	Profit/(Loss) from Ordinary Activities before Tax	6,442.34	5,240.91	9,531.83
11	Provision for Taxation			
	- Current Tax	2,281.82	1,790.36	3,360.00
	- Fringe Benefit Tax	2.00	8.00	8.00
	- For Earlier Years	-	-	70.99
12	Net Profit (+)/Loss(-) for the Period (10-11)	4,158.52	3,442.55	6,092.84
13	Paid Up Equity Share Capital (Face Value Re 1/- Per Share)	2,890.30	4,817.17	2,890.30
14	4% Non-Convertible Preference Share (Face Value Rs. 100/- Per Share)	4,000.00	4,000.00	4,000.00
15	Reserve Excluding Revaluation Reserve	-	-	53,332.25
16	Earning Per Share(Eps)			
	- Basic	1.42	0.71	2.04
	- Diluted	1.42	0.71	2.04
17	Public Share Holding			
	No of Shares	168,122,541	29,713,624	168,516,558
	Percentage of Shareholding	58.17	61.68	58.30
18	Promoters and Promoter Group Shareholding			
	A) Pledged/ Encumbered			
	- Number of Shares	33,751,530	NA	33,701,530
	- Percentage of Shares (As a % of Total Shareholding of Promoter and Promoter Group)	27.92	-	27.96
	- Percentage of Shares (As a % of Total Share Capital of the Company)	11.68	-	11.66
	B) Non - Encumbered			
	- Number of Shares	87,156,299	NA	86,812,282
	- Percentage of Shares (As a % of Total Shareholding of Promoter and Promoter Group)	72.08	-	72.04
	- Percentage of Shares (As a % of Total Share Capital of the Company)	30.15	-	30.04

Segment Wise Results And Capital Employed Under Clause 41 Of The Listing Agreement

Sl.No.	Particulars	Qtr Ended 30.06.2009	Qtr Ended 30.06.2008	Year Ended 31.03.2009 (Audited)
1	Segment Revenue (Net Sale/Income From Each Segment)			
	A) Segment Rice	84,960.07	58,404.14	242,531.01
	B) Segment Wind Farm	819.22	765.77	2,291.70
	C) Segment Retail	-	18,863.36	-
	Total	85,779.29	78,033.27	244,822.71
	Less: Inter Segment Revenue	-	(7,595.01)	-
	Net Sales/Income from Operations	85,779.29	70,438.26	244,822.71
2	Segment Results (Profit) (+)/Loss (-) Before Tax and Interest from each Segment			
	A) Segment Rice	14,832.90	11,700.91	42,066.55
	B) Segment Wind Farm	469.92	395.44	362.40
	C) Segment Retail	-	884.83	-
	Results	15,302.82	12,981.18	42,428.95
	Less: I) Interest	9,149.57	7,804.38	33,283.22
	II) Other Unallocable Expenditure Net	(289.09)	(64.10)	(386.10)
	Off Unallocable Income	-	-	-
	Total Profit before Tax	6,442.34	5,240.90	9,531.83
3	Capital Employed (Segment Assets - Segment Liabilities)			
	A) Segment Rice	56,993.21	31,045.90	51,292.50
	B) Segment Wind Farm	8,171.10	7,394.32	7,454.84
	C) Segment Retail	-	23,468.23	-
	D) Unallocable	(702.18)	(764.81)	1,475.22
	Total	64,462.13	61,143.64	60,222.56

Notes

- The Financial Results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on 10th July 2009.
- The above results have been reviewed by Auditors of the Company.
- As per order of the Hon'ble High Court at Kolkata, the Company has during the year adjusted Rs. 81.06 Lacs In Securities Premium A/c towards Deferred Tax Assets computed as per AS-22 issued by the Institute of Chartered Accountants of India.
- Figures for quarter ended June 2008 is before taking into effect the Scheme of Arrangement
- Investors Complaints: pending as on April 1, 2009 - nil, received during the quarter ended June 30, 2009 - 1, pending as on June 30, 2009 - 1
- Each Equity Shares of Rs. 10/- each has been subdivided/split into 10 Equity Shares of Re 1/- each with effect from Feb 05, 2009
- Figures have been regrouped/rearranged wherever considered necessary.

For and on Behalf of The Board Of Directors

Date : 10th July 2009
Place : New DelhiSandip Jhunjhunwala
Managing Director