

CORPORATE INFORMATION

Board of Directors

Shri Sanjay Jhunjunwala
Chairman

Shri Sandip Jhunjunwala
Vice Chairman cum Managing Director

Dr. ING N. K. Gupta
Director

Shri A. Chatterjee
Director

Shri K. D. Ghosh
Director

Company Secretary

Shri Mandan Mishra

Statutory Auditor

P. K. Lilha & Co.
Chartered Accountants

Internal Auditor

S. Jaykishan
Chartered Accountants

Registered Office

"Everest House"
46C, Chowringhee Road
15th Floor, Room No. – 15 B
Kolkata - 700 071

Corporate Office

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

R & T Agent

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata - 700 001

Bankers/Financial Institutions

1. UCO Bank
2. Indian Overseas Bank
3. Corporation Bank
4. Allahabad Bank
5. State Bank of Bikaner & Jaipur
6. United Bank of India
7. Bank of Maharashtra
8. IndusInd Bank Ltd.
9. ICICI Bank Ltd.
10. State Bank of Mysore
11. Infrastructure Development Finance Co. Ltd.
12. Indian Renewable Energy Development Agency Ltd.
13. State Bank of Indore

DIRECTORS REPORT



Dear Shareholders

Your Directors have pleasure in presenting the 15th Board Report along with the audited Financial Results for the year ended 31st March 2009.

Summarised Financial Results:

(Rs. in Lacs)

	2008-2009	2007-08
Turnover	245209	173859
Profit before interest and depreciation	44943	32057
Less: Interest	33283	17737
Depreciation	2128	1990
Profit before tax	9532	12330
Less: Provision for taxation (including FBT and other taxes)	3439	2025
Profit after tax	6093	10305
Amount available for appropriation	7835	12197
Less:		
Proposed Dividend	449	883
Corporate Dividend Tax	76	150
Short provision for Dividend and Tax	-----	-----
Transfer to General Reserve	7000	9423
Balance Carried to Balance Sheet	309	1741

Financial figures for the financial year 2007-2008 showing the figure related to Basmati rice and Wind farm only as the retail undertaking of the Company has been demerged from the Company as per Scheme of Arrangement approved by the Honorable High Court of Calcutta vide order dated 27th August, 2008 becoming effective on 8th September, 2008 with the effective appointed date of 25th August, 2007.

Financial performance

During the year under review 2008 - 09, your Company has achieved sales of Rs. 2448 Crore as against Rs.1735 Crore in previous year thereby registering an overall growth of over 41% in the year. This was possible because of increased volumes and realizations in the basmati rice segment in domestic market as well as international market. The segment wise detail highlight the performance of the individual segments of the Company.

Basmati rice segment

During the financial year 2008-09, there was an increase in sales in basmati rice to Rs. 2423 Crore from Rs.1713 Crore in the immediately preceding previous year thereby registering a growth of 41%.

Wind power segment

During the financial year 2008-2009, this segment showed an increase in generating revenue by 28% (approximately) i.e. Rs. 23 Crores from Rs. 18 Crores in the immediately preceding year though very insignificant in comparison to overall sales of the company.

Dividends

The Board proposed and recommended a dividend @10%, on the face value of Re. 1 each of an equity share to

equity shareholders aggregating to Rs. 289.03 lacs and @ 4%, i.e. Rs. 4/- against the face value of Rs. 100/- each of a preference share to the preference shareholders aggregating to Rs.160 lacs for the financial year 2008-09.

Unclaimed / unpaid dividend

Pursuant to the provision of Section 205A read with Section 205C of the Companies Act, 1956, if a dividend remains unpaid / unclaimed for a period of seven years from the date of its declaration, the same shall be transferred to "Investor Education & Protection Fund" established by the Central Government. It is to be noted that once the dividend is transferred to this fund, the shareholder loses his right of claim over it. The Company has during the year under review transferred a sum of Rs. 17291 as unclaimed dividend for the year 2001-2002 to the said fund.

Members are requested to claim the amount of Unpaid/ unclaimed dividend for the year 2002-2003 onwards on or before the due date failing which the said amount shall be transferred to the above mentioned fund.

Exports

The total exports sales of the company amounted to Rs. 1000 Crores which represents about 41.27 % of net sales of Basmati Rice. Exports have increased from Rs 316



Crores which was 18.44% of net sales in the previous year.

During the financial year 2008-2009 there is overall 216% growth in the export of basmati rice in comparison to immediately preceding financial year 2007-2008.

Expansion & Future Plan

The current year has been marked by the remarkable capacity of the Company in basmati rice.

Basmati rice segment

The company has registered impressive growth in the current year and the positive results of expansion will continue to show in the next and following years. The Company will, further, expand its capacity by taking plants on lease basis.

Wind farms

Your Company is having wind farm in the State of Rajasthan, Maharashtra, Tamilnadu & Gujarat and its installed aggregate capacity is 46.1 MW.

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 with the Stock Exchanges forms part of the

Annual Report. A certificate to that effect has been obtained from a Practicing Company Secretary and is annexed to this Report.

Environmental aspects and social responsibility

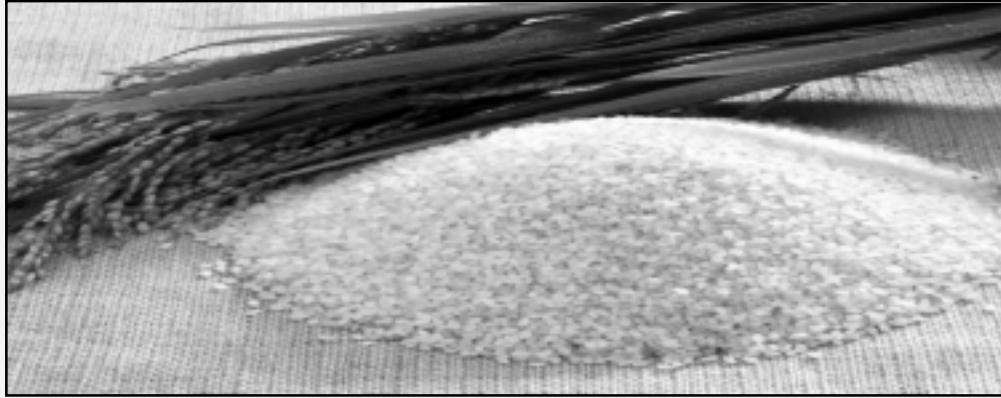
The Company continues to show its commitment for improvement in all aspects of the environment and pays special emphasis for plantation and preservation of trees, development of gardens in the vicinity of the factory and office premises. We pay full attention to promote, improve and maintain our responsibility to the society.

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 expertise etc is given in the notice to the ensuing Annual General Meeting.

Auditors and Auditors' Report

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 is eligible for reappointment. They have indicated their willingness to accept reappointment. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be approved by the members and their remuneration has to be fixed.



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

Director's 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:

- ✓ In preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanations relating to material departures, if any.
- ✓ The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- ✓ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- ✓ The Directors have prepared the annual accounts 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

Details of remuneration paid to employees, as required by section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and marked as Annexure 'B' and forms part of this Report.

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 its 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 : 8th June, 2009

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 2008-09 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, adoption and innovation:

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.

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 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:

Expenditure on R & D

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:	Rs.
Foreign exchange earned (FOB value of export of goods)	97691.20 lac
Foreign exchange outgo	697.42 lac
Net foreign exchange earned	96993.78 lac

Annexure B

Details of remuneration:

The name of employees and remuneration drawn by them as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are as under

Name of employee	Qualification	Age (Experience in year)	Remuneration drawn (Rs.)	Percentage of equity shares held	Date of commencement of employment*	Last employment held
Mr. Sandip Jhunjunwala (Vice Chairman cum Managing Director)	B.Com	40 Years (14 Years)	5710285 per annum	0.5361	30.06.2008	-----
Mr. Ajay Sharma (President)	M.Sc. and postgraduate diploma in export management	54 years (32 years)	6555824 per annum	-----	01.01.2004	Satnam Overseas Ltd

*Employment is contractual

MANAGEMENT DISCUSSION AND ANALYSIS



The Indian Economy

India's diverse and liberalized, trillion dollar, economy comprises conventional village farming as well as modern agriculture, a wide range of modern industries and a large number of services and handicrafts. The economy has registered an average growth rate of more than 7 per cent since 1997, reducing poverty by about 10 per cent. India has achieved 9.6 per cent GDP growth in 2006, 9.0 per cent in 2007, and 6.6 per cent in 2008, significantly expanding manufactures through late 2008.

Indian Rice Industry

Rice is one of the most important food grains in the world, accounting for more than 20 percent of global calories consumed and 29 percent in low-income countries. According to the Food and Agriculture Organization of the United Nations, India, after China, is the second-largest rice producer, consumer, and exporter and plays an important role in the global rice economy. India is a major supplier of fragrant basmati rice. India views rice as a strategic commodity for food security based on grains (rice and wheat). Consequently, the government intervenes in the market through grain procurement, price supports, and export subsidies. In recent years the government has procured some 25 percent of the annual harvested crop to replenish government Stocks. However, there are no major Government controls on pricing etc. on Basmati rice. The prices of both basmati paddy and basmati rice are market driven. Major markets for basmati rice include the Saudi Arabia, Kuwait, United Arab Emirates and European Union (EU),

Some important facts about rice in Indian Scenario are as:

- ✓ Agriculture is the main source of income for families in India. Farms cover over half the land and almost three-quarters of that land is used to grow the two major grains: rice and wheat.
- ✓ India is the second leading producer of rice in the entire world, preceded only by China.
- ✓ According to USDA (United States Department of Agriculture), India's annual rice production would increase to 16.3 million tonnes by the year 2016.
- ✓ In terms of annual yield, i.e. production per hectare, India would record a 13% increase by 2016, as per USDA.
- ✓ In India, Rice is cultivated in both seasons - Kharif and Rabi. However, Basmati rice is grown only in the Kharif season.

- ✓ West Bengal, Uttar Pradesh, Andhra Pradesh, Punjab, Tamil Nadu, Bihar, Orissa, Assam, Karnataka and Haryana are the major rice producing states. More than 50% of total production comes from the first four states. Basmati rice is grown in Haryana, Punjab, Uttarakhand and Western Uttar Pradesh.
- ✓ Food Corporation of India purchases around 20 to 25% of the total rice production in the country both under levy from the rice mills and directly in the form of paddy from the farmers at Minimum Support Prices announced by the Govt.
- ✓ More than 4000 varieties of rice are grown in India.
- ✓ India is the world's largest exporter of Basmati rice to Saudi Arabia and other Middle East Countries, Europe, and the United States.

Basmati Rice in India

Basmati Rice, a variety of long grain rice with a fine texture, is the world's best rice that one can use for cooking and the leading aromatic fine quality rice in the world trade. Basmati rice means the "queen of fragrance" or the perfumed one. This type of rice has been grown in the foothills of the Himalayas for thousands of years. In India, Basmati rice is characterized by extra long, superfine slender grains having a length to breadth ratio of more than 3.5, sweet taste, soft texture, delicate curvature and an extra elongation with least breadth-wise swelling on cooking. This highly aromatic rice is India's gift to the whole world. It is estimated that India produced approximately 3.0 million metric tonnes of basmati rice out of the total global production of about 4.0 million metric tonnes in 2008-2009. The remainder is produced by Pakistan.

History of Basmati Rice

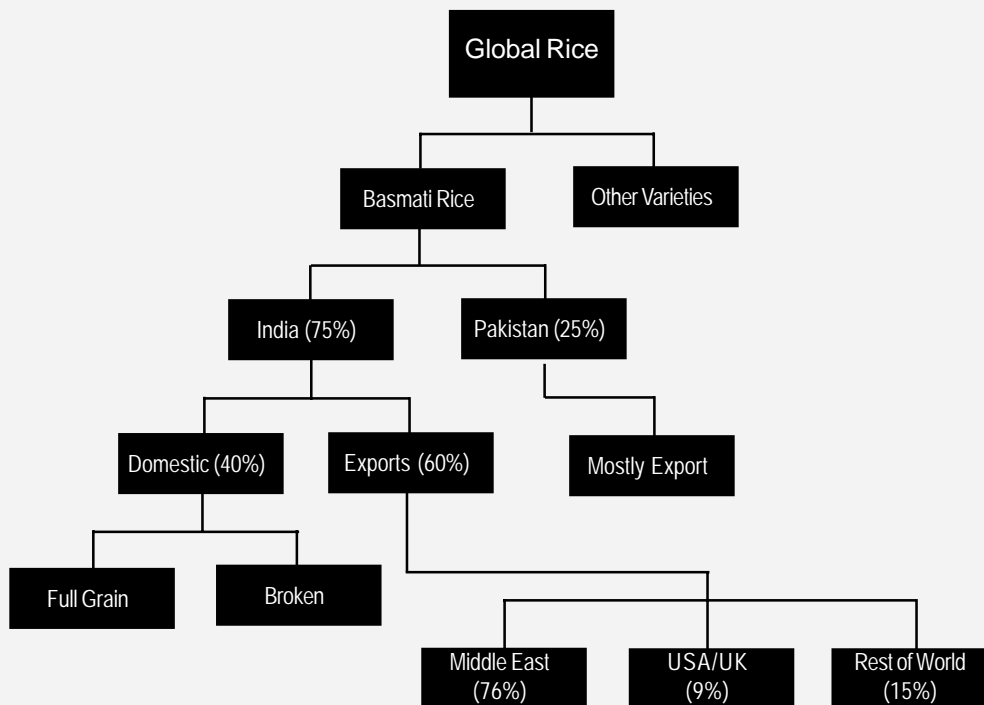
Basmati Rice is a simple grain, yet throughout history it has been on royal menus of various cultures as the main dish. From the pilav of Turkey, polou of Persia, pilafs of the Steppes, the isotos and paellas of the Mediterranean, to the pulau of India it has been served to great sultans, maharajahs, shahs and emperors. Spices, nuts, dried fruits, vegetables and herbs are natural for Basmati rice. Basmati rice transforms rice dishes into extraordinary meals.

Also known as the "Queen of Rice", this highly aromatic grain that is long and elegantly thin, has originated from Vasumati which means earth recognized by its fragrance. The full exposition of the word is from Hindi. Bas originating from Prakrit Vas which has a sanskrit root- Vasay connoting aroma; and mati from mayup meaning ingrained from the origin. Common usage has changed Vas to Bas while joining bas and mayup the latter changed to mati.. Thus the word Basmati originated. According to Ayurveda, Basmati, the king of all varieties of rice, is saatvic or pure, is nourishing for the body tissues and is easy to digest.

Basmati Rice has been cultivated at the foot of the Himalayan mountain ranges in India for thousands of years. The rivers Yamuna and Sutluj irrigate the Basmati paddy fields in Haryana and Punjab respectively. To obtain the correct aroma and flavor of Basmati rice, proper ageing is required to reduce its moisture content. The maximum quantities of basmati paddy is grown in Haryana.

Export of Basmati Rice from India

Basmati Rice, the leading aromatic fine quality rice in world trade, fetches good export price in international market for its three distinct quality feature: pleasant aroma, super fine grains and extreme grain elongation. Nearly two third of Basmati Rice produced in India is exported. India accounts for about 75 percent of the world's basmati production. It is estimated that Indian exports of basmati rice reached approximately 1.85 million metric tones in 2008-2009. The largest export market for Indian basmati rice has traditionally been the Middle East with 76% share of India's exports in 2007-08. The United Kingdom and the United States accounted for approximately 9.1%, while the rest of the world accounted for the remaining 15% of India's exports.



Agronomic Features of Basmati Rice

The Agronomic Features of Indian Basmati Rice are as follows:

- ✓ The Basmati plant rice is very tall and weak and hence prone to lodging.
- ✓ Basmati rice is photo-period sensitive and susceptible to insect pests and diseases.
- ✓ Breakage percentage of long and extra long grain on milling is high, giving lower head rice recovery.
- ✓ At all stages of the crop growth and in almost all parts of the plant, the typical aroma of Basmati is evident.
- ✓ Basmati rice varieties are known to produce better aroma when these cultivars are exposed to cool weather conditions during ripening. Hence Basmati rice requires relatively cooler temperatures (25°C in day and 21°C at night) during crop maturity for better retention of aroma.
- ✓ The Basmati rice exhibits location effect quite considerably. Therefore the best quality of Basmati rice is grown in traditional areas due to an interaction of genotype, soil and environmental factors.

Areas Producing Basmati Rice in India

Basmati rice is mostly grown in the traditional areas of north and north western part of Indian sub-continent for many centuries. The super-fine best quality of Basmati rice is produced on either side of Indus valley in India.

The main states growing Basmati Rice in India are:

- ✓ Haryana
- ✓ Uttar Pradesh
- ✓ Punjab
- ✓ Uttarakhand

Industry's Growth Drivers

Improving Demographics:

India is currently the second most populous country as well as the youngest with the population estimated at 1.20 billion, growing at 1.8% annually. The Indian middle class is expected to grow to 153 million by the year 2009-10 (Source: NCAER). Currently, the urban population comprises 28% of the aggregate Indian population, growing at 2.77% and is expected to rise to 40% by the year 2020 (Source: Vision 2020 document), with much of the growth concentrated in or around 60 to 70 large Indian cities with over one million population each. This results into a rising demand for cereals.

Rising per capita income:

India is the fifth largest country in purchasing power parity and the tenth largest in sheer quantum terms. In year 2008-09, India's per capita income is estimated to be more than USD 653.13 and is expected to rise to USD 2000 by the year 2016-17 and USD 4000 by the year 2025 (Source: CSO). The average household disposable income would reach Rs. 3, 18,869 by year 2025 at a CAGR of 5.3%, resulting in an increased demand for basmati. The average Indian is earning higher than ever before. The estimated cumulative liquid wealth of the Indian affluent class is poised to grow at 50% over the next three years.

Rising Consumerism:

India is expected to graduate from the 12th largest in the year 2007 to the World's fifth largest by the year 2025 among consumer markets. There is subtle shift occurring in the Indian spending habit. Expenditure in life style and premium goods, rather than spending on necessities, is projected to account for 70% of all consumers spending by the year 2025. By 2025, urban consumers are likely to represent 37% of the population and still account for 62% of consumption (Source: McKinsey report).

Basmati's retail acceptance:

The expansion of retail stores and hyper markets has led to a five fold increase in the branded basmati rice market in the last five years. The share of branded basmati rice in total basmati consumption has seen an exceptional rise. With widespread presence of big retail chains, the consumer is increasingly turning to brands and becoming brand selective. A consumer prefers to buy an attractively packaged rice brand of superior quality as compared with loose unbranded rice. Moreover, a brand enjoys complete consumer trust built over time. Unlike packaged rice, loose rice offers scope for adulteration and price manipulation. The branded rice category is expected to grow significantly over the next three-four years.

REI Agro's robust business model:

REI Agro was established in the year 1994 with a vision to consolidate the fragmented basmati rice industry. In a short span of time it has risen to the position of an undisputed leadership in the industry. A unique business model, out of the box approach of the management, and the goodwill of the customers have enabled the company to consolidate on its leadership position.

Today, REI Agro with a turnover of Rs.2452 Crores in fiscal 2009 is the country's food major. It follows an integrated business model and is equipped with the latest technology available globally. The company has regularly scaled up its production capacity and during the year had a capacity of 692040 MTPA.

Company is the market leader in the processing and marketing of basmati rice with 20% market share of production in India. It has long term track record of growth and value creation. Company has got consistent improvement in EBITDA margins over the last several years.

The Company has a strong grass root presence with enduring farmer relations built on timely remuneration for farmers for regular and voluminous purchases. The company thereby enjoys a preferred buyer status among farmers. Company is a major exporter of Basmati to the Gulf region, which is one of the World's largest consumer of Basmati rice. Company has integrated operations right from procuring of paddy, maturing, processing to packaging, branding and distribution of Basmati rice. Company is exclusively focused on Basmati rice and does not deal in other varieties of rice or other food products.

Risk Management

Risk arises out of uncertainties regarding events and their possible outcomes that could affect the company's performance. As a risk conscious organization, REI Agro is committed to proactive awareness, appraisal, and counter-action. The company's risk-mitigation approach comprises prudential norms, structured reporting, and control. This approach ensures that the management of risks is centrally initiated but prudently decentralized across managers, enabling them to mitigate risks during each transaction, the most effective form of risk mitigation. At REI, only those business decisions are taken that balance risk and reward, ensuring that the company's revenue generating initiatives are consistent with its risk appetite.

Health, safety and environment

The company attached the utmost importance to safety standards at all its installations. The company has set up standard operating procedures after painstakingly ensuring that the highest standards are maintained and security is compromised at no cost. Employee and equipment safety is a regular process and includes conducting safety audits etc. The company has invested in wind farms that generate environment friendly wind power. The wind farms are located at the Indian states of Rajasthan, Maharashtra, Tamil Nadu and Gujarat.

Adequacy of Internal Controls

The company aims to continuously improve operational efficiency to ensure the optimum use of our resources. The management oversees the internal controls to ensure effective monitoring of processes and compliance with all the applicable laws and regulations. The company ensures strict adherence to the internal control systems and procedures and is reviewed by both the internal and statutory auditors. An audit committee of the Board of Directors comprising of independent directors ensures the adequacy of internal control procedures.

Human resources

The company has built a strong team comprising of able and experienced professionals and we believe that the team is responsible for the high growth achieved by the company.

Outlook:

India is the international market leader in excellent rice quality. Therefore, exports are expected to rise, following recognition of its quality, superior branding and focused marketing with easy and greater access to the Gulf, US and the European markets for agricultural products. In spite of uncertainty surrounding export restrictions, the future appears optimistic enough. The future for the basmati rice industry remains optimistic. There is an increasing acceptance of Basmati rice in the world and the demand for the same has been increasing. The government has imposed a ban on the export of non basmati rice but the government has not banned the export of basmati rice thereby ensuring that the farmers of Haryana, Punjab, Western UP and Uttarakhand benefit from the exclusivity of this variety of rice.

REPORT ON CORPORATE GOVERNANCE

REI Agro 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

[A] The Company's Philosophy on Code Of Governance

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. Our governance philosophy rests on five basic tenets, viz., Board 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. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 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.

Board of Directors

The Board of Directors comprises of five Directors, chaired by an Executive Director. Three of the Board members are Non-Executive independent directors. The composition of the Board of Directors during the year is in conformity with the Clause 49 of the Listing Agreement. Mr. Sanjay Jhunjunwala and Mr. Sandip Jhunjunwala, being relatives, are related to each other. All Directors are above 21 years of age. 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	* No. of Board Meetings attended	*Attendance at last AGM of the Company
Shri Sanjay Jhunhunwala	Executive Chairman	NIL	NIL	NIL	Absent
Shri Sandip Jhunhunwala	Vice-Chairman -&- Managing Director	5	NIL	9	Present
Dr ING N.K. Gupta	Independent Non-Executive Director	6	6	5	Absent
Shri A. Chatterjee	Independent Non-Executive Director	8	6	10	Present
Shri K.D.Ghosh	Independent Non-Executive Director	1	6	2	Present

* Leave of absence was granted for not attending the meeting.

** Number of Directorships/Memberships held in other companies excludes Directorship/Membership in private limited companies, foreign companies, membership of various committees of various chambers/bodies and Companies under Section 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 Meeting held during the financial year 2008-09:

Sl. No.	Date	Board strength	No. of Directors present
1.	16.04.2008	5	2
2.	30.06.2008	5	3
3.	31.07.2008	5	2
4.	13.09.2008	5	2
5.	27.09.2008	5	3
6.	04.10.2008	5	2
7.	25.10.2008	5	3
8.	10.12.2008	5	3
9.	19.12.2008	5	2
10.	27.01.2009	5	3
11.	20.03.2009	5	2

The time gap between any two meetings did not exceed maximum time gap of four months.

Name of Directors	Board Meeting	
	Held	Attended
Shri Sanjay Jhunjunwala	11	Nil
Shri Sandip Jhunjunwala	11	9
Dr ING N.K. Gupta	11	5
Shri A. Chatterjee	11	10
Shri K.D.Ghosh	11	3

[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 with the management annual and quarterly financial statement before submission to the Board for approval; reviewing the management discussion and analysis of financial condition and result of operations, Statement of related party transactions, Internal audit report relating to internal control weaknesses and letter of internal control weaknesses.

During the year 2008-09, the Committee met on 30.06.2008, 26.07.2008, 25.10.2008 and 27.01.2009. The constitution and particulars of meetings attended by members of the Committee are given below:

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

* Leave of absence was granted for not attending the meeting

[D] Remuneration of Directors:

The Details of Remuneration paid to Directors for the year ended 31st March 2009 is as follows:

Name of the Director	Sitting fees	Salary & Perquisites	commission
Shri Sanjay Jhunjunwala	Nil	Nil	2400000
Shri Sandip Jhunjunwala	Nil	5710285	Nil
Dr. ING N.K. Gupta	37500	Nil	Nil
Shri A. Chatterjee	82500	Nil	Nil
Shri K.D. Ghosh	27500	Nil	Nil

The details of Equity Shares held by the Directors are as follows:

Name of the Director	No. of shares held	Nominal value of shares
Shri Sanjay Jhunjunwala	2550120	2550120
Shri Sandip Jhunjunwala	2553720	2553720
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 Mr. K.D. Ghosh (Chairman, Independent Director), and Mr. A. Chatterjee (Member, Independent Director). During the year, no investor's complaints were received by the Company and no complaints were pending at the end of the year. During the year, four meetings were held on 30.06.2008, 26.07.2008, 25.10.2008 and 27.01.2009 respectively. The Company Secretary of the Company acted as Secretary to the Committee.

Name and designation of Compliance Officer (contact person)

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

Compliance Officer	:	Mr. 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 new Clause 47(f) of the Listing Agreement the Company's e-mail ID for grievance redressal purpose is investorgrievance@reiagro.com where complaints can be lodged by the investors.

Share Transfer Committee and Share Transfer System

[F] General body meetings

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

Venue	Financial Year	Date and time
Gyan Manch, 11 Pretoria Street, Kolkata - 700 071	2005-06	September 23, 2006 1:30 P.M.
Rotary Children's Welfare Trust Rotary Sadan,94/2, Chowringhee Road, Kolkata-700020	2006-07	September 20, 2007 11.00 A.M.
The Institution of Engineers (India) , Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020	2007-08	September 30, 2008 10.00 A.M.

During the last three financial years the Company has passed the following Special Resolution in its AGM.

Date of resolution	Subject matter of resolutions
23rd September, 2006	<ul style="list-style-type: none"> ✓ Further Issue of Securities u/s 81 (1A) of the Companies Act, 1956. ✓ Resolution for Qualified Institutional Placement. ✓ Commencement of Business included in other objects of the Company.
20th September, 2007	<ul style="list-style-type: none"> ✓ Alteration of Articles of Association of the Company by altering Clause 54 of the Articles of Association of the Company.
30th September, 2008	<ul style="list-style-type: none"> ✓ Nil

There is no Special Resolution which is proposed to be conducted through Postal Ballot in the immediate future.

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 Mr. K.D. Ghosh (Chairman, Independent Director) and Mr. 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

The Company received 28 cases of Share Transfer comprising of 55200 shares. No Transmission cases received during the year. The Company received 29 cases of dematerialisation comprising 63047 equity shares and 8 cases comprising 22 equity shares for rematerialisation received during the year.

Subsidiary Company

The Company has no subsidiary company.

[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 the Company's subsidiary or relatives of the directors during the financial year that could have potential conflict with the interests of the Company. 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. An inspection under Section 209A of the Companies Act was carried out by the Regional Director, Eastern region and some queries were being raised. The company has submitted its reply to the satisfaction of the authority and has taken necessary action as directed. Further, no penalty, fine or strictures have been imposed on the Company by the SEBI, stock exchange (s) or any other statutory authorities.

(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. Quarterly Results are sent to the Stock Exchanges on regular and timely basis and also published in English leading Newspaper as well as Regional language Newspaper of the State where the Company is registered. The results are simultaneously posted on the EDIFAR link on SEBI's official web site www.sebi.gov.in. All the key information provided to the Stock Exchanges are regularly published in the newspapers. Important information is also displayed on the web site of the Company at www.reiagro.com.

The shareholders are provided with the necessary information with notices sent for the Annual General Meeting/EGM. Any other information sought by shareholders is being provided on request. As per the requirement of Clause 47(f) of the Listing Agreement, the Company has notified an e-mail id (investorgrievance@reiagro.com) for the purpose of investor grievance and other queries of the investors.

[I] General shareholder's information

(i) AGM details

Date & Time	Wednesday, 23rd September 2009
Venue	The Institution of Engineers (India) , Sir R.N. Mukherjee Hall, 8, Gokhale Road, Kolkata - 700 020
Book Closure Date	22nd September 2009

(ii) Registrar & Share Transfer Agents (RTA) Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata-700 001.
Phone no. 033-22482248,
033-22435029/5809
Fax: 033-22484787

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 its declaration shall be transferred to Investor Education & Protection Fund. Accordingly, dividend for the year 2001-02 has already been transferred to the said fund. It may be noted that upon the transfer of dividend to Investor Education & Protection Fund, members lose their right to claim such dividend. Therefore, members are requested to claim their dividend for the year 2002-03 on/before the date of AGM i.e. 23rd September 2009.

(iii) Financial year:

The financial year of the Company starts with 1st April and ends on 31st March 09.

Financial calendar (tentative)

Sl. No.	Approval/Adoption of	On or before
1.	1st Qtr. Financial Result ending on 30th June, 2009	31st July, 2009
2.	2nd Qtr. And half year Financial Result ending on 30th September, 2009	31st October, 2009
3.	3rd Qtr. Financial Result ending on 31st December, 2009	31st January, 2010
4.	Audited Financial Result for year ending March, 2010	30th June, 2010
5.	Next Annual General Meeting	30th September, 2010

(iv) Market price data

The Monthly high and low prices of the equity shares of the company at National Stock Exchange and Bombay Stock Exchange during financial year 2008-2009 are as follows:

Month	BSE		NSE	
	High Price (Rs.)	Low Price (Rs.)	High Price (Rs.)	Low Price (Rs.)
April 2008	1670.00	1376.95	1669.90	1350.00
May 2008	1795.00	1445.00	1787.80	1500.00
June 2008	1721.00	1290.00	1719.00	1295.00
July 2008	1378.80	863.05	1388.70	860.05
August 2008	1439.00	825.00	1434.95	823.45
September 2008	1468.90	902.85	1469.00	903.90
October 2008**	N.A	N.A	N.A	N.A
November 2008	999.00	355.00	725.00	334.00
December 2008	760.00	511.15	784.00	475.00
January 2009	720.00	545.10	777.5	541.55
February 2009	576.80	46.25	580.00	46.25
March 2009	55.00	38.00	53.90	38.00

** Trading of equity shares on BSE and NSE was suspended due to execution of scheme of arrangement and reduction of share capital

(v) Listing at stock exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Further, FCCBs and GDRs issued by the Company are listed on Singapore Stock Exchange (SGX) and London Stock Exchange (LSE) respectively in compliance with statutory requirements.

The Company has paid the listing fees to BSE & NSE and no other due are payable by the company to any Stock Exchange.

Stock Code

BSE Code: 532106

NSE Code: REIAGROLTD

LSE Code: REAA & REA

SGX Code: 7AUB &

XS0223920421 (ISIN Code)

(vi) 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, 2009 is given as under.

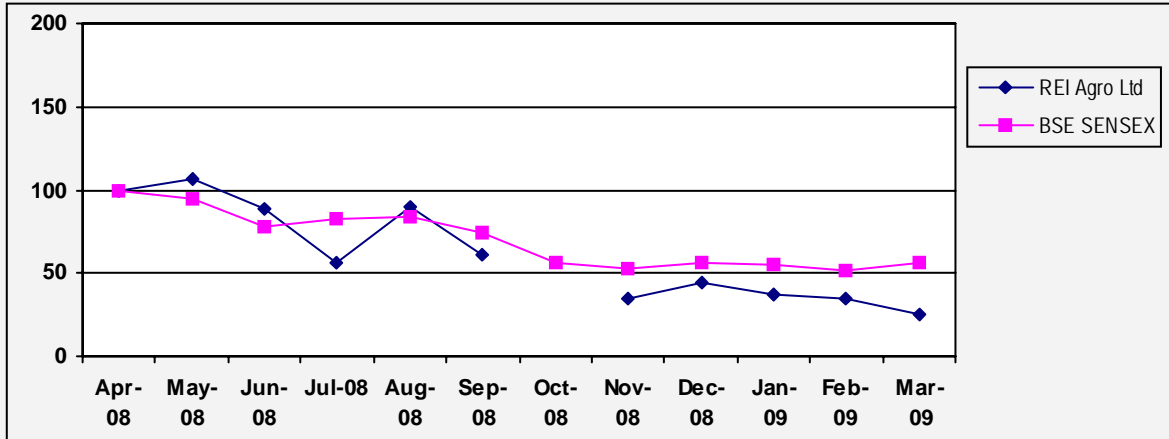


Chart One: Both BSE Sensex and REI Agro Share prices are indexed to 100 based on April, 2008 closing prices.

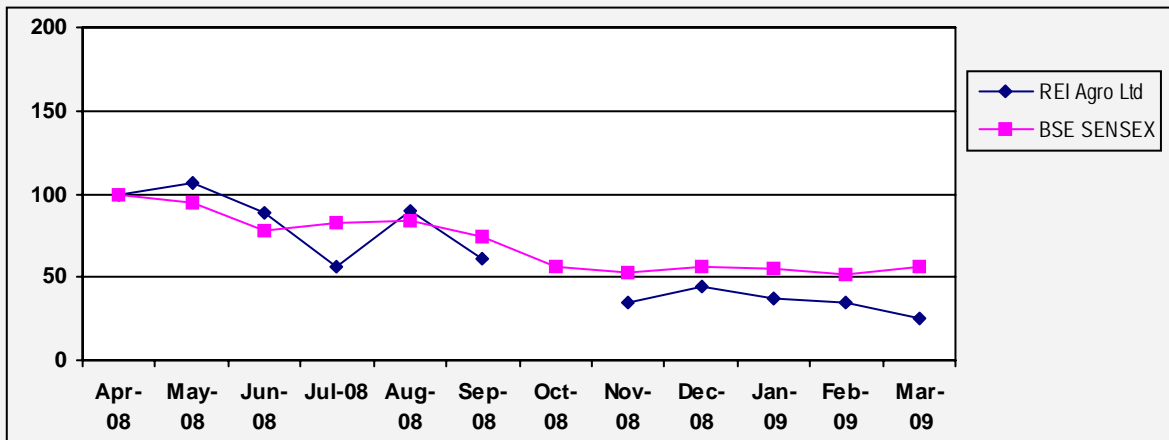


Chart Two: Both NSE Nifty and REI Agro Share prices are indexed to 100 based on April, 2008 closing prices.

(vii) Distribution of shareholding

The Shareholding distribution of equity shares as on 31st March, 2009 is given below: -

Sl. No.	No. of Equity Share held	No. of Shares	Percentage of Shareholding
1.	1 to 500	431324	0.1492
2.	501 to 1000	268398	0.0929
3.	1001 to 2000	273703	0.0947
4.	2001 to 3000	208178	0.0720
5.	3001 to 4000	53673	0.0186
6.	4001 to 5000	82735	0.0286
7.	5001 to 10000	390482	0.1351
8.	10000 & above	287321877	99.4089
	Total	289030370	100.00

viii) Shareholding pattern of the Company as on 31st March, 2009

Category	Category of shareholders	Number of shareholders	Total Number of Shares	Number of shares held in dematerialized from	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 % (IX)=(VIII)\(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	7	5821740	5821740	2.1539	2.0142	0	0
(b)	Central government / State government(s)	0	0	0	0	0	0	0
(c)	Bodies corporate	8	114692072	114692072	42.434	39.6817	33701530	29.3844
(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)	15	120513812	120513812	44.5879	41.6959	33701530	27.9649
(2)	Foreign							
(a)	Individuals (Non-Resident individuals/ Foreign individuals)	0	0	0	0	0	0	0
(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)	15	120513812	120513812	44.5879	41.6959	33701530	27.9649
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	2	68570	68570	.0254	.0237	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(c)	Central government/	0	0	0	0	0	0	0

Category	Category of shareholders	Number of shareholders	Total Number of Shares	Number of shares held in dematerialized from	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)
	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	50000	50000	.0185	.0173	0	0
(f)	Foreign institutional investors	22	20960297	20960297	7.7549	7.2519	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)	25	21078867	21078867	7.7988	7.293	0	0
(2)	Non-institutions							
(a)	Bodies corporate	357	56144497	56143897	20.7725	19.4251	0	0
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	4269	4513854	1466724	1.67	1.5617	0	0
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	20	60555234	59475234	22.4044	20.9512	0	0
(c)	Any other-NRIs	66	7477106	401906	2.7664	2.587	0	0
	Sub-total (B)(2)	4712	128690691	117487761	47.6132	44.525	0	0
	Total public shareholding (B)= (B)(1)+(B)(2)	4737	149769558	138566628	55.4121	51.8179	0	0
	TOTAL (A)+(B)	4752	270283370	259080440	100	93.5138	0	0
(C)	Shares held by custodians and against which depository receipts have been issued	1	18747000	18747000	----	6.4862	0	0
	Grand total (A)+(B)+(C)	4753	289030370	277827440	----	100	33701530	11.6602

(ix) 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 31-03-2009

Sl. No.	Particulars	Holders	No. of Shares	% of shareholding
1.	Physical	112	1,12,02,930	3.8760
2.	NSDL	3,355	19,28,94,834	66.7386
3.	CDSL	1,286	8,49,32,606	29.3854
	Total	4,753	28,90,30,370	100

(x) Outstanding GDRs and Convertible instruments

The Company had during the financial year 2005 issued 3220 number of 1.5% Foreign Currency Convertible Bonds (FCCBs) of US \$ 10,000 each aggregating US \$ 32.2 million to overseas investors. These outstanding bonds are due for redemption on July 8, 2010. As on 31st March 2009, the entire 3220 bonds stand converted into equity shares.

Date of conversion	Number of Bonds converted	Equivalent number of equity shares allotted on conversion*
24.08.2005	25	67,515
26.09.2005	500	13,50,310
22.10.2005	100	2,70,062
12.11.2005	1	2,700
11.12.2006	75	2,70,061
13.12.2006	250	9,00,207
29.12.2006	200	7,20,165
25.01.2007	50	1,80,041
29.01.2007	250	9,00,207
05.02.2007	840	30,24,695
10.03.2007	25	90,020
08.05.2007	400	14,40,331
08.05.2007	279	10,04,631
08.05.2007	50	1,80,041
16.07.2007	115	4,14,095
08.11.2007	60	2,16,049

* Conversion rate of Bonds was fixed at Rs. 161/- per share that was later revised to Rs. 120.75/- per share as per the terms of Offer Circular.

GDRs:

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 Rs.10/- each into ten equity shares of Re. 1/- each and consequently the company has issued 4,52,40,000 equity shares in place of existing 45,24,000 equity shares. Now each GDR represents one 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 2009, 1,87,47,000 were outstanding.

(xi) PLANT LOCATIONS (MANUFACTURING UNITS)

- (1) Plot No. 691 Sector-2, 94.8, 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, 94.8, KM Milestone, Delhi-Jaipur Road, 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, Tamilnadu
4. Village : Surajbari, Dist. Kutch, Gujarat

Address for correspondence

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

Registered office: Everest House, 46C, Chowringee 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 A. K. LABH & CO., Company Secretaries 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

Sandip Jhunjhunwala
Vice-Chairman & Managing Director

A. Chatterjee
Director

ANNEXTURE 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 Jhunjunwala
Vice Chairman & Managing Director

CORPORATE GOVERNANCE CERTIFICATE

On Compliance of Clause 49 of the Listing Agreement

To
The Members of
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, 2009 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 the 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, 2009 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 A. K. Labh & Co.
Company Secretaries

(A. K. Labh)
Proprietor
C.P. 3238

Place : Kolkata
Dated : 8th June, 2009

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.

Sandip Jhunjhunwala

Place: New Delhi

Vice-Chairman

Date: 8th June, 2009

& Managing Director

FINANCIAL SECTION

Auditors' Report

To the Members of

REIAGRO LIMITED

1. We have audited the attached Balance Sheet and Profit & Loss Account of REI AGRO LIMITED as at 31st March, 2009 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 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 by the Companies (Auditor's Report) Amendment Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanation 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 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, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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 and 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 31st March, 2009 and
 - 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

(CA P.K. LILHA)

Date : 8th June, 2009

Partner

Place : Camp at New Delhi

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) During the year the management has completed the physical verification of immovable Fixed Assets (e.g. Land, Factory Building, Plant & Machinery Etc.) and other moveable Fixed Assts are under verification at regular interval which are reasonable, having regards to the size of the company and the nature of its assets. We were informed that 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) 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 explanation given to us, the Company has not granted any loan, 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 loan, secured or unsecured 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 and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods. 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 such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 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 price 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) According to the record 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.

- (c) 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 as at 31st March, 2009 in respect of excise duty, Sales tax, service tax, cess and income tax that have not been deposited by the Company, are as follows: -

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
Haryana LADT Act	LADT	Rs. 10.23 Lacs	2003-04	Sales Tax Joint Commissioner

- 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 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 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) In our opinion 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 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.
- xv) According to the information and explanations given to us there is no guarantee given by the company for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanation given to us, the Company has not taken any term loans during the year.
- 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 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) 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 year ended 31st March, 2009.

For P.K.LILHA & CO.
Chartered Accountants

Date: 8th June, 2009
Place: Camp at New Delhi

(CA P.K. LILHA)
Partner
Membership No. 11092

BALANCE SHEET as at 31st March, 2009

(Amount in Rupees)

Particulars	Schedules	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	689,030,370	689,030,370
Reserves & Surplus	2	5,333,225,385	4,763,774,725
		6,022,255,755	5,452,805,095
LOAN FUNDS			
Secured Loans	3	24,498,368,534	20,361,993,344
Unsecured Loan	4	5,250,000,000	2,798,400,741
		29,748,368,534	23,160,394,085
Deferred Tax Liability (Net)		897,887,683	910,589,074
TOTAL		36,668,511,971	29,523,788,254
APPLICATIONS OF FUNDS			
FIXED ASSETS			
Gross Block	5	4,261,292,431	4,196,130,027
Less : Depreciation		774,695,610	568,975,172
Net Block		3,486,596,821	3,627,154,855
Capital Work-In-Progress(including capital advance)	6	269,830,029	236,545,936
		3,756,426,850	3,863,700,791
INVESTMENT	7	1,107,927,282	1,037,927,282
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	8	23,100,794,569	16,522,755,179
Sundry Debtors	9	5,891,619,406	4,490,735,783
Cash & Bank Balances	10	178,519,674	125,341,113
Loans & Advances	11	4,680,392,500	4,205,122,171
		33,851,326,149	25,343,954,246
Less : CURRENT LIABILITIES & PROVISIONS	12		
Current Liabilities		1,649,343,057	411,284,597
Provisions		397,825,253	310,509,468
		2,047,168,310	721,794,065
NET CURRENT ASSETS		31,804,157,839	24,622,160,181
TOTAL		36,668,511,971	29,523,788,254
Significant Accounting Policies	20		
Notes on Accounts	21	-	

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 : 8th June, 2009

Sandip Jhunjhunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Profit and Loss Account for the year ended 31 st March 2009

(Amount in Rupees)

Particulars	Schedules	Year ended 31.03.2009	Year ended 31.03.2008
INCOME			
Sales	13	24,482,270,512	17,350,122,240
Other Income	14	38,609,737	35,782,611
		24,520,880,249	17,385,904,851
EXPENDITURE			
Materials consumed & Purchase of Goods	15	19,780,239,075	13,821,356,861
(Increase)/Decrease of Inventory	16	(1,830,643,377)	(874,204,764)
Manufacturing , Administrative & Selling Expenses	17	2,076,920,747	1,232,959,600
Interest	18	3,328,321,872	1,773,730,608
Depreciation		212,858,859	199,071,868
		23,567,697,176	16,152,914,173
Profit Before Taxation		953,183,073	1,232,990,678
Provision for Current Taxation		336,000,000	200,000,000
Provision for Fringe Benefit Tax		800,000	950,000
Prior Period Tax Expense		7,099,496	1,500,875
Profit After Taxation		609,283,577	1,030,539,803
Add- Balance Brought Forward		174,193,090	189,198,886
Amount Available for Appropriation		783,476,667	1,219,738,689
Less- Proposed Dividend		44,903,037	88,257,595
Less- Dividend Tax		7,631,271	15,000,000
Less - Transfer to General Reserve		700,000,000	942,288,004
Balance Carried to Balance Sheet		30,942,359	174,193,090
Earning Per Share	19		
- Basic (Rs.)		2.04	3.54
- Diluted (Rs.)		2.04	3.48
Significant Accounting Policies	20		
Notes on Accounts	21		

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 : 8th June, 2009

Sandip Jhunjunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
A) Cash Flow from Operating Activities		
Net Profit before Taxes	953,183,073	1,232,990,678
Adjustments:		
Depreciation / Amortization	212,858,859	199,071,868
Interest Expenses	3,328,321,872	1,773,730,608
Dividend Income	(165,924)	(132,638)
Other income not related to operations	(4,411,005)	(2,693,510)
Loss on Sale of Fixed Assets	---	62,701
Operating profit before changes in working capital	4,489,786,875	3,203,029,707
Changes in:		
Decrease/ (increase) in trade & other receivables	(1,400,883,623)	2,873,003
Decrease/ (increase) in inventories	(6,578,039,390)	(7,308,071,503)
Decrease/ (increase) in loan & advances	(372,404,005)	(2,937,319,848)
Increase/(Decrease) in trade and other payables	1,240,247,532	32,229,530
Cash generated from operations	(2,621,292,611)	(7,007,259,111)
Less : Direct Tax Paid	310,915,820	201,701,119
Net Cash used in Operating Activities	(2,932,208,431)	(7,208,960,230)
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(72,300,825)	(916,332,377)
Capital Work in Progress	(33,284,093)	401,163,756
Sale of Fixed Assets	---	404,000
Dividend Received	165,924	132,638
Interest Received	4,411,005	2,693,510
Purchase of Investments	(70,000,000)	(1,032,100,000)
Net Cash used in investing activities	(171,007,989)	(1,544,038,473)
C) Cash Flow from Financing Activities		
Proceeds from long term borrowings	(132,334,829)	584,232,580
Proceeds from short term borrowings	4,268,710,019	9,437,522,036
Proceeds from unsecured loans	2,451,599,259	618,697,114
Interest Paid	(3,328,321,872)	(1,773,730,608)
Dividend & Dividend Tax Paid	(103,257,595)	(18,719,200)
Net Cash from financing activities	3,156,394,982	8,848,001,922
NET INCREASE/(DECREASE) IN CASH (A+B+C)	53,178,561	95,003,219
CASH AND CASH EQUIVALENTS(OPENING BALANCE)	125,341,113	46,295,364
Less: Transfer on Demerger to Resulting Co.	---	15,957,471
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)	178,519,674	125,341,111

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 : 8th June, 2009

Sandip Jhunjunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
80,00,00,000 (8,00,00,000 Equity Shares of Rs. 10/- each)		
Equity Shares of	800,000,000	800,000,000
Re 1/- each		
40,00,000 (40,00,000) Preference Share of Rs. 100/- each	400,000,000	400,000,000
	1,200,000,000	1,200,000,000
ISSUED, SUBSCRIBED AND PAID UP		
28,90,30,370 (2,89,03,037 Equity Shares of Rs. 10/ each)		
Equity Shares of	289,030,370	289,030,370
Re 1/- each fully paid up		
Of the above:-		
a) 8,88,01,800 Equity Shares of Re 1/-each of issued as fully paid up Bonus Shares by Capitalisation of General Reserve in 2003-04		
b) NIL (19,53,088 Old) Equity Shares of Re. 1/ each (of Rs. 10/ each) issued during the year against conversion of NIL (904) 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
	689,030,370	689,030,370
SCHEDULE - 2		
RESERVES & SURPLUS		
Security Premium		
As per Last Year	1,989,581,635	1,923,770,373
Add: During The year	---	360,507,730
Add/(Less): Deferred Tax Assets/(Liabilities) (Refer note no. 2 of Schedule 21)	12,701,391	(216,491,438)
Less : Difference of Net Asset Value over capital reduction due to demerger of retail business	---	(78,205,030)
	2,002,283,026	1,989,581,635
General Reserve		
As Per Last Year	2,600,000,000	1,659,315,934
Less: Deduction on account of adoption of Accounting Standard 15 ' Employees Benefits (Referred in Note No. 8 of Schedule 21)	---	(1,603,938)
Add: Transferred from Profit and Loss Account	700,000,000	942,288,004
	3,300,000,000	2,600,000,000
Profit and Loss Account (As per Annexed Account)	30,942,359	174,193,090
	5,333,225,385	4,763,774,725

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

Year ended 31.03.2009 **Year ended 31.03.2008**

SCHEDULE - 3**Secured Loan****A. Long Term Loan****Term Loan**

United Bank of India	62,500,000	112,500,000
-----------------------------	------------	-------------

(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)

Amount due within one year Rs. 500 lacs

(Previous Year Rs. 500 Lacs)

Indian Renewable Energy Development Agency(IREDA)	401,321,000	465,361,000
---	-------------	-------------

(Secured by first charge on 5 WTGs at Jaislamer , 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 Rs 640.40 Lacs

(Previous Year Rs 640.40 Lacs)

Allahabad Bank	15,550,000	22,470,000
-----------------------	------------	------------

(Secured by creation of first charge on 1 WTG (Suzlon make) at Jaislamer,Rajasthan with Sundry Debtors thereon.)

Amount due within one year Rs.69.20 Lacs

(Previous Year Rs. 69.20 Lacs)

Infrastructure Development Finance Company Limited	650,602,500	707,572,500
---	-------------	-------------

(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 Rs.631.70 Lacs

(Previous Year Rs. 569.70 Lacs)

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

Year ended 31.03.2009 Year ended 31.03.2008

External Commercial Borrowing

(ICICI Bank, Hong Kong Branch)

345,105,324 381,051,637

(Secured by creation of first charge on 17 WTGs (RRB Make)

at Surajbari, Gujarat and Sundry Debtors thereon)

Amount due within One year Rs. 883.14 Lacs

(Previous Year 692.82 Lacs)

Interest Accrued and Due 955,876 1,394,239

1,476,034,700 1,690,349,376

Corporate loans

Bank of Maharashtra 196,300,000 250,000,000

Corporation Bank 110,000,000 166,000,000

State Bank of Indore 100,000,000 200,000,000

State Bank of Bikaner & Jaipur 100,000,000 140,000,000

Bank of Rajasthan 400,000,000 ---

State Bank of Mysore 125,000,000 200,000,000

(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

additional security of company's shares by promoters)

Amount due within one year Rs.5476 Lacs

(Previous Year Rs. 3247 Lacs)

Interest Accrued and Due on Above 10,484,654 3,804,807

1,041,784,654 959,804,807

B. Short Term Loan from Banks

Cash Credit/ Packing credit/Working Capital facilities

i) Rupee denominated Loan 20,799,990,543 17,128,239,896

ii) Foreign Currency denominated Loan 907,990,140 168,451,112

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
(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)		
Commercial Paper	250,000,000	400,000,000
(Secured by earmarking of working capital limits)		
Maximum balance outstanding during the year Rs. 590 Crores (Previous Year Rs. 275 crores)		
Interest accrued and due on above	22,568,497	15,148,153
	21,980,549,180	17,711,839,161
	24,498,368,534	20,361,993,344

SCHEDULE - 4

UNSECURED LOAN

A. Long Term Loan

From Banks

1,250,000,000

795,000,000

B. Short Term Loan

i) Redeemable Non Convertible Debentures

Issued to Financial Institutions

4,000,000,000

2,000,000,000

Interest Accrued & Due

-

3,400,741

5,250,000,000

2,798,400,741

SCHEDULE - 5

FIXED ASSETS

Particulars	Rate	Gross Block				Depreciation				Net Block	
		As on 01.04.2008	Addition	Adjustment	As on 31.03.2009	As on 01.04.2008	For the Year	Adjustment	As on 31.03.09	As on 31.03.09	As on 31.03.08
LAND	0.00%	69,611,205	10,375,357	-	79,986,562	-	-	-	-	79,986,562	69,611,205
LEASE HOLD LAND	0.00%	27,120,000	-	-	27,120,000	3,093,557	1,160,589	-	4,254,146	22,865,854	24,026,443
BUILDING	3.34%	411,574,672	-	-	411,574,672	52,425,197	13,746,594	-	66,171,791	345,402,881	359,149,475
PLANT & MACHINERY	5.28%	1,286,812,078	59,301,993	-	1,346,114,071	218,428,159	69,810,370	-	288,238,529	1,057,875,542	1,068,383,919
WINDFARM GENERATORS	5.28%	2,373,069,544	-	-	2,373,069,544	282,890,959	125,298,072	-	408,189,031	1,964,880,513	2,090,178,585
OFFICE EQUIPMENT	4.75%	1,771,462	302,980	-	2,074,442	485,738	89,041	-	574,779	1,499,663	1,285,724
TUBEWELL	4.75%	468,850	-	-	468,850	158,688	22,270	-	180,958	287,892	310,162
COMPUTER	16.21%	10,928,254	580,000	6,579,987	4,928,267	7,345,865	1,407,149	6,579,987	2,173,027	2,755,240	3,582,389
VEHICLES	9.50%	11,158,950	1,172,565	558,434	11,773,081	3,239,247	1,072,857	558,434	3,753,670	8,019,411	7,919,703
FURNITURE & FIXTURES	6.33%	3,615,012	567,931	-	4,182,943	907,762	251,917	-	1,159,679	3,023,264	2,707,250
TOTAL		4,196,130,027	72,300,825	7,138,421	4,261,292,431	568,975,172	212,858,859	7,138,421	774,695,610	3,486,596,821	3,627,154,855
Previous Year total		3,373,368,080	916,332,377	935,704,30	4,196,130,027	372,001,133	199,071,868	2,097,829	568,975,172	3,627,154,855	

SCHEDULE - 6

(Amount in Rupees)

Year ended 31.03.2009

Year ended 31.03.2008

CAPITAL WORK IN PROGRESS

A) Advance against Capital Expenditure

236,725,210

212,640,296

B) Expenditure during Construction period

33,104,819

23,905,640

269,830,029

236,545,936

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

Year ended 31.03.2009 Year ended 31.03.2008

SCHEDULE - 7

INVESTMENTS(Non-trade and Long Term) at cost

(Quoted Equity Shares, fully paid up)

No of Shares	Company	Face Value/Share		
35000	Allahabad Bank	Rs.10/-	2,870,000	2,870,000
10000	Jyoti Structure Limited	Rs.2/-	546,155	546,155
398	Punjab National Bank	Rs.10/-	155,220	155,220
5500	Reliance Capital Limited	Rs.10/-	2,255,907	2,255,907
			5,827,282	5,827,282

(Unquoted Equity Shares, Fully Paid Up)

No of Shares	Company	Face Value/Share		
5160500	Varrasana Ispat Limited	Rs. 10	1,032,100,000	1,032,100,000
7000000	REI Six Ten Retail Limited	Rs. 10	70,000,000	-
			1,102,100,000	1,032,100,000
			1,107,927,282	1,037,927,282

Aggregate Book Value of Investments

Quoted	58,27,282	58,27,282
Unquoted	110,21,00,000	103,21,00,000

Market Value of Investments

Quoted	40,12,732	1,12,37,480
--------	-----------	-------------

SCHEDULE - 8

INVENTORIES

(As taken, valued & Certified by the Management)

Raw materials	18,499,069,639	13,750,722,458
Finished Goods	4,586,622,440	2,755,979,063
Stores, Spares & Packing Materials etc.	15,102,490	16,053,658
	23,100,794,569	16,522,755,179

SCHEDULE - 9

SUNDRY DEBTORS

(Unsecured, Considered Good)

Debts Due for a period exceeding six months	107,868,720	20,936,803
Others debts	5,783,750,686	4,469,798,980
	5,891,619,406	4,490,735,783

SCHEDULE - 10

CASH & BANK BALANCES

Cash in Hand (As certified)	5,501,958	10,827,243
Balance with Scheduled Banks		
- In Current Accounts	94,176,516	29,036,000
- In Fixed Deposits	78,841,200	85,441,200
- Interest Accrued on Fixed Deposits	-	36,670
	178,519,674	125,341,113

SCHEDULE - 11

LOANS & ADVANCES

(Unsecured, Considered Good)

Advances to suppliers & others (recoverable in Cash or in kind or for value to be received)	4,307,696,487	3,951,757,205
Deposits	15,100,833	15,507,833
Income Tax Payments	332,045,499	203,792,725
Vat /Excise /DEPB etc receivable	20,887,934	26,475,805
Interest Receivable	1,399,207	285,112
Income Tax Refundable/TDS Receivable	3,262,540	7,303,491
	4,680,392,500	4,205,122,171

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
SCHEDULE - 12		
CURRENT LIABILITY & PROVISIONS		
(A) CURRENT LIABILITIES		
Acceptances	686,659,046	49,923,177
Sundry Creditors		
For Goods supplied and Services (other than Micro Enterprises and Small Enterprises)	670,700,120	204,951,248
For Capital Expenditure	20,677,370	17,256,995
For other Liability	47,001,258	61,903,320
For Investor Education & Protection Fund(Unclaimed Dividend)	1,582,503	1,816,755
Interest Accrued but not due	222,722,760	75,433,102
	1,649,343,057	411,284,597
(B) PROVISIONS		
For Taxation	336,000,000	200,000,000
For Fringe Benefit Tax	800,000	950,000
For Gratuity & Leave Encashment	8,490,945	6,301,873
For Dividend	44,903,037	88,257,595
For Dividend Tax	7,631,271	15,000,000
	397,825,253	310,509,468
	2,047,168,310	721,794,065
SCHEDULE - 13		
SALES		
Sale of Goods	24,233,304,517	17,136,907,459
Export Incentives	19,796,283	29,663,313
Sale of Power/Energy	229,169,712	183,551,468
	24,482,270,512	17,350,122,240
SCHEDULE - 14		
OTHER INCOME		
Dividend on long term investment	165,924	132,638
Insurance claim	4,141,543	-
Foreing Exchange Fluctuation	-	23,068,201
Interest Received	4,411,005	2,693,510
Carbon Credit Sale	29,495,153	-
Miscellaneous receipts	396,112	9,888,262
	38,609,737	35,782,611
SCHEDULE - 15		
MATERIALS CONSUMED & PURCHASE OF GOODS		
A) Raw Material Consumed		
Opening Stock	13,750,722,458	7,378,125,309
Purchases	21,578,264,715	18,164,301,418
Less - Closing Stock	18,499,069,639	13,750,722,458
	16,829,917,534	11,791,704,269
B) Purchase of Goods		
	2,950,321,541	2,029,652,592
	19,780,239,075	13,821,356,861
SCHEDULE - 16		
INCREASE/(DECREASE) IN INVENTORY		
Opening Stock of Finished Goods	2,755,979,063	1,881,774,299
Closing Stock of Finished Goods	4,586,622,440	2,755,979,063
	1,830,643,377	874,204,764
SCHEDULE - 17		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Stores, Spares & Packing Material Consumed(100% indigneous)	461,702,425	337,660,102
Power & Fuel	115,953,882	123,278,170
Salary,Wages & Bonus	119,147,643	111,385,943

Schedules forming part of the accounts as at 31st March, 2009

(Amount in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
Contribution to Provident Fund & Other Fund	3,455,760	3,431,798
Staff Welfare	5,126,333	4,075,072
Security Charges	10,973,151	9,412,938
Hire Charges	829,012	2,270,493
Repairs & Maintenance		
- Plant & Machinery	11,334,732	14,184,266
- Buildings	1,364,478	610,454
-Windfarms	7,500,401	20,821,877
-others	3,023,437	2,119,936
Export Duty	589,959,385	-
Rent	29,280,094	21,242,039
Rates & Taxes	255,716	1,289,469
Key Man Insurance	894,747	582,307
Insurance	12,674,517	14,693,948
ECGC Premium	2,971,296	4,926,447
Bank Charges	6,121,827	4,109,849
Postage & Telephone	3,551,947	4,432,161
Auditors' Remuneration	1,883,234	1,232,724
Directors' Remuneration	7,755,000	5,640,000
Directors' Fees	147,500	60,500
Filing Fees	26,379	53,722
Travelling & Conveyance	13,400,403	11,192,030
Foreign Exchange Fluctuation	74,311,012	-
Miscellaneous Expenses	131,077,977	56,637,287
Carriage Outward, Freight & Clearing Charges	425,545,410	446,277,164
Advertisement	275,021	1,063,835
Brokerage & Selling Expenses	12,625,318	17,907,379
Purchase /Sales Tax	23,752,710	12,304,989
Loss on sale of Fixed Assets	-	62,701
	2,076,920,747	1,232,959,600
SCHEDULE - 18		
INTEREST		
- On Term Loan	155,763,098	242,683,515
- On Debentures	474,971,022	220,231,228
- On other loan (Net)	2,697,587,752	1,310,815,865
	3,328,321,872	1,773,730,608
SCHEDULE - 19		
EARNING PER SHARE - (EPS)		
PROFIT AFTER TAX AS PER PROFIT & LOSS A/C	609,283,577	1,030,539,803
Less: Preference Shares Dividend and Dividend Tax thereon @ 16.995%	18,719,200	18,719,200
NET PROFIT AFTER TAX AVAILABLE TO EQUITY SHAREHOLDERS	590,564,377	1,011,820,603
LESS: INCOME FROM DISCOUNTED OPERATIONS	NIL	17,275,871
NET PROFIT AFTER TAX AVAILABLE TO EQUITY SHAREHOLDERS (RS)	590,564,377	994,544,732
NO.OF EQUITY SHARE AS ON 01.04.2008	289,030,370	285,935,860
WEIGHTED AVERAGE NO. OF EQUITY SHARES USED AS DENOMINATORS FOR CALCULATING EPS	289,030,370	285,935,860
EARNING PER SHARE (BASIC) (RS)	2.04	3.54
EARNING PER SHARE (DILUTED) (RS)	2.04	3.48
FACE VALUE PER EQUITY SHARES (RS)	1.00	1.00

Schedules forming part of the accounts as at 31st March, 2009

SCHEDULE - 20

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 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 in conformity with the generally accepted accounting principles 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.

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 freight, duty, taxes and incidental expenses relating thereto less accumulated depreciation.
- c) Project under commissioning and other Capital Work-in-Progress are carried at cost comprising Direct Cost, Advance to Supplier and related Incidental Expenses and attributable Interest on Borrowed Fund for project if any.
- d) When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed asset and any gain/loss resulting there from is reflected in profit & loss account.

4. DEPRECIATION:

- a) Cost of Lease Hold land is amortized over the period of the lease on straight-line basis.
- b) Depreciation on Fixed Assets has been charged in accordance with Straight Line Method (SLM) as per rates specified in Schedule XIV of the Companies Act, 1956 (as amended) on a prorata basis.

5. 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.

6. 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.

7. FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions.
- b) Monetary items denominating in foreign currencies at the end are restated at year-end rates. In case of items covered by the foreign exchange rates, the difference between the year end rates and the rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense of the year.
- 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 on maturity of the contracts.

Schedules forming part of the accounts as at 31st March, 2009

8. REVENUE RECOGNITION

- a) Domestic sales are accounted when goods are supplied to customers and are recorded net of trade discounts, rebates, etc. Export sales are recognised 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) 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 on Fixed Deposits is booked on time proportion basis taking into account the amount invested and the rate of interest.
- f) Profit/Loss on sale of investments is booked on the basis of contract notes for sale of shares.
- g) Dividend income on Investments is accounted for when the right to receive the payment is established.

9. 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.

10. BORROWING COST:

Borrowing costs are recognised 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.

11. 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.

12. EMPLOYEE BENEFITS

- a) Short Term Employees 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 period 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 and provident fund scheme. The contribution is recognized during the period in which the employee rendered service.
- ii) Defined Benefit Scheme- For defined benefit scheme the cost of providing benefit is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. 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 and losses are recognized in full during the period in which they occur.

13. PROPOSED DIVIDEND:

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

14. TAXES ON INCOME:

Income Tax expense comprises current tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income - tax Act) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year.) and the corresponding deferred tax liabilities or assets are

Schedules forming part of the accounts as at 31st March, 2009

recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

15. 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.

16. EARNING PER SHARE

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

17. INCOME FROM OPERATING LEASE

It is recognised as rentals, as accrued over the period of lease.

SCHEDULE - 21

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

- a) A sum of Rs. 12,701,391 (Previous year Rs. (216,491,438) has been adjusted on account of Deferred Tax Assets/ (Liabilities) for the year ended 31.03.2009 (see note no.12)
- b) Pursuant to the scheme of arrangement under Section 391 to 394 of the Companies Act 1956 and approval of the Shareholders of the Company in the General meeting held on 24th December, 2007 and the order dated 5th September, 2008 of the Hon'ble High Court of Judicature at Kolkata, duly registered with the Registrar of Companies, West Bengal on 8th September 2008, Rs. 4 of every Equity Shares of Rs. 10 each fully paid up was cancelled and simultaneously thereafter, Five (5) numbers of fully paid up equity shares of Rs. 6 each were consolidated into Three(3) equity shares of Rs. 10 each. This has resulted in the issued, subscribed and paid up equity share capital of the Company of Rs. 48,17,17,300 consisting of 4,81,71,730 equity shares of Rs. 10 each, reduced/consolidated to Rs.28,90,30,370 consisting of 2,89,03,037 equity shares of Rs. 10 each fully paid up as on 31st March 2008. Since then on 5th February 2009 the Equity Shares of the Company has been subdivided/split into from Rs. 10/- per Share to Rs. 1/- per Share.

Upon coming into effect of the Scheme of Arrangement, the difference in the amount relating to the net asset value of Rs.27,08,91,960 of the Demerged Undertaking "REI Agro Limited" transferred to the Resulting Company "REI Six Ten Retail Limited" and after adjusting Rs.19,26,86,930 for reduction of Share Capital due to the demerger of the Retail undertaking, a sum of Rs. 7,82,05,030 has been adjusted with the Securities Premium Account in terms of Part-VI Clause (1) (ii) of the Scheme as on 31st March 2008 (after Demerger) and has been shown under the head previous years figures.

3. In view of demerger as mentioned in para 2(b) above, figures for the previous year as at 31.03.2008 in the Financial Statements have been restated giving affect to the scheme of arrangement as approved by the shareholders in General Meeting and Order dated 5th September 2008 of Hon'ble High court at Kolkata. Therefore these figures are not comparable with the current year's figures.
4. The Company has issued 400 (previous year 200) redeemable Non-Convertible Unsecured Debenture of Rs.100 Lacs each to a financial institution on short term basis.

Schedules forming part of the accounts as at 31st March, 2009

5. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs. 401 Lacs (previous year Rs. 351 Lacs).
6. Contingent liabilities not provided for in respect of:
- a) Sales Tax Demand under appeal for various financial years amounts to Rs. 61.57 Lacs (Net of deposits) (Rs. 61.57 Lacs).
- b) 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.

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

There are no Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act 2006 to whom the company owe dues which are outstanding for more than 45 days as on 31.03.2009 on account of principal amount together with interest and accordingly no additional disclosures has been made.

8. 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, employer- established provident fund trust are treated as defined benefits plans.

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 for the year ended 31.3.2009.

		As at 31/03/09 (In Lacs)		As at 31/03/08 (In Lacs)	
	Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
i)	Changes in Defined Benefit obligation				
	Present value of obligation at the beginning of the year	51.92	11.10	34.09	8.15
	Service Cost	16.92	2.99	15.35	0.49
	Interest Cost	4.95	0.96	3.44	0.77
	Actuarial (Gain)/Loss	(0.02)	9.28	(0.95)	13.89
	Benefit Paid	(1.85)	(11.35)	-	(12.20)
	Present Value of obligation at the end of the year	71.92	12.98	51.92	11.10
ii)	Change in Plan Assets				
	Plan Assets at the beginning of the year	-	-	-	-
	Actual return on plan Assets	-	-	-	-
	Contribution by the Company	1.85	11.35	-	12.20
	Actual Benefits paid	(1.85)	(11.35)	-	(12.20)
	Actuarial (Gain)/ Loss	-	-	-	-
	Plan Asset at the end of year	-	-	-	-
iii)	Reconciliation of the present value of defined obligation and fair value of planned Assets				
	Present value of the obligation at the end of the year	71.92	12.98	51.92	11.10
	Fair value of plan Assets at the end of the year	-	-	-	-
	Liability / (Asset) recognised in the Balance Sheet	71.92	12.98	51.92	11.10
iv)	Expenses Charged to profit & Loss Account:				
	Current Service Cost	16.92	2.99	15.35	0.49
	Interest Cost	4.95	0.96	3.44	0.77
	Expected return on Plan Assets	-	-	-	-

Schedules forming part of the accounts as at 31st March, 2009

As at 31/03/09 (In Lacs) As at 31/03/08 (In Lacs)

	Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Actuarial (Gain) / Loss	(0.02)	9.28	(0.95)	13.89
v)	Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual	21.86	13.23	17.84	15.15
	Actuarial Assumption				
	Discount rate Per Annum compound	8.00%	8.00%	7.50%	7.50%
	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%

The Principal assumptions used in the calculation are the (1) Discount Rate, (2) Salary increase. The Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities and the salary increase take account of inflation, seniority, promotion and other relevant factors.

9. Fixed deposits with banks include Rs. 30.09 Lacs (Rs.28.91 Lacs) pledged as margin money against Letter of Guarantee issued by them.

10. Director's Remuneration :*

(Amount in Rupees)

Particulars	2008-2009	2007-2008
(a) Salary & Allowances	53,55,000	32,40,000
(b) Contribution to provident fund	9,360	9,360
(c) Commission to director	24,00,000	24,00,000
(d) Perquisites	3,45,925	3,29,859
(e) Director Sitting Fees	1,47,500	60,500
TOTAL	82,57,785	60,39,719

*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

(Amount in Rupees)

Particulars	2008-2009	2007-2008
Net Profit before Taxation	95,31,83,073	123,29,90,678
Add: Director's Remuneration (including commission on above)	82,57,785	60,39,719
	96,14,40,858	123,90,30,398
Less: Profit/(Loss) on sale of fixed assets	-	(62,701)
Net Profit	96,14,40,858	123,90,93,099
Commission to Director	24,00,000	24,00,000
- Percentage of Net Profit	0.25%	0.19%

11. Auditors Remuneration includes:

(Amount in Rupees)

Particulars	2008-2009	2007-2008
(a) Audit Fees	10,00,000	7,00,000
(b) Tax Audit Fees	2,00,000	1,80,000
(c) For Certification	3,50,000	1,00,000
(d) For Service Tax	1,75,100	121,128
(e) For reimbursement of expenses	1,58,134	1,31,596
TOTAL	18,83,234	12,32,724

Schedules forming part of the accounts as at 31st March, 2009

12. Deferred Taxation:

(Amount in Rupees)

Deferred Taxation	2008-2009	2007-2008
a) Deferred Tax Liabilities :		
- On Depreciation	90,51,74,450	92,15,32,470
Deferred Tax Liability	90,51,74,450	92,15,32,470
b) Deferred Tax Assets		
- On Gratuity & Leave Encashment	28,86,072	21,42,006
- On Issue Expenses(U/s 35D)	44,00,695	88,01,390
Deferred Tax Assets	72,86,767	1,09,43,396
Net Liability	89,78,87,683	91,05,89,074

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 been utilized towards adjustment of Net Deferred Tax Assets Rs. 1, 27,01,391 for the year.

13. The Company has entered into contract for foreign currency rupee swap to hedge its part of long term exposure based on interest rate and currency exchange agreement. Net Loss on such contracts Rs.32.09 crores which have been settled during the year have been accounted for and adjusted against interest on loan.

Pursuant to the announcement on Accounting for derivatives issued by The Institute of Chartered Accountants of India there is one Foreign Currency derivative contracts outstanding as at 31st March 2009 entered into by the Company for hedging purposes and as on date, an adverse position of Rs.16.06 Crores (Rs. 2.64 Crores) has been indicated on Mark to Market basis, which has not been provided in the accounts and will be recognised on settlement /or maturity of the contracts on or before 2nd July 2010.

14. Operating Lease:

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

	As at 31.03.2009	As at 31.03.2008
i) Gross Block of Fixed Assets	Rs. 53,26,33,161	53,26,33,161
ii) Accumulated Depreciation	Rs. 4,84,42,865	2,08,58,394
iii) Future Lease Rental Receivable		

(Rs. in Lacs)

a) Not later than one year	420	300
b) Later than one year and not later than five years	1680	1200
c) Later than five years	2100	1500

15. 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 2009.

Schedules forming part of the accounts as at 31st March, 2009

Primary Business Reporting

(Rs. in Lacs)

Sl. No.	Particulars	Rice	Wind power & Others*	Unallocable Expenditure	Total
1	Net Sales/Income from operation	242,531.01	2,291.70		244,822.71
	Other Income	89.49	294.95	1.66	386.10
	Total Revenue	242,620.50	2,586.65	1.66	245,208.81
		(168,414.68)	(5,443.04)	(1.33)	(173,859.05)
2	Segment Result Profit(+)/Loss (-) before Tax & Interest from each segment	42450.99	362.40	1.66	42,815.05
		(29,146.33)	(919.55)	(1.33)	(30,067.21)
	Less: Interest	31,905.06	1378.61	-	33,283.22
		(16,230.64)	(1,506.67)	-	(17,737.31)
	Total Profit before Tax	10,545.93	-1,015.76	1.66	9,531.83
		(12,915.70)	(-587.12)	(1.33)	(12,329.91)
3	Segment Assets	351,108.00	21,616.45	14,432.35	387,156.80
		(267,061.54)	(22,904.05)	(12,490.23)	(302,455.82)
4	Segment Liabilities	299,815.50	14,161.62	12,957.13	326,934.25
		(219,802.58)	(15,914.20)	(12,210.99)	(247,927.77)
5	Segment Assets - Segment Liability	51,292.50	7,454.84	1,475.22	60,222.56
		(47,258.95)	(6,989.85)	(279.25)	(54,528.05)
6	Addition to Segment Fixed Assets	723.01	-	-	723.01
		(2,947.74)	(5,326.33)	-	(8,274.07)
7	Depreciation	864.00	1,264.59	-	2,128.59
		(777.30)	(1,213.42)	-	(1,990.72)

Geographical Segment

(Rs. in Lacs)

Sl. No.	Particulars	Rice	Wind power & Others*	Unallocable Expenditure	Total
1	Revenue Source : India	142347.41	2586.65	1.66	144935.72
		(136805.88)	(5443.04)	(1.33)	(142250.25)
	Outside India	99886.98	-	-	99886.98
		(31608.80)	-	-	(31608.80)
	Total	242234.40	2586.65	1.66	245208.81
		(168414.68)	(5,443.04)	(1.33)	(173859.05)
2	Assets : India	325291.66	21616.45	14432.35	361340.47
		(265567.65)	(22904.05)	(12490.23)	(300961.93)
	Outside India	25816.34	-	-	25816.34
		(1493.89)	-	-	(1493.89)

* Segment wind power & others include the figures for the retail division of last year

Schedules forming part of the accounts as at 31st March, 2009

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) Mr. Sanjay Jhunjunwala (Chairman)
- b) Mr. 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) REI Six Ten Retail Limited

III) Directors' relatives:

- i) Mr. Kailash Chandra Jhunjunwala
- ii) Ms. Koushalya Devi Jhunjunwala
- iii) Ms. Sangita Jhunjunwala
- iv) Ms. Suruchi Jhunjunwala
- v) Mr. Akshay Jhunjunwala
- vi) Mr. Ambuj Jhunjunwala

IV) Transactions with Related parties:

(In Rupees)

Transactions	Control Exists	Key Management	Relatives of KMP
Dividend	2,74,15,718	12,75,960	1,79,475
~ Equity Shares	-	-	-
Managerial Remuneration (Including Sitting Fees)	-	82,57,785 (60,39,719)	-
Sale of Rice	212,01,84,532	-	-
~ REI Six Ten Retail Ltd.	(33,34,24,875)	-	-
Sale of DEPB License	-	-	-
~ Varrsana Ispat Ltd.	(1,64,27,537)	-	-
Sale of Scrap	NIL	-	-
~ Varrsana Ispat Ltd.	(6,51,186)	-	-
Investment in Shares	(103,21,00,000)	-	-
~ Varrsana Ispat Ltd.	51,60,500 Shares of Rs. 10/- each	-	-
Investment in Shares	7,00,00,000		
~ REI Six Ten Retail Ltd	7000000 Shares of Rs 10/- each (-)		
Sundry Debtors	172,65,58,481		
-REI Six Ten Retail Ltd.	(77,08,62,018)		

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

Schedules forming part of the accounts as at 31st March, 2009

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)

Particulars	Unit	2008-2009	2007-2008
i) Licenced Capacity		N.A.	N.A.
ii) Installed Capacity			
~ Basmati Rice Processing	(TPH)	79*	79*
~ Wind Turbine Generator	(MW)	46.10	46.10

* Includes Leased Capacity of 18 TPH for processing of Basmati Rice at Amritsar.

i) Finished Goods

Particulars	2008-09		2007-08	
	Qty. in Mt.	Amount (Rs)	Qty. in Mt.	Amount (Rs)
a) Processed Rice				
i) Opening Stock	81202	2,755,797,062	70395	1,881,280,929
ii) Actual Production	429889	---	397860	---
iii) Sales	421434	20,808,213,369	987053	14,816,748,044
iv) Closing Stock	89657	4,586,622,440	81202	2,755,979,062

ii) By-Product

Particulars	2008-09		2007-08	
	Qty. in Mt.	Amount (Rs)	Qty. in Mt.	Amount (Rs)
Bran & Husk				
Sales	28712	1,78,005,501	24744	154,789,981

iii) Power Generation

Particulars	2008-09		2007-08	
	Unit	Amount (Rs)	Unit	Amount (Rs)
Electricity	49555443	229169712*	46959194	18,35,51,468*

* Including Operating Lease Rental of Gujrat Wind Power Project

iv) Purchase/Sale of Goods

Particulars	2008-09		2007-08	
	Qty. in Mt.	Amount (Rs)	Qty. in Mt.	Amount (Rs)
i) Opening Stock	--	--	--	-
ii) Purchase - Rice	72445	2,950,321,541	75625	2029652592
iii) Sales - Rice	72445	3,247,085,647	75625	2165369434
iv) Closing Stock - Rice	--	--	--	--
v) Shortage	--	--	--	--

Schedules forming part of the accounts as at 31st March, 2009

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

Particulars	2008-09		2007-08	
	Qty. in Mt.	Amount (Rs)	Qty. in Mt.	Amount (Rs)
Raw Material Consumed	586121	16829917534	505128	11791704269
Purchase of Goods	72445	2950321541	75625	2029652592
Total	658566	19780239075	580753	13821356864

Particulars	2008-09 (in Rs.)	2007-08 (in Rs.)
(C) FOB Value of Export	976,91,20,706	302,68,68,701
(D) C.I.F. Value of Capital Goods import	56,63,665	---
(E) Expenditure in Foreign Currency		
i) Foreign Traveling	80,40,231	59,81,381
ii) Ocean Freight	1,42,59,775	-
iii) Interest Paid (Net of TDS)	191,63,661	200,29,824
iv) Legal & Professional	37,17,429	6,01,731
v) Listing Fees	11,28,934	7,24,769
(F)		
i) Amount remitted in Foreign Currency on Account of Dividend		
(a) On Equity Share	17,68,800	NIL
(b) On Preference Share	1,60,00,000	1,60,00,000
ii) No. of Non-resident Shareholders		
(a) Equity Shares	4	N.A
(b) Preference Share	4	4
iii) No. of shares held by Non- resident Shareholders		
(a) Equity Shares	11,79,200	N.A
(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 in Note No. 15 & 16 denote previous year's figures.

Signature to Schedule 1 to 21

In terms of our attached report of even date

For and on behalf of the Board

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

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

Dated : 8th June, 2009
Place : New Delhi

Sandip Jhunjunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Balance Sheet Abstract

Balance Sheet Abstract and Company's Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital Raised during the Year (Rs. in Thousand)

Public Issue Right Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Rs. in Thousand)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital

Application of Funds

Net Fixed Assets

Reserves & Surplus

Net Current Assets

Secured Loans

Investments

Unsecured Loans

Misc. Expenditure

Deferred Tax

Accumulated Losses

IV Performance of Company (Rs. in Thousands)

Turnover

Total Expenditure

Profit/(Loss) Before Tax

Profit/(Loss) After Tax

Earning per Share in (Rs.)

Dividend Rate

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

Product Description

Item Code No.(ITC Code)

For and on behalf of the Board

Dated : 8th June, 2009

Sandip Jhunjhunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Place : New Delhi