

The Opportunity

- Growing Market
- Fragmented marketplace
- Shift towards branding
- Booming export market
- New market for branded broken rice
- Focus of the economy on non-conventional sources of power

Industry Outlook

Basmati Rice

- India has **dominant market** share with 75% of global production
- Basmati market is **growing @ 6% p.a.**
- 60-70% market fragmented into small millers, presenting an **opportunity for large organized players**
- The basmati market **rapidly evolving** towards branded sale

Wind Power Farm

- Green **environment friendly** renewable source
- Government's emphasis on non convention power
- **Shortfall of about 8-9%**, and peak demand supply gap of 12-13%
- Only a 6 month gestation period

Key Performance Drivers

- Branded Sales
- Exports
- Wind Farms
- Increased yield of Head Rice
- Reduced Raw Materials cost as a percentage of turnover
- Ability to pass on variance in costs to the customer

Summary of financial performance (Unaudited)

Particulars	Quarter ended June 2006	Quarter ended June 2005	Financial Year 2006 (Audited)
Revenue	2354.27	3013.16	9587.65
Other income	0.02	0.00	2.20
Total	2354.30	3013.16	9589.85
(Increase)/Decrease in Stock	215.73	5.31	(1377.44)
Cost of raw material	1498.02	2565.55	8863.04
Personnel Cost	18.48	17.02	78.03
Manufacturing, administrative & selling expenses	164.66	108.88	536.01
Interest	131.20	93.05	373.47
Depreciation	34.19	21.25	93.43
Total expenses	2062.28	2811.07	8566.55
Profit before taxation	292.02	202.09	1023.31
Provision for taxation	33.02	10.00	90.56
Deferred tax liability	65.53	33.00	272.45
Net income	193.47	159.09	660.29
EBITDA	457.41	316.39	1490.21
Operating margin %	19.43	10.50	15.54

REI

Agro Limited

JUNE 06

Quarterly review

Key drivers for increased profitability

- Branded Sales of Rs. 1268 million, over 50 % of basmati sale
- Export volume of 24913 Mt, 30 % of basmati sales volume
- Export sale of Rs 587 million, 25% of turnover
- Income from Wind Energy Rs.59 million up from Rs. 33 million in the June quarter 05

Strategic Plan

- Focus on higher margin branded sale
- Capitalise on the par boiling facility installed with growing volumes of exports
- Further strengthen the distribution network taking REI products closer to the consumer with the complete product range
- Invest in wind farms to further strengthen the company

Financial Overview

- Net Profit has grown to Rs. 193.47 million in the June quarter'06 from Rs. 159.10 million in the June quarter'05.
An increase of 21%
- Higher exports resulted in changed product mix. Lower value higher margin par boiled rice sale now constitute 25% of sales
- No trading activity during the quarter, concentrating on the higher margin manufacturing activity instead. Trading sales was Rs. 900 million in June 2005.
- As a result of the above. turnover has reduced from Rs. 3013 million in June 2005 to Rs. 2354 million in June 2006.
- EPS increased to **Rs. 4.86 in the June quarter'06 from Rs. 4.62 in the June quarter'05**
- EBIDTA margins have increased to **19.43% up from 10.5% in the June quarter'05**
- Branded sale of Rs. 1268 million in the quarter, now contributes over 50 % of turnover.
- Export of 24913 MT which constitutes over 30% of total quantity sold

Strong Distribution Network drives brands

The company's strong distribution network of 441 distributors has enabled the company to not only increase sale, but also helped move up the value chain with increased branded sale



Exports drive bottom line

Enhanced exports of parboiled rice have helped in increasing margins. Change in product mix resulted in lesser turnover particularly during the quarter

REI

Agro Limited

JUNE 06

Quarterly review

Capital Structure

- Equity Capital of Rs. 38.8 million shares of Rs. 10 each
- Equity is held by promoters - 43%, FIIs' – 20% Private Corporate Bodies - 24 %, Public 10% and NRIs' 3%
- Indian Equity listed on NSE & BSE. GDR's listed on London Stock Exchange and FCCB's listed on Singapore Stock Exchange

Wind farm -

The company has installed generation capacities of 29.9 MW of power at Dhule in Maharashtra and at Jaisalmer in Rajasthan. Wind energy does not require any major working capital resources. The investment in wind energy, complement the core business of the company by enhancing the bottom line and also de-risks the business. The company is looking at making further investments in the segment



Basmati Rice

Processing

Bawal Growth Centre,
Bawal, Haryana

Capacity

49 TPH of rice (addl. 12
TPH under installation)
32 TPH of par boiling

Wind Power

1. Jaisalmer, Rajasthan
2. Dhule, Maharashtra

Plant 1 = 7.50 MW

Plant 2 = 22.40 MW



Corporate Governance

The company remains committed to good corporate governance practices. More than 50% of the Board Members are independent directors with varied experience in Basmati rice, finance, human resource etc

REI

Agro Limited

JUNE 06

Quarterly review

Future Outlook

The outlook for 2007 is noticeably better because of :

- completion of the second phase of expansion increasing capacity to 61 TPH
- additions in the wind farm capacities with REI entering the state of Tamil Nadu
- moving up the value chain with higher share of branded and export sale

Corporate Office

REI Agro Limited

58 A-1,
Sainik Farms
New Delhi 110 062
India

Tel: +91 11 32906030
Fax: +91 11 29552403

Registered Office

REI Agro Limited

46 C, 15th Floor,
Everest House,
Chowringhee Road,
Kolkata, India

Tel: +91 33 32925061
Fax: +91 33 22882241

[This document is strictly for private circulation and should not be treated, considered and / or otherwise used as an Offer Document for the purpose of making investment decision.]