



REI Agro Limited

(Our Company was originally incorporated pursuant to a certificate of incorporation dated September 14, 1994 (bearing Registration No. 21-104573 and Corporate Identification Number L14200WB1994PLC104573) issued by the Registrar of Companies, West Bengal, as a public limited company under the provisions of the Companies Act, 1956, as amended)

Registered Office: Room No. 15B, Everest House, 46C Chowringhee Road, Kolkata-700 071, West Bengal, India. **Tel No:** +91 33 3292 5061, **Fax No.:** +91 33 22882241.

Corporate Office: 58A/1, Sainik Farm, New Delhi 110 062, India, **Tel No. :** +91 11 3290 6030/+91 11 3290 5030, **Fax No. :** +91 11 2955 2403

Company Secretary and Compliance Officer: Mr. Mandan Mishra

E-mail: rightsissue@reiagro.com, **Website:** www.reiagro.com

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

LETTER OF OFFER

ISSUE OF 63,86,56,636 EQUITY SHARES OF FACE VALUE Re. 1/- EACH, (COLLECTIVELY "RIGHTS EQUITY SHARES"), FOR CASH AT A PREMIUM OF Rs. 18.50 PER RIGHTS EQUITY SHARE AGGREGATING TO RS. 12,453.80 MILLION BY REI AGRO LIMITED, (THE "COMPANY" OR THE "ISSUER") TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF TWO RIGHTS EQUITY SHARES FOR EVERY ONE EQUITY SHARE HELD ON THE RECORD DATE, i.e. JUNE 8, 2010, (THE "ISSUE"). THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS 19.5 TIMES THE FACE VALUE OF THE RIGHTS EQUITY SHARE.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India, ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this document. Investors are advised to refer to the section entitled "Risk Factors" beginning on page xii of this Letter of Offer before making an investment in this Issue.

ISSUER'S ABSOLUTE RESOLUTION

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on the Bombay Stock Exchange Limited, ("BSE"), and the National Stock Exchange of India Limited, ("NSE"). The Global Depository Receipts, ("GDRs"), issued in November 2005 by our Company are listed on the London Stock Exchange and the foreign currency convertible bonds (5.5% convertible bonds due in 2014 convertible into Equity Shares) issued in November 2009, are listed on the Singapore Exchange Securities Trading Limited. Our Company has received in-principle approvals from the BSE and the NSE for listing the Rights Equity Shares arising from this Issue through letters dated October 9, 2009 and November 10, 2009 respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE



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Contact Person: Mr. Subodh Mallya/ Mr.
Hemant Bothra
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REGISTRARS TO THE ISSUE



Maheshwari Datamatics Private Limited

6, Mangoe Lane, Kolkata - 700 001. **Tel:** + 91 33 22482248/22435029; **Fax:** +91 33 2248 4787; **Email:** mdpl@cal.vsnl.net.in
Contact Person: Mr. S. Rajagopal; **SEBI Registration No.:** INR000000353 **Website :** www.mdpl.in; **Investors grievance mail:** mdpl@cal.vsnl.net.in

ISSUE PROGRAM

ISSUE OPENS ON :

LAST DATE FOR REQUEST FOR SPLIT

ISSUE CLOSES ON:

June 30, 2010

APPLICATION FORMS:
July 9, 2010

July 16, 2010

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.

Conventional and General Terms

Term	Description
Companies Act	: The Companies Act, 1956, as amended
Copyright Act	: The Copyright Act, 1955, as amended
Depository	: A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	: The Depositories Act, 1996, as amended from time to time.
Financial Year/Fiscal	: The period of 12 months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
IT Act	: The Income Tax Act, 1961, as amended
Indian GAAP	: The generally accepted accounting principles in India
Industrial Policy	: The industrial policy and guidelines issued by the Ministry of Industry, GoI
Listing Agreement	: The equity listing agreements signed between our Company and the Stock Exchanges
QIBs	: Qualified institutional buyers (as defined in Rule 144A under the Securities Act)
Regulation S	: Regulation S under the Securities Act
Rupees and Rs.	: The lawful currency of India
SEBI Act	: The Securities and Exchange Board of India Act, 1992, as amended
SEBI Regulations	: The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Securities Act	: The United States Securities Act of 1933, as amended
Takeover Code	: The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
Trademarks Act	: The Trademarks Act, 1999
Weights & Measures Act	: The Standard of Weights & Measures Act , 1976 as amended

Issue Related Terms

Term	Description
Abridged Letter of Offer	: The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI Regulations and the Companies Act.
Allottee(s)	: The successful applicant(s) eligible for Allotment of Rights Equity Shares pursuant to the Issue
Allotment/Allotted	: Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue to the Allottees
ASBA/Application Supported by Blocked Amount	: The application (whether physical or electronic) used by an Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investor	: An applicant who; a) holds the shares of our Company in dematerialized form as on the record date and has applied for entitlements and / or additional shares in dematerialized form; b) has not renounced his/her entitlements in full or in part; c) is not a renouncee; d) is applying through a bank account maintained with SCSBs.
Bankers to the Issue	: The bankers to the Issue being Axis Bank Limited and IDBI Bank Limited.
Business Day	: Any day, other than Saturday or Sunday, on which commercial banks are open for business.
Composite Application Form/CAF	: The form used by an Investor to make an application for allotment of Rights Equity Shares pursuant to Issue
Consolidated Certificate	: In case of holding of Rights Equity Shares in physical form, our Company would issue one certificate for the Rights Equity Shares allotted to one folio
Controlling Branches	: Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in
Designated Branches	: Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on http://www.sebi.gov.in
Designated Stock Exchange/DSE	: The Bombay Stock Exchange Limited
Draft Letter of Offer	: The draft letter of offer dated September 30, 2009 filed with SEBI for its comments
Eligible Equity Shareholder(s)	: A holder(s) of Equity Shares as on the Record Date

Term	Description
Investor(s)	: The Equity Shareholders of our Company on the Record Date i.e. June 8, 2010, Renounees and any other persons eligible to subscribe to the Issue
Investor Representation Letter	: The investor representation letter in the form attached as Appendix A to the Offering Memorandum (as defined below)
Issue	: The issue of 63,86,56,636 Rights Equity Shares of Re. 1/- each for cash at a premium of Rs. 18.50 per Rights Equity Share aggregating to Rs. 12,453.80 million to the Eligible Equity Shareholders on rights basis in the ratio of two Rights Equity Shares for every one Equity Share held as on the Record Date, i.e. June 8, 2010
Issue Closing Date	: July 16, 2010
Issue Opening Date	: June 30, 2010
Issue Price	: Rs. 19.50 per Equity Share
Issue Proceeds	: The monies received by our Company pursuant to the Rights Equity Shares which are Allotted pursuant to the Issue
Lead Manager(s)	: SBI Capital Markets Limited, Axis Bank Limited, Fortune Financial Services (India) Limited and IDBI Capital Market Services Limited
Letter of Offer	: This letter of offer dated June 24, 2010 filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer
Offering Memorandum	: The offering memorandum provided to persons located within the United States and to U.S. persons (as defined in Regulation S) that have provided to our Company (and our Company has accepted) a duly executed Investor Representation Letter
Record Date	: June 8, 2010
Registrar to the Issue or Registrar	: Maheshwari Datamatics Private Limited
Renounee(s)	: Any person(s) who have/has acquired Rights Entitlements from Eligible Equity Shareholders
Rights Entitlement	: The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his/ her shareholding in our Company as on the Record Date
Rights Equity Shares	: The equity shares of face value Re. 1 each of our Company offered and to be issued and allotted pursuant to the Issue
SAF(s)	: Split Application Form(s)
Self Certified Syndicate Bank or SCSB	: The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in

Term	Description
Stock Exchange(s)	: The BSE and the NSE where our Equity Shares are presently listed and traded

Company and Industry Related Terms

	Description
“REIAL” or “the Company” or “our Company” or “we” or “us” or “our”	: REI Agro Limited, a public limited company incorporated under the provisions of the Companies Act, having its registered office at Room No. 15B, Everest House, 46C Chowringhee Road, Kolkata-700 071, West Bengal, India and having its corporate office at 58A/1, Sainik Farm, New Delhi 110 062, India.
Articles/Articles of Association/AoA	: Articles of Association of our Company
APEDA	: Agricultural and Processed Food Products Export Development Authority which was established by the Government under the Agricultural and Processed Food Products Export Development Authority Act, 1985
Auditor	: Statutory Auditors of our Company, namely, P.K. Lilha & Co., Chartered Accountants
Board / Board of Directors	: The board of directors of our Company or a committee thereof
CERs	: Certified emission reductions
Compliance Officer and Company Secretary	: Mr. Mandan Mishra
Corporate Office	: The corporate office of our Company located at 58A/1, Sainik Farm, New Delhi 110 062, India
Director(s)	: Any or all director(s) of our Company, as the context may require
Equity Share(s)	: The equity share(s) of our Company having a face value of Re. 1, inter alia including such equity shares of our Company outstanding and fully-paid up, as on the Record Date, unless otherwise specified in the context thereof
GDR(s)/Global Depository Receipts	: Global depository receipts issued by our Company, each GDR representing 1 Equity Share (originally representing 2 Equity Shares each) each aggregating to US \$ 37.70 million issued in November 2005
Group Entities	: Our Group Entities mean companies, firms, ventures, etc. promoted by the Promoters of our Company, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act or not.
<i>mandis</i>	: Organised Government monitored market places for agricultural produce
Memorandum/Memorandum of	: Memorandum of Association of our Company

	Description
Association	
Promoter(s)	: Any or all of the promoter(s) of our Company, as defined in the SEBI Regulations and as the context may require, namely, (a) Mr. Sandip Jhunjunwala, (b) Mr. Sanjay Jhunjunwala, (c) Mrs. Koushalaya Devi Jhunjunwala, (d) Mrs. Sangita Jhunjunwala, (e) Mrs. Suruchi Jhunjunwala, (f) Aspective Vanijya Private Limited, (g) Snehapushp Barter Private Limited, (h) Subhchintak Vancom Private Limited, (i) Shree Krishna Gyanodaya Flour Mills Private Limited, (j) REI Steel and Timber Private Limited, and (k) Jagdhatri Tracon Private Limited
Promoter Group	: The Promoter Group of our Company as defined in the SEBI Regulations
<i>pucca artiyas</i>	: Third Party procurement representatives and agents of the Company licensed under the applicable law, operating in <i>mandis</i>
REI Six Ten	: REI Six Ten Retail Limited
Registered Office	: The registered office of our Company located at Room No. 15B, Everest House, 46C Chowringhee Road, Kolkata-700 071, West Bengal, India

Abbreviations

Term	Description
AGM	: Annual General Meeting
AS	: Accounting Standards, as issued by the ICAI
BPLR	: Benchmark Prime Lending Rate
BSE	: The Bombay Stock Exchange Limited
CAF	: Composite Application Form
CAGR	: Compounded Annual Growth Rate
CDSL	: Central Depository Services (India) Limited
CER/s	Certified Emission Reduction(s)
CFO	: Chief Financial Officer
DEPB	: Duty Entitlement Pass Book Scheme
DP	: Depository Participant
EBIDTA	: Earnings Before Interest, Depreciation, Taxes & Amortization
ECS	: Electronic Clearing Service

Term	Description
ECGC	: Export Credit Guarantee Corporation
EGM	: Extraordinary General Meeting
EPS	: Earnings per share
FDI	: Foreign Direct Investment
FEMA	: Foreign Exchange Management Act, 1999, as amended and any circulars, notifications, rules and regulations issued pursuant to the provisions thereof
FI	: Financial Institution
FII(s)	: Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	: Foreign Investment Promotion Board
FY	: Financial Year ended
GBP or £	: Great Britain Pound
GDP	: Gross Domestic Product
GoI	: Government of India
HRD	: Human Resource Development
HUF	: Hindu Undivided Family
ICAI	: Institute of Chartered Accountants of India
ISIN	: International Securities Identification Number
ITAT	: Income Tax Appellate Tribunal
KwH	: Kilowatt hour
MICR	: Magnetic Ink Character Recognition
Mn	: Million
MoU	: Memorandum of Understanding
N.A.	: Not Applicable
NAV	: Net asset value
NEFT	: National Electronic Fund Transfer
NR	: Non Resident
NRI(s)	: Non Resident Indians, as defined in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	: National Securities Depository Limited

Term	Description
NSE	: The National Stock Exchange of India Limited
OCB(s)	: Overseas Corporate Body(ies)
PAN	: Permanent Account Number
RBI	: Reserve Bank of India
RoC	: Registrar of Companies, West Bengal, located at Kolkata
RTGS	: Real time gross settlement
SEBI	: Securities and Exchange Board of India
STT	: Securities Transaction Tax
TPA	: Tonne per annum
USD or US\$: United States Dollar
VAT	: Value Added Tax
w.e.f.	: With effect from
WTG	: Wind Turbine Generators

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information and data in this Letter of Offer is derived from our Company's audited financial statements and has been prepared in accordance with the SEBI Regulations. Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Our Company is an Indian listed company and prepares its financial statements in accordance with Indian GAAP and the Companies Act. We prepare our financial statements in accordance with Indian GAAP and Indian Accounting Standards. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian Accounting Standards. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

All references to "India" contained in this Letter of Offer are to the Republic of India, all references to the "US", or the "U.S." or the "USA" or the "United States" is to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom. All references to "Rupees", "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India, all references to "US\$" or "USD" are to United States Dollars, the official currency of the United States of America, all references to "GBP" or "£" are to Great Britain Pounds, the official currency of the United Kingdom. In this Letter of Offer, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words 'Lakh' or 'Lac' mean "100 thousand"; "10 lakhs" means a "million", and; "10,000 lakhs" means a "billion".

Industry and Market Data

Unless stated otherwise, industry, demographic and market data used throughout this Letter of Offer has been obtained from industry publications, data on websites maintained by private and public entities, data appearing in reports by market research firms and other publicly available information. These resources generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither we nor the Lead Manager(s) have independently verified this data and neither we nor the Lead Manager(s) make any representation regarding the accuracy of such data. Accordingly, Investors should not place undue reliance on this information.

Exchange Rates The exchange rates of the respective foreign currencies are provided below:

Period	1 US \$	1 GBP
March 31, 2008	Rs. 39.97	Rs. 79.53
March 31, 2009	Rs. 50.95	Rs. 72.86
August 31, 2009	Rs. 48.88	Rs. 79.21
September 29, 2009	Rs. 48.04	Rs. 76.43
March 31, 2010	Rs. 45.14	Rs. 68.03

(Source: RBI – www.rbi.org.in)

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Letter of Offer which contain words or phrases such as “may”, “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “potential” and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, factors affecting:

- Our ability to compete effectively;
- Significant declines in the price of Basmati rice or the availability of Basmati paddy;
- Our Company’s inability to meet its substantial working capital requirements or maintain its existing credit facilities;
- Indian governmental policies regarding the rice processing sector, various duties and taxes, the monetary and interest rate policies and other policies affecting our Company’s business;
- Our Company’s inability to meet the consistent quality requirements of its customers or a change in customer preferences;
- Competition in the Basmati rice industry
- Regulatory changes pertaining to the industries in India in which our Company has its businesses and our ability to respond to them;
- Our ability to successfully implement our strategy;
- Our ability to develop new products that appeal to consumers;
- Our exposure to market risks;
- General economic and political conditions in India and globally, which have an impact on our business activities;
- Our ability to attract and retain qualified personnel;
- Any adverse outcome in legal proceedings in which our Company, our Promoters and Group Entities, Directors or key managerial personnel may be involved;
- The monetary and fiscal policies of India;
- Unanticipated turbulence in interest rates; and
- Equity prices or other rates or prices, the performance of the financial markets in India and globally.

For a further discussion of factors that could cause our Company’s actual results to differ, please refer to the section entitled “Risk Factors” beginning on page xii of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges’ requirements, our Company and Lead Manager(s) will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in equity and equity related securities involves a high degree of risk. You should carefully consider all of the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could suffer, the trading price of our Equity Shares and the Rights Equity Shares could decline and you may lose all or part of your investment. You should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in other countries. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risks where the impact is not quantifiable and hence the same has not been disclosed in such risk factors.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

1. *Some events may not be material individually but may be found material collectively.*
2. *Some events may have a material impact qualitatively instead of quantitatively.*
3. *Some events may not be material at present but may have material impacts in the future.*

A. INTERNAL RISK FACTORS

1. ***SEBI has issued various show cause notices inter-alia against our Company and our Promoters, (“SEBI Show Cause Notices”). Any unfavourable outcome in connection with the SEBI Show Cause Notice may adversely affect our operations, financial condition and profitability.***

SEBI has initiated the following proceedings pursuant to various show cause notices as further detailed herein below, inter-alia against our Company and our Promoters:

- (a) Proceedings in connection with the show cause notice dated September 11, 2009 issued to our Company by SEBI, (“**First Show Cause Notice**”):

Our Company had responded to the First Show Cause Notice, vide its letter dated September 24, 2009. Pursuant to a letter dated September 29, 2009, our Company applied to SEBI for passing consent orders in connection with the aforesaid proceedings, in terms of the First Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI, and sought for an opportunity to explain their stand in person before the relevant committee constituted by SEBI in connection with the aforesaid proceedings, (“**Competent Committee**”). Our Company was given an opportunity of being heard personally by the Competent Committee on November 26, 2009, pursuant to an email dated November 20, 2009 issued by SEBI to our Company. At the said hearing, our Company requested the Committee that all matters relating to our Company and its promoters in connection with the allegations contained in the First Show Cause Notice be taken up together. SEBI vide a notice dated May 03, 2010 called upon our Company for a personal hearing in connection with the first show cause notice before a whole time member of SEBI, to which our Company had responded vide a letter dated May 14, 2010 seeking an adjournment of 4 (four) weeks with respect to the said hearing. SEBI

vide a letter dated May 19, 2010 allowed the adjournment sought by our Company and extended the date for the said personal hearing before the whole time member of SEBI to June 21, 2010.

- (b) Proceedings in connection with the 2 show cause notices dated November 27, 2009 issued by SEBI, to each of the Promoters namely Mr. Sanjay Jhunjhunwala and Mr. Sandip Jhunjhunwala, (collectively “Promoters”), (“First Promoter Show Cause Notices”):

Pursuant to the First Promoter Show Cause Notices, SEBI has leveled similar allegations against the aforesaid Promoters, as contained in the aforesaid First Show Cause Notice. In the First Promoter Show Cause Notices SEBI has inter-alia alleged that the aforesaid Promoters aided and abetted a preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005 which was allegedly made in a fraudulent manner. Each of the aforesaid Promoters responded to First Promoter Show Cause Notices, vide separate letters dated December 14, 2009. Pursuant to separate letters each dated December 17, 2009, both the aforesaid Promoters have applied to SEBI on December 22, 2009 for passing consent orders in connection with the aforesaid proceedings, in terms of the First Promoter Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. The Promoters are awaiting any further communication, response, directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the First Promoter Show Cause Notices.

- (c) Proceedings in connection with the show cause notice dated November 30, 2009, issued to our Company by SEBI, (“Second Show Cause Notice”):

SEBI has issued the Second Show Cause notice against our Company inter-alia alleging that in connection with inquiry proceedings initiated against our Company relating to a preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005 which was allegedly made in a fraudulent manner, (“**Inquiry Proceedings**”), our Company allegedly failed to submit complete information and/or relevant documents supporting the submissions made by our Company in relation to the Inquiry Proceedings. SEBI has further alleged, that in light of the aforesaid allegations, our Company has violated the provisions of Section 11C(2) and (5) of the SEBI Act, 1992. Accordingly, SEBI has called upon our Company to show cause as to (i) why an inquiry should not be initiated against our Company in terms of Rule 4 of the SEBI (Procedure of Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, read with subsection (2) of Section 151 of the SEBI Act, 1992 and (ii) why penalty, if any, should not be imposed on our Company under Section 15A (a) of the SEBI Act, 1992. Our Company has responded to the Second Show Cause Notice, vide its letter dated December 14, 2009. Pursuant to a letter dated December 15, 2009, our Company applied to SEBI on December 22, 2009, for passing consent orders, in connection with the aforesaid proceedings, in terms of the Second Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. Our Company is awaiting any further communication, response, directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the Second Show Cause Notice.

- (d) Proceedings in connection with the show cause notices dated December 08, 2009, issued to Kaushalya Devi Jhunjhunwala, Sangita Jhunjhunwala, Suruchi Jhunjhunwala, Harrington Commercial Private Limited, Hawks Financiers Private Limited, Pingle Marketing Private Limited, Rakhsha Financier Private Limited, Rajkamal Marketing Private Limited, Right Fiscal Management Private Limited, Sangita Securities Private Limited, Sangita Mor, Rajesh Mor, and Hi-Fi Tradecom Private Limited. (“Third Show Cause Notices”):

Pursuant to the Third Show Cause Notices SEBI has leveled similar allegations against, as contained in the aforesaid First Show Cause Notice and Second Show Cause Notice against the aforesaid persons/entities, in connection with the alleged fraudulent preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005. Pursuant to the separate letters dated December 17, 2009, the Promoters of our Company, namely Sangita

Jhunjhunwala, Suruchi Jhunjhunwala and Kaushalya Devi Jhunjhunwala responded to the Third Show Cause Notices and have each applied to SEBI on December 22, 2009 for passing consent orders in connection with the aforesaid proceedings, in terms of the Third Show Cause Notices and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. Sangita Jhunjhunwala, Suruchi Jhunjhunwala and Kaushalya Devi Jhunjhunwala are awaiting directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the Third Show Cause Notices.

Any unfavourable outcome in connection with the aforementioned proceedings initiated by SEBI, inter-alia including any adverse order issued by SEBI could adversely affect our operations, financial condition and profitability. For further details please refer to the section entitled “Outstanding Litigations and Other Defaults” beginning on page 123 of this Letter of Offer.

2. ***A proceeding seeking winding up of our Company initiated by M/s. Megaplast Packaging Private Limited is pending final settlement and/or final determination and disposal before the High Court at Calcutta. Our inability to settle the aforementioned proceedings and/or obtain a favourable order in connection therewith could adversely affect our operations, financial condition and profitability.***

M/s. Megaplast Packaging Private Limited, (“**Megaplast**”), had filed a petition under Section 434 of the Companies Act, 1956, (bearing C.P. No. 376 of 2009) before the Hon’ble High Court of Calcutta, seeking to wind up our Company, inter-alia on the alleged grounds that our Company had allegedly failed to pay a sum of Rs. 1,14,81,971 to Megaplast. In terms of an agreement dated October 26, 2009, executed between our Company and Megaplast, our Company has paid a sum of Rs. 89,88,486 to Megaplast, and has undertaken to hand over sales tax declaration forms, as specified in the said winding-up petition to Megaplast. Pursuant to the aforementioned agreement Megaplast has agreed that the said winding-up petition be permanently stayed vide their communication/letter dated May 12, 2010. As on the date of this Letter of Offer, the aforementioned proceedings have not been finally settled and/or determined. The Honorable High Court at Kolkata has disposed off the case subject to the condition that if our Company fails to provide balance sales tax declaration form than Megaplast at its liberty may advertise the matter as per law. If we are unable to settle the aforementioned proceedings in terms of the agreement dated October 26, 2009, executed between our Company and Megaplast, our operations, financial conditions and profitability may be adversely affected, the value of which can not be currently quantified.

3. ***Our Company’s non compliance with documents executed with and/or in favour of our lenders, (“Financing Agreements”), would adversely affect our operations and financial condition.***

The Financing Agreements executed by our Company, contains various restrictive and/or financial covenants and reporting requirements which if breached could also lead to defaults or cross-defaults of the terms and conditions of the Financing Agreements. Such breaches/defaults/cross-defaults could also adversely affect our operations and financial condition.

A failure to observe the covenants under the Financing Agreements or to obtain necessary consents there under may lead to the termination of credit facilities, the acceleration of all amounts due under the relevant facilities and enforcement proceedings against the movable and immovable assets provided by our Company as security for repayment of the credit facilities. If our Company’s indebtedness is accelerated, our Company may not be able to repay its debt or borrow sufficient funds in a timely manner or at all, and/or at commercially favourable terms, which in turn could affect our operations, financial condition and profitability. Further, under the terms of certain Financing Agreements, the relevant lender is entitled to change the constitution of our Board, inter-alia including appointment of new directors and/or removal of any existing Director of our Company, in the event of any default/cross-default there under. The enforcement of any remedy available to our lenders in the event of a default/cross-default, could adversely affect our operations, credit rating and financial condition.

Our Company has failed to comply with certain provisions of the Financing Agreements executed with Indian Renewable Energy Development Agency Limited (“IREDA”), Industrial Development Finance Company Limited (“IDFC”) and ICICI Bank Limited (“ICICI”), as further detailed hereinafter:

- (i) Under the terms and conditions of the Financing Agreements entered into with IREDA, the Promoters/ Directors/ Promoter Group of our Company are required to provide an undertaking to IREDA that they shall not pledge/dispose off their shareholdings in our Company during the currency of the credit facilities availed from IREDA, and our Company shall not register any transfer or lien on the said shares without prior permission of IREDA in writing. However, certain promoters/ Promoter Group have in fact pledged their shares in our Company, as per the disclosures made by our Company in its regulatory filings made with SEBI and the stock exchange(s).
- (ii) Further, under the terms of the Financing Agreements executed with IDFC, our Company is required to maintain certain financial ratios including, total debt to net worth ratio of not more than 3.25:1 and a secured debt to net worth ratio of not more than 1.6:1, (“**Networth Covenants**”). Our Company has failed to comply with the said Networth Covenants since April 1, 2007.
- (iii) Any default in complying with the terms and conditions of the other Financing Agreements would be viewed as an event of cross-default under the Financing Agreement executed with ICICI and accordingly, a default in connection with the Financing Agreements executed with IREDA and IDFC would also be deemed as a cross-default there under.

The aforementioned breaches would entitle the relevant lenders to various remedies available under their respective Financing Agreements which inter-alia include (i) pre-mature repayment of the amount of outstanding loans, (ii) imposition of penal interest, (iii) right of the relevant lender to appoint a nominee Director and/or remove any existing Director of our Company and/or otherwise reconstitute the management of our Company, and/or (iv) cancellation of the existing credit facilities extended to our Company. However, as on date no action has been taken by the relevant lenders against our Company. For further details please refer to the section entitled “Outstanding Litigations and Other Defaults” beginning at page 123 of this Letter of Offer. These failures/breaches could adversely affect the operations, profitability and/or financial condition of our Company.

4. *Our Promoters have pledged their Equity Shares as additional/collateral security under various agreements executed with various lenders in connection with the credit facilities obtained from them. In the event of any default/cross default under the said agreements, the lenders may enforce aforementioned pledges, which could result in a change in control of our Company.*

As per the disclosures made by our Promoters under the provisions of the Takeover Code in connection with the details of the Equity Shares held by them, as on March 31, 2010 is 120,977,829 Equity Shares representing 37.89 %, of the paid-up equity share capital of our Company. As on March 31, 2010, 36,866,530 Equity Shares, representing 30.47% of the aggregate holding of Equity Shares of our Company by the Promoter and Promoter Group, and 11.55% of the total paid-up Equity Shares of our Company, held by our Promoters in our Company were pledged with banks and financial institutions. As on June 8, 2010, 40,366,530 Equity Shares, representing 33.37% of the aggregate holding of Equity Shares of our Company by the Promoter and Promoter Group, and 12.64% of the total paid-up Equity Shares of our Company, held by our Promoters in our Company were pledged with banks and financial institutions. The following table elucidates the details of Equity shares pledged by our Promoters with banks and financial institutions as on June 8, 2010:

Sl. No.	Name of the Promoter	Number of shares pledged or otherwise encumbered	Financial institution with which the shares are pledged	Purpose for which shares are pledged or encumbered
1	Aspective Vanijya Private Limited	21,822,330*	SICOM and 3i Infotech Trusteeship Services Limited	Security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited & Collateral Security against the loan availed & ECB by our Company from ICICI Bank Limited
2	Subhchintak Vancom Private Limited	13,408,200	Bank of Rajasthan	Security against the loan availed by our Company from Bank of Rajasthan
3	Shree Krishna Gyanodaya Flour Mills Private Limited	5,136,000	SICOM	Security against the loan availed by Shree Krishna Gyanodaya Flour Mills Private Limited from SICOM Limited
Total		40,366,530	-	-

* On June 9, 2010 Aspective Vanijya Private Limited has pledged 6,000,000 additional Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited. Further, on June 10, 2010 Jagdhatri Tracon Private Limited has pledged 4,000,000 Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited

In the event of any default/cross-default under the existing agreements executed in connection with the credit facilities, the relevant lenders are entitled to seek to enforce the pledge on the Equity Shares held by our Promoters and could sell such Equity Shares pledged to them in the open market. Such enforcement of the pledge on the aforementioned Equity Shares could result in our Promoters losing control of our Company. Any such change of control could significantly influence our Company's business policies, operations and profitability.

5. ***A change in consumption patterns, the demand for Basmati rice and reduction of price of Basmati rice could adversely affect our Company's operations and profitability. Further, our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations, financial condition and profitability.***

A significant portion of our Company's revenues are generated from the sale of Basmati rice. Out of our total revenues of Rs 24,520.9 million for FY 2009 and Rs 37,029.3 million for FY 2010, the sale of Basmati rice accounted for 98.8% and 99.0% of the total revenue, respectively. Any change in consumption patterns of Basmati rice or any reduction in demand for Basmati rice processed by us could adversely affect our Company's operations and profitability.

Further, there is generally a considerably long period following the processing of the Basmati paddy purchased, before which the Basmati rice can actually be sold in the market. The price of Basmati rice would depend on the quality and maturity of the Basmati rice. Currently, our Company has no means or methods of hedging the price risk associated with our Basmati rice products. Accordingly, our Company may not be able to recover its investment in the Basmati paddy if there is any fall in the price of Basmati rice from the date of purchase of Basmati Paddy and sale of Basmati rice, which could adversely affect our profitability and financial condition.

Further, the wholesale price of Basmati rice has a significant impact on our profitability. Basmati rice is subject to price fluctuations due to weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our Company's control. Any prolonged decrease in Basmati rice prices could have a material adverse impact on our operations and profitability.

Our operations require a substantial amount of working capital. We are required to obtain and/or maintain adequate cash flows and funding facilities, from time to time, in order to, inter-alia, finance the purchase of Basmati paddy and other raw materials, upgrade and maintain our manufacturing and processing facilities. Our aggregate working capital requirement for the FY 2009 and the FY 2010 was Rs. 31,804.2 million and Rs. 49,114.1 million, respectively.

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

6. *The cultivation of Basmati paddy is seasonal in nature. Accordingly, our Company's operations and profitability could be adversely impacted if we are unable to obtain Basmati paddy in a timely manner or at all.*

The cultivation of Basmati paddy being seasonal in nature, the Basmati rice industry is dependent on the harvest of Basmati paddy, which occurs generally for only six months in the year (normally between the months of September to March every year). Although Basmati rice is not entirely dependent upon a successful monsoon, Basmati paddy production can be adversely effected by the consistent failure of monsoons or by an epidemic or other similar factors. Further, farmers' currently growing Basmati paddy may shift their resources and efforts towards the cultivation of other crops, resulting in a decline in Basmati paddy production. The aforementioned factors could impact the availability and current and future cost of Basmati paddy. The future growth of our Company's business is dependent upon its ability to procure quality Basmati paddy at commercially viable prices. Our inability to procure desired quality of Basmati paddy, in a timely manner or at all, and at competitive prices or our inability to pass an increase in the prices of Basmati paddy on to our customers could adversely affect our operations and profitability.

7. *Export duties or other export restrictions imposed by the Government of India could adversely affect our operations and profitability.*

Our Company is primarily in the business of processing and marketing of branded and un-branded Basmati rice in domestic and overseas market. A significant portion of the total sales from the sale of basmati rice is generated from export market. During the FY 2009 and FY 2010, our Company has derived approximately 41.2% and 18.0% of its total sales of Basmati rice from the export market. During the FY 2009, Government of India has imposed an export duty of Rs. 8,000 per metric tonne on export of basmati rice. On account of this, our Company has to pay an amount of Rs. 590.0 million of export duty. Had the duty not been charged the profit before tax for our Company would have been higher by Rs. 590.0 million and consequently the profit after tax would have been higher by Rs. 389.5 million which would have been an increase of 63.92 % in the profit after tax of our Company. The export duty in the FY 2009 had adversely impacted the profitability of our exports and consequently had affected our profitability.

While the export duty has since been lifted, any export duty or other export restrictions imposed by statutory and/or regulatory authorities in the future could adversely affect our operations and profitability.

8. *A significant portion of our export sales in the last Financial Year and the current Financial Year are derived from certain customers from United Arab Emirates for which shipment was made to Iran. Our failure to procure such orders and in sufficient quantities in a timely manner or at all in the future could adversely affect our profitability.*

Since December, 2008, at the request of one of our customer in the United Arab Emirates, we have also shipped Basmati rice to Iran. All the billings, however, for both the FY 2009 and FY 2010 are conducted with the customer in the United Arab Emirates. In the FY 2009, Basmati rice shipped to Iran accounted for 17 % of our Company's total exports and 6.94% of our Company's total income. Similarly in FY 2010, the total shipment to Iran constituted the 3.6% of total export and

0.64% of total income of our Company. We are required to ship our products to Iran, on orders placed by our customers in the United Arab Emirates. There can be no assurance that our Company would continue to procure orders for shipment of our products to Iran. Our failure to procure such orders and in sufficient quantities in a timely manner or at all in the future could adversely affect our profitability.

9. *Our Company's business faces the prospect of increased competition if there is more consolidation in the fragmented Basmati rice sector which may reduce our Company's market share and income.*

Increased consolidation and a more organised Basmati market could significantly increase competition to our Company and thereby reduce its market share and earnings.

Basmati rice has historically been predominantly grown in the Indian states of Haryana, Uttar Pradesh, Uttaranchal and Punjab and in a part of the Punjab region located in Pakistan on account of favourable climatic and geographic conditions required in connection with the agriculture of Basmati rice. India's Basmati rice production is significantly more than that of Pakistan. Though presently Pakistani Basmati Rice generally does not compete directly with Indian Basmati Rice on account of its lower quality, our Company may face increased competition from Pakistani Basmati Rice in future.

10. *The requirement and proposed utilisation of proceeds of the Issue have not been appraised by any bank, financial institution or other independent agency.*

The fund requirement and utilisation of the proceeds of the Issue as specified in the section entitled "Objects of the Issue" beginning on page 35 of this Letter of Offer are based on internal management estimates and has not been appraised by any bank, financial institution or other independent agency. The actual operations may be different from management estimates and our Company may not be able to deploy funds as planned. Accordingly, the management will have significant flexibility in applying the proceeds received by us from the Issue. This may affect our results of operation. For details please refer to the section entitled "Objects of the Issue" beginning on page 35 of this Letter of Offer.

11. *Persons resident outside India subscribing to the Rights Equity Shares offered pursuant to the Issue are subject to risks in connection with (i) exchange control regulations, and, (ii) fluctuations in foreign exchange rates.*

Various statutory and regulatory requirements and restrictions apply in connection with the Equity Shares including Rights Equity Shares held by persons resident outside India, ("**Exchange Control Regulations**"). Amounts payable to persons resident outside India holding the Equity Shares, on dividend paid/payable in connection with such Equity Shares would accordingly be subject to prevailing Exchange Control Regulations. Any change in the Exchange Control Regulations may adversely affect the ability of such persons resident outside India to convert such amounts into other currencies, in a timely manner or at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by persons resident outside India on payment of dividend on the Equity Shares held by them.

12. *Our Company has registered negative cash flows from its operating and investing activities for the financial years ending on March 31, 2009 and March 31, 2010.*

The cash flow from the operating and investing activities of our Company was negative for the financial years ended March 31, 2009 and March 31, 2010. Our net cash from operating activities was Rs. (2,932.21) million as at March 31, 2009, and Rs. (7,464.20) million as at March 31, 2010 while the net cash from investing activities was Rs. (171.01) million as at March 31, 2009 and Rs. (869.93) million as at March 31, 2010. We cannot assure you that we would be able to generate and/or maintain positive cash flows from various activities of our Company in the future.

If we are unable to generate adequate cash flow from the activities of our Company, our financial condition and profitability could be adversely affected.

13. ***Our Company relies on various agents for the procurement of sufficient Basmati paddy of the desired quality for its production requirements. Any failure on the part of such agents to procure Basmati paddy of desired quality and in sufficient quantities in a timely manner or at all may affect our operations and profitability.***

Our Company is dependent on agents traditionally called ‘*pucca artiyas*’ who are authorised by us to make purchases of raw material in local agricultural commodities markets called ‘*mandis*’. Inability on the part of such agents to procure the required quantities and/or the desired quality of Basmati paddy, in a timely manner, or at all, could adversely affect our operations and profitability. Further, our Company typically enters into oral agreements with such agents and accordingly, we can not assure you that our Company would be able to enforce the obligations of such agents under such oral agreements or be able to maintain these arrangements on substantially the same terms, if at all, which could have an adverse effect on our Company’s operations and profitability.

14. ***Our Company does not enter into any long term supply contracts with our Basmati rice customers.***

Our Company does not, as a matter of practice, enter into long-term supply contracts with our customers for the sale of our Basmati rice products. Our Company carries on business with our customers on the basis of purchase orders raised from time to time, and does not have any long-term commitments from our customers to make purchases from our Company of our Basmati rice products. There is no assurance that our Company will continue to receive purchase orders for our Basmati rice products either on substantially the same terms or at all, which could have an adverse effect on our Company’s operations and profitability.

15. ***Our operations and profitability is dependent upon the availability of timely transportation of Basmati paddy and finished products.***

Our Company relies on a network of third party transporters for the transportation of Basmati paddy to our processing facilities. Our Company purchases Basmati paddy from local markets and suppliers deliver procured Basmati paddy to our Company. Our Company’s raw materials and finished products are transported primarily in trucks to and from our Company’s processing facilities. Failure to obtain adequate transportation facilities and in a timely manner or at all could adversely affect our operations and profitability. Transportation strikes by members of various Indian truckers’ unions have had in the past, and could again have in the future, an adverse affect on supplies and deliveries to and from our customers and suppliers. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of products to export markets may have an adverse effect on our business and results of operations.

16. ***Our profitability may be adversely affected in the event any investments made by our Company, other than in connection with the business of processing Basmati rice, may not yield favourable results.***

Our Company has and may continue to invest in businesses other than those in connection with the business of processing Basmati rice and matters incidental thereto. The total investments made by our Company in the securities of some of the listed and unlisted companies as at March 31, 2009 and as at March 31, 2010 aggregated to approximately 2.86% and 1.97% of the total assets of our Company, respectively.

Our Company has invested in the securities of certain listed and unlisted companies, the details of which are disclosed under Annexure XVII in the section entitled “Financial Statements” beginning on page 81 of this Letter of Offer.

We cannot assure that such investments made by us would yield desired results. Our Company from time to time invests in the equity securities of unlisted and listed companies. Our investment in such companies are subject to a number of significant risks that arise from the nature of their businesses. Further, our Company typically holds a minority shareholding in such companies and consequently does not exercise control over the affairs of such companies. Our Company’s investment in listed equity securities of companies are subject to fluctuations of the market price of such securities and, therefore, a significant decline in the market price of such equity securities could adversely affect our profitability. If our Company is unable to benefit from the synergies or efficiencies expected from these investments, or if such investments do not yield desired results, our profitability may be adversely affected. For further information, please refer to section titled “Financial Information” beginning on page 81 of this Letter of Offer.

17. *Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our operations and profitability.*

We are required to obtain and maintain various statutory and regulatory permits and approvals to operate our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. For details please refer to the section entitled “Government and Other Approvals” beginning on page 127 of this Letter of Offer.

18. *Pursuant to an order of an Industrial Tribunal, we may be directed to regularise or absorb contract labour employed by us, which may result in an increase in our expenses and may adversely affect our profitability.*

We are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970. During the FY 2010, our Company has employed 223 workers on an average on contract basis. If our Company absorbs all these workers, the PAT of our Company for the FY2010 would be reduced by Rs. 7.61 million on the assumption that the contract workers will be treated at par with the employees on the roll of our Company.

Pursuant to any application made by contract labourers employed by us, an Industrial Court or Tribunal may direct us to regularise or absorb such contract labour. Further, the State Government may prohibit the employment of contract labour. If either of the above should occur, we may be required to induct such labourers on our payroll, as employees, which may result in increased expenses and consequently, may adversely affect our profitability.

19. *Our Company has entered into long-term contracts with third parties for the sale of electric power generated by our Company’s wind farms and there are risks associated with fulfilling the contracts or changes in wind velocity that may affect our Company’s results or operations.*

Our Company has developed four wind farms in Rajasthan, Maharashtra, Tamil Nadu and Gujarat with a power generation capacity of 7.5 megawatts, 22.4 megawatts, 6.0 megawatts and 10.2 megawatts, respectively. We have entered into long-term power purchase agreements with the Rajasthan Rajya Vidyut Prasaran Nigam Limited, Suzlon Energy Limited, Jodhpur Vidyut Vitran Nigam Limited, Ajmer Vidyut Vitran Nigam Limited and Jaipur Vidyut Vitran Nigam Limited, Maharashtra State Electricity Distribution Company Limited and Tamil Nadu State Electricity Board, in connection with the sale of entire power generated by our wind energy turbines at our

wind farms, (collectively “**Power Purchase Agreements**”). Our Company has leased out the Gujarat wind power project to another corporate entity on an operating lease basis.

It is pertinent to note that all the above entities are government enterprises and our Company has not experienced any failure on the payment obligations from the above mentioned distribution companies/State Electricity Board. During the FY 2009 and FY 2010, our Company has earned Rs. 187.2 million and Rs. 206.5 million respectively from the sale of power to State Electricity Distribution Companies/ State Electricity Board from wind power projects. In the event the said payment obligations on purchase of power were not fulfilled, PAT would have been reduced by Rs.123.6 million and Rs. 136.3 million respectively consequently PAT in percentage terms would have reduced by 20.28% and 8.67%, respectively.

Our Company has earned revenue of Rs. 42.0 million and Rs. 42.0 million during FY 2009 and FY 2010, respectively in the form of lease rental of Gujarat wind power projects. In the event of default on the payment obligations by the lessee, the PAT of our Company would have reduced by Rs. 27.72 million (after tax) and Rs. 27.72 million (after tax), respectively and consequently PAT in percentage terms would have reduced by 4.55% and 1.76%, respectively.

Wind Energy is infirm power and depends on various factor like, wind velocity, wind speed etc. Any adverse changes in these factors may impact the power generation. If the power generation will reduce correspondingly revenue from power generation will reduce. A 10 % reduction in power generation will reduce the revenue from power generation by 10% and consequently net profit of our Company will reduce by 6.6% (after tax).

- 20. *The offer, issuance and allotment of Rights Equity Shares, including any unsubscribed and/or renounced Rights Equity Shares would be subject to our Company obtaining appropriate clarifications/approval from the RBI in connection with the offer, issuance and allotment of unsubscribed and/or renounced Rights Equity Shares to Non Residents.***

Pursuant to a letter dated September 29, 2009 our Company has sought a clarification/ approval from the RBI in connection with the offer, issuance and allotment of Rights Equity Shares which remain unsubscribed and/or are renounced by the Eligible Equity Shareholders, to Non Residents. Accordingly, the offer, issuance and allotment of Rights Equity Shares which remain unsubscribed and/or are renounced by the Eligible Equity Shareholders, to Non Residents, will be subject to our Company obtaining the aforesaid clarification/approval from the RBI in this regard prior to the date of allotment of the Rights Equity Shares under the Issue.

- 21. *Our Board of Directors shall have the discretion to allot Rights Equity Shares to persons who are not Eligible Equity Shareholders if the Issue is under-subscribed.***

After taking into account allotment to be made to Eligible Equity Shareholders in accordance with the terms of this Letter of Offer if there is any unsubscribed portion in the Issue, any additional Rights Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding. In the event of allotment of Rights Equity Shares to persons who are not Eligible Equity Shareholders, our Company shall maintain minimum public shareholding as per the requirements of the Listing Agreement. For further details please refer to “Basis of Allotment - Terms of the Issue” beginning on page 151 of this Letter of Offer.

- 22. *We have contingent liabilities of Rs. 2.23 million as at March 31, 2010***

As on March 31, 2010, the contingent liabilities of our Company are with respect to 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.

If any of the contingent liabilities specified above materialise, our liquidity, business, prospects, financial condition and results of operations could be adversely affected.

23. *We have entered into certain related party transactions.*

We have entered into related party transactions with our Promoters, and some of our Group entities in FY 2009 and FY 2010. For details please refer to the section entitled “Financial Statements – Related Party Transactions-Annexure XVI” beginning on page 103 of this Letter of Offer.

24. *Limited protection of intellectual property could affect our Company’s business.*

Despite our Company’s efforts to protect intellectual property (such as the trademarks for its brands), third parties may still infringe on our Company’s intellectual property. The laws of India do not protect proprietary rights to the same extent as laws of the United States and in certain other countries such as those of the European Union. The inability to register or enforce, or the infringement of any intellectual property rights belonging to our Company could disrupt our Company’s ongoing business, distract management and employees, reduce income and increase expenses. For details please refer to the section entitled “Our Business” beginning on page 59 of this Letter of Offer.

EXTERNAL RISK FACTORS

25. *Our inability to procure and/or maintain adequate insurance cover in connection with our processing facilities and other assets may adversely affect our operations and profitability.*

Our operations in connection with Basmati rice business are subject to inherent risks, such as burglary and house break-ins, defects, malfunctions and failures of equipment, fire and natural disasters. Our insurance may not be adequate to completely cover any or all our liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially justifiable. Our inability to procure and/or maintain adequate insurance cover in connection with our business/assets may adversely affect our operations and profitability.

26. *Any prolonged business interruption at our manufacturing facilities could have a material adverse effect on our business.*

Irregular or interrupted supply of power or water, electricity shortages or government intervention, particularly in the form of power rationing are factors that could adversely affect our operations. If there is an insufficient supply of electricity or water to satisfy our requirements or a significant increase in electricity prices, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. There is no assurance that we will always have access to sufficient supplies of electricity in the future to accommodate our production requirements and planned growth.

27. *Our success significantly depends on our management and operational teams and other skilled professionals. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline, which may decrease the value of our Equity Shares.*

We are dependent on the senior members of our management and operational team for our continued success and growth. Our ability to procure orders and to obtain new clients depends in large part on our ability to attract, train, motivate and retain highly skilled professionals. If we cannot hire and retain the qualified personnel, our ability to continue to expand may be impaired and our revenues could decline. Further, we may not be able to redeploy and retrain our employees to keep pace with continuing changes, evolving standards and changing client preferences.

28. *An inability to manage our Company's growth could disrupt its business, results of operations and financial condition.*

Our Company has experienced significant growth in terms of production, income, and expanding its customer base. In the FY 1999, our Company's Basmati rice production was 27,499 metric tonnes generating a total income of Rs. 782.0 million. By FY 2010, our Company's Basmati rice production increased to 5,56,039 metric tonnes, with total income of Rs. 37,029.3 million. Our Company also plans to penetrate new markets and increase its export sales. Our Company's continued growth places significant demands on our management and resources. In the event that we decide to implement any expansion strategies in the future, there can be no assurance that our Company will be able to execute such expansion strategies in a timely manner or at all. Any failure to do so could adversely affect our operations and profitability.

29. *We may be affected by labour strikes or other disruptions in connection with labor that could adversely affect our operations, profitability and financial condition.*

There can be no assurance that we will not experience labour unrest in the future, which may delay or disrupt our operations. If work stoppages, work slow-downs or lockouts at our facilities occur or continue for a prolonged period of time, our results of operations and financial condition could be adversely affected.

30. *We are exposed to foreign exchange fluctuations and other exchange control risks.*

We have material exposure to foreign exchange related risks since a portion of our revenue earnings and expenses are in foreign currencies.

We have material exposure to foreign exchange related risks since a portion of our revenue earnings and expenses are in foreign currencies.

Top 15 Currencies in which our Company may have exposure are as under:

1. United State Dollar;
2. Australian Dollar;
3. British Pound;
4. Chinese Yuan;
5. Euro;
6. Hong Kong Dollar;
7. Iranian Rial;
8. Japanese Yen;
9. Kuwait Dinar;
10. Saudi Riyal;
11. Singapore Dollar;
12. Swiss Franc;
13. U.A.E. Dirham;
14. Bahraini Dinar; and
15. Qatari Rial

Approximately, 41.20% and 18% of our total sales for FY 2009 and FY 2010 were in foreign currency. Approximately 6.58% and 11.68 % of our total assets were in foreign currencies for FY 2009 and FY 2010, respectively and approximately 3.24% and 11.94% of our liabilities were in foreign currency, for FY 2009 and FY 2010, respectively. Any appreciation or depreciation of the Indian Rupee against these currencies can impact the profitability of the business. Translation differences arising out of conversion of these assets into Indian Rupees can also impact the profitability for that period. We may from time to time be required to make provisions for foreign exchange fluctuation in accordance with accounting standards.

Devaluation or depreciation of the Rupee against other currencies may increase the cost of our borrowings and repayment of indebtedness and reduce our net income. Further, we have experienced and can be expected to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings. During the FY 2009 Company has incurred a loss of Rs. 74.31 million which amounts to 12.20% of Profit After Tax (PAT). However, during the FY 2010, Company's total revenue has increased by Rs. 83.31 million on account of foreign exchange fluctuation gain which amounts to 5.30% of profit after tax(PAT).

31. *If we are unable to obtain the necessary funds for our growth plans, our business and operations will be adversely affected.*

Our funding requirements for expanding our operations are substantial, and our ability to finance these plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including general economic and capital markets conditions and our ability to obtain financing on acceptable terms.

There can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans.

Our ability to obtain required capital on acceptable terms is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities;
- investors' and lenders' perception of, and demand for, debt and equity securities of Basmati rice processing companies, wind farms, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- whether it is necessary to provide credit support or other assurances from our Promoter on terms and conditions and in amounts that are commercially acceptable to them;
- limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S. and other capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

Any inability to raise sufficient capital to fund our growth plans could have a material adverse effect on our business and results of operations. For details, please refer to the section entitled "Objects of the Issue" beginning on page 35 of this Letter of Offer.

32. *The market value of your investment may fluctuate due to the volatility of the Indian securities market*

Indian securities markets may be more volatile than the securities markets in other developed countries. The Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities.

The Stock Exchanges have experienced problems, inter alia, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers and/or other intermediaries in the securities market. If such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Rights Equity Shares. In addition, the governing bodies of the Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

33. *Political instability or changes in the policies formulated by the Government of India from time to time could affect the liberalization of the Indian economy and adversely affect our business, results of operations and financial condition.*

We are incorporated in India and a significant portion of our fixed assets and human resources are located in India. Our business, and the market price and liquidity of the Equity Shares may be adversely affected by changes in foreign exchange rates and regulations, interest rates, government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

The rate of economic liberalisation in India could change in future, and statutory/regulatory requirements and/or policies the general economic environment in India, foreign investment, the securities market, currency exchange and other matters affecting our business and/or investment in our securities could change as well. Any significant change in liberalisation and deregulation of policies in India could adversely affect business and economic conditions in India generally and our business, operations and profitability in particular.

34. *Natural calamities could have a negative impact on the Indian economy and harm our business.*

India has experienced natural calamities such as earthquakes, floods, drought and a tsunami in recent years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy which could adversely affect our business and the price of our Equity Shares.

35. *A slowdown in the economic growth in India or in the economy globally could significantly affect our growth rates.*

Our operations are primarily located in India and our business operations and performance are dependent on the overall economy, the gross domestic product (“GDP”) growth rate and the economic cycle in India. The Indian economy could be adversely affected by a number of factors. Any slowdown in the Indian economy or volatility in global commodity prices, could adversely affect the Indian economy. The Indian economy could also be adversely affected by a general rise in interest rates and unfavourable weather conditions adversely affecting agriculture. A slowdown in the Indian economy could adversely affect our business and results of operations.

36. *Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect our Company’s business and its profitability.*

Certain events that are beyond the control of our Company, such as terrorist attacks and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our Company’s business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India’s economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our Company’s business, future financial performance and price of our Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, Our Company’s operations might be significantly affected.

India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have a material adverse effect on our Company’s ability to develop its business. As a result, our Company’s business, results of operations and financial condition may be adversely affected.

37. *Our Company's ability to raise foreign capital may be constrained by Indian law.*

As an Indian company, our Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, our Company cannot assure you that the required approvals will be granted to it without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our Company's business growth, financial condition and results of operations.

38. *Shareholders will bear the risk of fluctuations in the price of our Equity Shares.*

The price of our Equity Shares on the Indian stock exchanges may fluctuate after this offering as a result of several factors, including: volatility in the Indian and global securities market; operations and performance of our Company; performance of our competitors; adverse media reports on our Company; changes in the estimates of our Company's performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There can be no assurance that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequently.

39. *There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time*

Our Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of our Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limits on our Company's circuit breakers are set by the BSE and the NSE. The BSE and the NSE does not inform our Company of the percentage limit of such circuit breakers and may change it without our Company's knowledge. This circuit breaker effectively limits the upward and downward movements in the price of our Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our Company's Equity Shareholders to sell our Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

40. *Fluctuation in the exchange rate between the Rupee and any other currency could have a material adverse effect on the value of our Equity Shares, independent of our Company's operating results.*

Our Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of our Equity Shares will be paid in Rupees and may subsequently be converted into other currencies for repatriation to any non-resident Shareholder. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders. Further any fluctuations in the exchange rates between the Rupee and any other currency may adversely affect the value of our Equity Shares.

41. *Future issuances or sales of our Equity Shares could significantly affect the trading price of our Equity Shares, and may dilute your shareholding in our Company.*

The future issuances of Equity Shares by our Company or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issuance or sales may occur may significantly affect the trading price of our Equity Shares. Further, any issuance of any Equity

Shares pursuant to the conversion or exchange of securities of our Company, or otherwise, may dilute your shareholding in our Company.

There can be no assurance that our Company will not issue further Equity Shares or that our Promoters will not dispose of, pledge or otherwise encumber their Equity Shares.

42. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of Equity Shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of Equity Shares, which are sought to be transferred is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. Our Company cannot assure investors that any required approval from the RBI or any other statutory and/or regulatory authority or agency can be obtained on any particular terms or at all.

43. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner or at all.*

In accordance with Indian law and practice, permission for listing and trading of the Rights Equity Shares issued pursuant to the Issue will not be granted until after such Rights Equity Shares have been issued and allotted. Such approval will require all other relevant documents authorising the issuing of Rights Equity Shares to be submitted. There could be a failure or delay in listing the Rights Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Rights Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Rights Equity Shares will trade in the future.

Prominent Notes

- Issue of 63,86,56,636 Rights Equity Shares for cash at a premium of Rs. 18.50 per Rights Equity Share aggregating upto Rs. 12,453.80 million to the Eligible Equity Shareholders on rights basis in the ratio of two Rights Equity Shares for every one Equity Shares held as on the Record Date, i.e. June 8, 2010
- Our net worth was Rs. 6,022.3 million and Rs. 9015.4 million, as per the audited financial statements of our Company as at March 31, 2009 and as at March 31, 2010, respectively, as disclosed in the section titled "Financial Statements" beginning on page 81 of this Letter of Offer.
- The cumulative value of transactions between our Company and our Group Entities in the last one year preceding the date of filing this Letter of Offer with SEBI was Rs. 3,889.8 million. For further details of transactions between our Company and our Group Entities in the last one year preceding the date of filing this Letter of Offer with SEBI please refer to the section entitled "Financial Statements" beginning on page 81 of this Letter of Offer.
- There are no financing arrangements whereby our Promoter Group, the Directors of companies forming a part of our Promoters, our Directors and their relatives, ("**Financier**"), have financed the purchase by any other person of securities of our Company other than in the normal course of

the business of the Financier during the period of six months immediately preceding the date of filing this Letter of Offer with SEBI.

- All information shall be made available by the Lead Managers and our Company to the existing shareholders of our Company and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors may contact Compliance Officer or the Lead Managers for any complaints pertaining to the Issue.

SECTION III – INTRODUCTION

SUMMARY OF FINANCIAL AND OPERATIONAL INFORMATION

The following table set forth below indicates a summary of the financial information derived from our standalone financial statements as of and for FY 2010. Our Financial Statements have been prepared in accordance with the Indian GAAP and are presented in the section titled “Financial Statements” beginning on page 81 of this Letter of Offer. The summary financial information presented below should be read in conjunction with the financial statements and the notes thereto.

A. ASSETS AND LIABILITIES AS AT MARCH 31, 2009 AND MARCH 31, 2010

Amount (Rs in MN)			
	As at March 31, 2010	As at March 31, 2009	
A) FIXED ASSETS			
Gross Block	4,316.71	4,261.29	
Less : Depreciation	987.60	774.70	
Net Block	3,329.11	3,486.60	
Less: Revaluation Reserve	-	-	
Net Block after adjustment for Revaluation Reserve	3,329.11	3,486.60	
Capital Work-In-Progress	1,095.74	269.83	
Total Fixed Asset (A)	4,424.85	3,756.43	
B) INVESTMENTS (B)	1,107.93	1,107.93	
C) CURRENT ASSETS, LOANS & ADVANCES			
Inventories	32,400.93	23,100.79	
Sundry Debtors*	8,360.45	5,891.62	
Cash & Bank Balances	4,632.89	178.52	
Loans & Advances	5,390.93	4,680.39	
Total (C)	50,785.20	33,851.33	
D) LIABILITIES & PROVISIONS			
Secured Loan	36,074.17	24,498.37	
Unsecured Loan**	8,692.90	5,250.00	
Current Liabilities	728.90	1,649.34	
Provisions	942.17	397.83	
Deferred Tax Liability	864.42	897.89	
Total (D)	47,302.56	32,693.43	
E) NET WORTH (A+B+C-D)	9,015.42	6,022.26	
F) REPRESENTED BY			
A) Share Capital	719.33	689.03	
Share Application Money			
Reserve & Surplus			

Particulars	As at March 31, 2010	As at March 31, 2009
Security Premium	3,527.72	2,002.28
Debenture Redemption Reserve	23.00	-
General Reserve	4,700.00	3,300.00
Surplus	45.38	30.94
Less: Revaluation Reserve	-	-
B) Net Reserve & Surplus (Net of Revaluation Reserve)	8,296.09	5,333.23
C) Miscellaneous Expenditure	-	-
NET WORTH (A+B-C)	9,015.42	6,022.26

* Sundry debtors of the Company have increased by 41.9% from Rs. 5891.6 million as of March 31, 2009 to Rs. 8,360.5 million as of March 31, 2010. Notably the revenue of the company has increased by 50.9% from Rs. 24,482.2 million in the financial year ended March 31, 2009 to Rs. 36,932.3 million in the financial year ended March 31, 2010. The debtor days for the financial year ended March 31, 2010 work out to 83 days which has in fact reduced from 88 days in the financial year ended March 31, 2009. Hence, increase in the sundry debtors is normal and not extra – ordinary or anomalous in light of the growth in revenue of the Company and is commensurate with the increase in the sales during the period between the financial year ended March 31, 2009 and the financial year ended March 31, 2010.

Sundry debtors of the Company have increased by 31.19% from Rs. 4,490.7 million as of March 31, 2008 to Rs. 5,891.6 million as of March 31, 2009. Notably, the revenues of the Company have also increased by 41.04% from Rs. 17,350.1 million in the financial year ended March 31, 2008 to Rs. 24,482.2 million in the financial year ended March 31, 2009. The debtor days for the FY 2009 work out to 88 days, which has in fact reduced from 94 days in the FY 2008. Hence, increase in the sundry debtors is normal and not extra-ordinary or anomalous in light of the growth in revenues of the Company and is commensurate with the increase in the sales during the period between the financial year ended March 31, 2008 and the financial year ended March 31, 2009.

** Unsecured loan of the Company stood at Rs. 8,692.9 million as of March 31, 2010 compared to Rs. 5,250.0 million as of March 31, 2009. The increase in the unsecured loans is Rs. 3,442.9 million on account of an issue of foreign currency convertible bonds of USD 105.0 million for modernization and expansion of the company's facilities including for any other permitted purposes.

Unsecured loans of the Company stood at Rs. 5,250.0 million as of March 31, 2009 compared to Rs. 2,798.4 million as of March 31, 2008. The increase in the unsecured loans is Rs. 2,451.6 million on account of an issue of non convertible debentures to a Mutual Fund for the purpose of augmentation of the working capital requirements of the Company.

B. STATEMENT OF PROFIT AND LOSS AS AT MARCH 31, 2009 AND MARCH 31, 2010

Amount (Rs in MN)

Particulars	Year Ended	Year Ended
	March 31, 2010	March 31, 2009
INCOME		
SALES		
Of Product manufactured by the Company	32,686.32	21,235.19
Of Product traded by the Company	4,246.03	3,247.09
Increase/(Decrease) in Stock	(138.94)	1,830.64
Other Income	96.97	38.61
Total	36,890.38	26,351.53
EXPENDITURE		
Raw Material Consumed	29,246.40	19,780.24
Manufacturing Expenses	540.77	577.66
Personnel Expenses	130.05	127.73
Other Operating Expenses	858.41	1,371.53
Excise Duty	-	-
Misc. and Deferred Revenue Exp. W/Off	-	-
Total	30,775.63	21,857.16
Profit before Interest, Depreciation and Tax	6,114.75	4,494.37
Depreciation	213.94	212.86
Profit before Interest and Tax	5,900.80	4,281.50
Interest and Finance Charges	3,482.46	3,328.32
Loss on Sale of Investment/Asset	-	-
Net Profit Before tax and extra ordinary Items	2,418.34	953.18
Provision for Taxation		
Current Tax		
~ Income Tax	840.17	336.00
~ Fringe Benefit Tax	0.00	0.80
Tax for Earlier Years	6.48	7.10
Deferred Tax	-	-
Net Profit after Tax and before extra ordinary items	1,571.69	609.28
Interim & Proposed Dividend & Tax thereon	134.26	52.53
Extra ordinary Item	-	-
Net Profit after Tax after Extra ordinary Item	1,437.43	556.75

C. CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2009 AND MARCH 31, 2010

	Amount (Rs. In MN.)	
	March 31, 2010	March 31,2009
Cash Flow from Operating Activities		
Net Profit Before Taxes	2,418.34	953.18
Adjustments: -		
Depreciation / Amortization	213.94	212.86
Interest Expenses	3,482.46	3,328.32
Dividend Income	(7.14)	(0.17)
Effect of exchange difference on translation of foreign currency cash and cash equivalents	176.65	-
Interest Received	(6.4)	(4.41)
Loss on Sale of Fixed Assets	1.18	-
Operating profit before changes in working capital	6,278.96	4,489.79
Changes in:		
Decrease/ (increase) in inventories	(9,300.13)	(6,578.04)
Decrease/ (increase) in trade & other receivables	(2,468.83)	(1,400.88)
Decrease/ (increase) in loan & advances	(245.60)	(372.40)
Increase/(Decrease) in trade and other payables	(920.38)	1,240.25
Cash generated from operations	(6,655.99)	(2,621.29)
Direct Tax Paid	(808.21)	(310.92)
Net Cash used in Operating Activities (A)	(7,464.20)	(2,932.21)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(57.90)	(72.30)
Capital Work in Progress	(825.91)	(33.28)
Purchase of Investments	-	(70.00)
Sale of Fixed Assets	0.27	-
Dividend Received	7.14	0.17
Interest Received	6.46	4.41
Net Cash used in investing activities (B)	(869.93)	(171.01)
Cash Flow from Financing Activities		
Proceeds from QIP issue (Net of Expenses)	1,764.06	-
Conversion of FCCBs into Equity Shares	16.46	-
Repayment of long term borrowings	(563.04)	(132.33)
Proceeds from Non Convertible Debenture (Net of Expenses)	1,349.42	-
Proceeds from short term borrowings	10,738.84	4,268.71
Proceeds from unsecured loans (Net of Expenses)	3,235.24	2,451.60
Interest Paid	(3,482.46)	(3,328.32)
Dividend & Dividend Tax Paid	(93.36)	(103.26)
Net Cash from financing activities (C)	12,965.15	3,156.39
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(176.65)	-
NET INCREASE/(DECREASE) IN CASH (A+B+C)	4,454.37	53.18
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	178.52	125.34
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	4,632.89	178.52

THE ISSUE

The Board of Directors of our Company has pursuant to a resolution passed at their meeting held on September 9, 2009, authorised this offer of Rights Equity Shares on a rights basis.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in it's entirety by, more detailed information in the chapter titled "Terms of the Issue" beginning on page 142 of this Letter of Offer.

Rights Equity Shares being offered by our Company	63,86,56,636 Rights Equity Shares
Rights Entitlement for Rights Equity Shares	Two Rights Equity Shares for every one Equity Share held on the Record Date
Record Date	June 8, 2010
Face Value per Rights Equity Shares	Re. 1
Issue Price per Rights Equity Share	Rs. 19.50 at a premium of Rs. 18.50 per Rights Equity Share
Equity Shares outstanding prior to the Issue	319,328,318 Equity Shares
Issue size	Rs. 12,453.8 million
Equity Shares outstanding after to the Issue	957,984,954 Equity Shares
Terms of the Issue	For more information, please refer to the section entitled "Terms of the Issue" beginning on page 142 of this Letter of Offer.

For further details, please refer to "Terms of the Issue" beginning on page 142 of this Letter of Offer.

GENERAL INFORMATION

Dear Eligible Equity Shareholder(s),

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on September 9, 2009 it has been decided to make the following offer to the Eligible Equity Shareholders of our Company, with a right to renounce:

ISSUE OF 63,86,56,636 RIGHTS EQUITY SHARES OF RE. 1 EACH FOR CASH AT A PREMIUM OF RS. 18.50 PER RIGHTS EQUITY SHARE AGGREGATING TO AN AMOUNT UPTO RS. 12,453.80 MILLION TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF TWO RIGHTS EQUITY SHARES FOR EVERY ONE EQUITY SHARE HELD ON THE RECORD DATE i.e. JUNE 8, 2010 (THE "ISSUE"). THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS 19.50 TIMES THE FACE VALUE OF EACH RIGHTS EQUITY SHARE.

For further details please refer to "Terms of the Issue" beginning on page 142 of this Letter of Offer.

Registered Office of our Company

REI Agro Limited
46C Chowringhee Road,
Room No. 15B,
Everest House,
Kolkata-700 0071,
West Bengal, India.
Telephone: +91 33 3292 5061
Fax: +91 33 2288 2241

Corporate Office of our Company

58A/1, Sainik Farm,
New Delhi 110 062, India
Telephone: +91 11 3290 5030/+91 11 3290 6030
Fax: +91 11 2955 2403
Website: www.reiagro.com
Email: rightsissue@reiagro.com

Registration No. : 21-104573

Corporate Identity No.: L14200WB1994PLC104573

Address of the RoC

Nizam Palace
2nd MSO Building, 2nd Floor,
234/4, A.J.C. Bose Road
Kolkata - 700020

The Equity Shares of our Company are listed on the Stock Exchanges, namely the BSE and the NSE. The GDRs of our Company are listed on the London Stock Exchange and the foreign currency convertible bonds (5.5% convertible bonds due 2014 convertible into Equity Shares) issued in November 2009, are listed on the Singapore Exchange Securities Trading Limited.

Board of Directors

Name	Category/Designation
Mr. Sanjay Jhunjhunwala	Chairman
Mr. Sandip Jhunjhunwala	Vice Chairman and Managing Director
Dr. ING Narpinder Kumar Gupta	Non- Executive Independent Director
Mr. Asoke Chatterjee	Non- Executive Independent Director
Mr. Krishna Dayal Ghosh	Non- Executive Independent Director

For further details of our Directors, please refer to the section entitled “Our Management” beginning on page 75 of this Letter of Offer.

Company Secretary and Compliance Officer

Mr. Mandan Mishra

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

Telephone: +91 11 3290 6030

Fax: +91 11 2955 2403

Website: www.reiagro.com

Email: mandan@reiagro.com

Lead Managers to the Issue:

SBI Capital Markets Limited

202, Maker Tower ‘E’,
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Fax: +91 22 2218 6367
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Investor grievance email:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Sylvia Mendonca
SEBI Registration No.: INM000003531

Fortune Financial Services (India) Limited

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Email: project.agro@ffsil.com
Investor grievance email: invrelation@ffsil.com
Website: www.ffsil.com
Contact Person: Mr. Suhas Satardekar/ Mr. Sarvesh
Chandra Saxena
SEBI Registration No.: INM000000529

Axis Bank Limited

Central Office: 111
Maker Tower ‘F’, Cuffe Parade, Mumbai 400 005
Tel: +91 22 6707 4407;
Fax: +91 22 2216 2467/6707 1264
Email: project.agro@axisbank.com
Investor grievance email: axbmbd@axisbank.com
Website: www.axisbank.com
Contact Person: Ms. Sonica Agarwal
SEBI Registration No.: INM000006104

IDBI Capital Market Services Limited

5th Floor, Mafatlal Centre
Nariman Point,
Mumbai - 400 021
Tel: +91 22 4322 1212
Fax: +91 22 2283 8782
Email: project.agro@idbicapital.com
Investor grievance email:
redressal@idbicapital.com
Website: www.idbicapital.com
Contact Person: Mr. Subodh Mallya/ Mr. Hemant
Bothra
SEBI Registration No.: INM000010866

Bankers to the Issue:**Axis Bank Limited**

7, Shakespeare Sarani
Kolkata 700 071
Tel.No.: +91 33 2282 4787 / 9837
Fax No.: +91 33 2282 7611
Contact Person: Mr. Debankan Dasgupta
Email: debankan.dasgupta@axisbank.com
Website: www.axisbank.com

IDBI Bank Limited

IDBI House,
44, Shakespeare Sarani,,
Post Bag No. 16102
Kolkata – 700017
Tel: 033 6633 8888/99
Fax: 033 6633 8812-16
Contact Person: Kamlesh Kumar Thakur/Ms. Sampa Chatterjee
Website: www.idbi.com

Self Certified Syndicate Bankers:

APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Eligible Equity Shareholders may apply through the ASBA process. ASBA can be availed by all the Eligible Equity Shareholders. The Eligible Equity Shareholders are required to fill the ASBA form and submit the same to their bank which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the specified procedure. On allotment, amount will be unblocked and account will be debited only to the extent required to pay for allotment of shares. Hence, there will be no need of refunds etc. ASBA form can be submitted to several banks, the list of such banks are given in the ASBA form and is available on website of SEBI at www.sebi.gov.in

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the section “*Terms of the Issue*” beginning on page 142 of the Letter of Offer.”

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount (“**ASBA**”) Process are available at the SEBI website (URL reference: <http://www.sebi.gov.in>). Details relating to designated branches of SCSBs collecting the ASBA forms, are available at the above mentioned link.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Domestic Legal Advisor to the Issue**J Sagar Associates**

Vakils House,
18, Sprott Road
Ballard Estate
Mumbai- 400 001
Tel: +91 22 6656 1500
Fax: +91 22 6656 1515

International Legal Advisor to the Company

Latham and Watkins LLP

9 Raffles Place
 #42-02 Republic Plaza
 Singapore 048619
 Telephone: + 65 6536 1161
 Fax: + 65 6536 1171

Auditors of our Company

P.K. Lilha & Co., Chartered Accountants

5 and 6, Pannalal Banerjee Lane,
 (Fancy Lane) 5th Floor,
 Kolkata — 700 001,
 West Bengal, India
 Tel: +91 33 22109201/22484439
 Fax: +91 33 22485858
 Email: pkililha@yahoo.co.in
 Contact Person: Mr P.K. Lilha
 ICAI Registration No: 11092
 Firm Registration No: 307008 E

Registrar to the Issue

Maheshwari Datamatics Private Limited

6, Mangoe Lane, Kolkata – 700 001, India
 Tel: + 91 33 22482248/22435029;
 Fax: +91 33 2248 4787;
 Email: mdpl@cal.vsnl.net.in
 Contact Person: Mr. S. Rajagopal;
 SEBI Registration No.: INR 000000353

Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post-Issue related problems such as non-receipt of the Letter of Offer/abridged letter of offer/CAF/allotment advice/share certificate(s)/refund orders.

Inter-se Allocation of Responsibilities between the Lead Managers

The responsibilities and co-ordination roles for various activities in this Issue have been distributed between SBI Capital Markets Limited, (“**SBICAPS**”), Axis Bank Limited, (“**AXIS**”), Fortune Financial Services (India) Limited, (“**FFSIL**”), and IDBI Capital Market Services Limited, (“**IDBI CAPS**”), and as the Lead Managers as under:

Sr. No.	Activities	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as the composition of debt and equity, type of instruments, etc.	ALL	AXIS
2.	Liaison with Stock Exchanges and SEBI, including obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI	ALL	SBICAPS
3.	Due diligence of our Company’s operations / management /legal/ business plans etc.	ALL	SBICAPS

Sr. No.	Activities	Responsibility	Coordinator
4.	Drafting & design of the offer document. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities (including finalization of Letter of Offer) with Stock Exchanges, the Registrar of Companies and SEBI.	ALL	FFSIL
5.	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate film, etc.	ALL	IDBICAPS
6.	Marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres of holding conferences (iii) collection centres, (iv) distribution of publicity and issue material including application form, Letter of Offer, Abridged Letter of Offer; and (v) brochure and deciding on quantum of issue material.	ALL	FFSIL
7.	Selection of various agencies connected with the issue, namely Registrars to the Issue, Bankers to the Issue, printers and advertisement agencies.	ALL	AXIS
8.	Follow-up with Bankers to the Issue to get estimates of Collection and advising the Issuer about closure of the Issue, based on correct figures.	ALL	AXIS
9.	The post Issue activities will involve essential follow up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Issuer Company.	ALL	IDBICAPS

LISTING OF SECURITIES

The Equity Shares of our Company were initially listed on the BSE w.e.f December 10, 1996 pursuant to an initial public offering by our Company. Subsequently, the Equity Shares of our Company were listed on the NSE w.e.f October 11, 2004. The GDRs issued in November 2005 by our Company are listed on the London Stock Exchange. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated October 9, 2009 and November 10, 2009, respectively. We will make applications to the Stock Exchanges for permission to deal in and for an official quotation in respect of the Rights Equity Shares being offered in terms of this Letter of Offer. If the permission to deal in and for an official quotation is not granted for the Rights Equity Shares by the Stock

Exchanges, our Company shall forthwith repay, without interest, all monies received from the Investors pursuant to the Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. 15 days after Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier), our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

ISSUE SCHEDULE

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date:	June 30, 2010
Last date for receiving requests for SAFs:	July 9, 2010
Issue Closing Date:	July 16, 2010

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Monitoring Agency

Axis Bank Limited, has pursuant to a letter dated June 1, 2010, been appointed as a monitoring agency in connection with the Issue in accordance with the requirements of Regulation 16 of the SEBI Regulations. Details of the Monitoring Agency are as mentioned below:

Axis Bank Limited

Makers Towers 'F'
13th Floor, Cuffe Parade,
Colaba, Mumbai- 400 005
Tel: +91 22 67072222
Fax: +91 22 22182574
Contact Person: Mr. Makarand Kulkarni
Website: www.axisbank.com

Appraisal

The requirement and proposed utilisation of proceeds of the Issue have not been appraised by any bank, financial institution or other independent agency.

Underwriting

This Issue is not being underwritten.

Allotment Letters / Refund Orders

Our Company will issue and dispatch letters of allotment/share certificates/demat credit and/or letters of regret along with refund order, as applicable, or credit the Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If refund orders are

not repaid within eight days from the date our Company becomes liable (i.e. 15 days from the Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier), our Company shall pay that money with interest for the delayed period as prescribed under Section 73 of the Companies Act.

Investors residing at 72 centers where clearing houses are managed by the Reserve Bank of India ('RBI') will get refunds through Electronic Clearing Service ("ECS") except where Investors are otherwise disclosed as applicable/eligible to get refunds through direct credit and real time gross settlement ('RTGS').

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the securities shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information please refer to the section entitled "Terms of the Issue" beginning on page 142 of this Letter of Offer.

The letter of allotment / refund order exceeding Rs. 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of Rs. 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Declaration by Board on creation of separate account

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription amount shall be refunded to the applicants within fifteen days from the date of closure of the Issue.

If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period as prescribed under subsection (2) and (2A) of Section 73 of the Companies Act.

Principal Terms of Loans and Assets Charged as Security as of March 31, 2010:

Particulars	IREDA-I	IREDA-II	IREDA-III	IDFC	IDFC	ICICI BANK	ALLAHAB AD BANK	TOTAL
Nature of Loan	TERM LOAN	TERM LOAN	TERM LOAN	TERM LOAN	TERM LOAN	ECB LOAN	TERM LOAN	
Object of the Loan *	Setting up of Wind farm at Rajasthan	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Tamil Nadu	Setting up of Wind farm at Gujarat	Setting up of Wind farm at Rajasthan	
Nature of Interest Charge	Fixed rate	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	Fixed rate	

Particulars	IREDA-I	IREDA-II	IREDA-III	IDFC	IDFC	ICICI BANK	ALLAHAB AD BANK	TOTAL
Sanction & Disbursed Amount (Rs. In Millions)	185.0	249.7	137.5	496.0	263.6	414.8	415.0	2161.6
O/s As At 31.03.2010 (Rs. In Millions)	92.5	148.5	96.3	384.4	209.2	234.7	8.6	1174.2
Repayment to be made in FY 2011 (Rs. in Millions)	20.6	26.3	17.2	62.0	29.7	78.2	6.9	240.9
Rate of Interest on the Loan as per original sanction letter	10.50%	9.00%	10.25%	1.68% p.a. over and above IDFC benchmark rate	1.68% p.a. over and above IDFC benchmark rate	Libor+1.5%	0.5% p.a. below banks benchmark prime lending rate	
Rate of Interest on the Loan	9.00%	9.00%	10.25%	11.31%	11.31%	Libor+1.5%	9.00%	
Security	1 st Charge on 5 WTGs located at Rajasthan and Sundry debtors thereon i.e., Rajasthan Power Procurement Centre – Ajmer Vidyut Vitaran Nigam Ltd.	1 st Charge on 6 WTGs located at Maharashtra and Sundry debtors thereon i.e., Maharashtra State Electricity Distribution Company Ltd.	1 st Charge on 4 WTGs located at Maharashtra and Sundry debtors of thereon i.e., Maharashtra State Electricity Distribution Company Ltd.	1 st Charge on 6 WTGs located at Maharashtra and Sundry debtors thereon i.e., Maharashtra State Electricity Distribution Company Ltd.	1 st Charge on 12 WTGs located at Tami Nadu and Sundry debtors thereon i.e., Tamil Nadu State Electricity Board	1 st Charge on 17 WTGs located at Gujarat and Sundry debtors thereon i.e., Octal Suppliers Pvt. Ltd.	1 st Charge on 1 WTG located at Rajasthan and Sundry debtors of thereon i.e., Rajasthan Power Procurement Centre – Ajmer Vidyut Vitaran Nigam Ltd.	
Repayment Schedule	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half Yearly	Quarterly	

Particulars	Corporation Bank	State Bank of Mysore	State Bank of Indore	Bank of Maharashtra	United Bank of India	Bank of Rajasthan	Total
Nature of Loan	Corporate Loan	Corporate Loan	Corporate Loan	Corporate Loan	Corporate Loan	Corporate Loan	
Object of the Loan *	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	Setting up of Parboiling facility	General Corporate purposes	
Nature of Interest Charge	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	
Rate of Interest as per original sanction letter	1.75% p.a. below banks benchmark prime lending rate	1.50% p.a. below banks benchmark prime lending rate	1.00% p.a. below banks benchmark prime lending rate	1.50% p.a. below banks benchmark prime lending rate	1.75% p.a. below banks benchmark prime lending rate	3% p.a. below banks benchmark prime lending rate	
Rate of Interest on	12.00%	12.25%	10%	11.00%	11.50%	12.00%	

Particulars	Corporation Bank	State Bank of Mysore	State Bank of Indore	Bank of Maharashtra	United Bank of India	Bank of Rajasthan	Total
the Loan							
Disbursed Amount (Rs. In Millions)	250.0	200.0	300.0	250.0	250.0	400.0	1650
O/s As At 31.03.2010 (Rs. In Millions)	54.0	25.0	300.0	106.8	12.5	280.0	778.3
Repayment to be made in FY 2011 (Rs. in Millions)	54.0	25.0	NIL	71.6	12.5	160.0	323.1
Security	Secured by creation of first charge on hypothecation of stock of rice, paddy, book debts and stores and spares on pari passu basis and second charge on fixed assets of rice division.						
Repayment Schedule	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	

Particulars	AXIS Bank Limited	AXIS Bank Limited	ICICI Bank Limited	IDBI Bank Limited	Total
Nature of Loan	Unsecured Loan	Unsecured Loan	Unsecured Loan	Unsecured Loan	
Object of the Loan *	General Corporate Purposes	General Corporate Purposes	General Corporate Purposes	General Corporate Loan	
Nature of Interest Charge	Floating rate	Floating rate	Floating rate	Floating rate	
Rate of Interest as per original sanction letter	7.00% p.a. below banks benchmark prime lending rate	7.00% p.a. below banks benchmark prime lending rate	Banks benchmark prime lending rate	4.75% below banks benchmark prime lending rate	
Rate of Interest on the Loan	7.75%	7.75%	9.50%	8.00%	
Disbursed Amount (Rs. In Millions)	750.0	500.0	500.0	1780.0	3530.0
O/s As At 31.03.2010 (Rs. In Millions)	750.0	500.0	500.0	1780.0	3530.0
Repayment to be made in FY 2011 (Rs. in Millions)	750.0	500.0	500.0	1780.0	3530.0
Security	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Repayment Schedule	To be paid in FY 2011	To be paid in FY 2011	To be paid in FY 2011	To be paid in FY 2011	

Particulars	Bank of Maharashtra	Dena Bank	UCO Bank	Central Bank of India	Bank of Baroda	United Bank of India	Corporation Bank	Total
Nature of Loan	Non Convertible Debenture	Non Convertible Debenture	Non Convertible Debenture	Non Convertible Debenture	Non Convertible Debenture	Non Convertible Debenture	Non Convertible Debenture	
Object of the Loan *	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	
Nature of Interest Charge	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	
Rate of Interest as per original sanction letter	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	

Particulars	Bank of Maharashtra	Dena Bank	UCO Bank	Central Bank of India	Bank of Baroda	United Bank of India	Corporation Bank	Total
Rate of Interest on the Loan	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	
Disbursed Amount (Rs. In Millions)	150.0	100.0	200.0	250.0	250.0	200.0	250.0	1400.0
O/s As At 31.03.2010 (Rs. In Millions)	150.0	100.0	200.0	250.0	250.0	200.0	250.0	1400.0
Repayment to be made in FY 2011 (Rs. in Millions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Security	Secured by Pari passu first charge on charge on fixed assets of rice division and subservient charge on the Total assets of our Company							
Repayment Schedule	At Par, in installments of 20:20:30:30 at the end of 3,5,4,4,5 & 5 years							

Particulars	IDBI Bank	Corporation Bank	Total
Nature of Loan	Secured Loan	Secured Loan	
Object of the Loan *	Working Capital	Working Capital	
Nature of Interest Charge	Floating rate	Floating rate	
Rate of Interest as per original sanction letter	4.35% p.a. below banks benchmark prime lending rate	9.05% p.a.	
Rate of Interest on the Loan	8.40%	9.05% p.a.	
Disbursed Amount (Rs. In Millions)	4500.0	1000.0	5500.0
O/s As At 31.03.2010 (Rs. In Millions)	4500.0	1000.0	5500.0
Repayment to be made in FY 2011 (Rs. In Millions)	4500.0	1000.0	5500.0
Security	Secured by hypothecation of stocks/receivables	Secured by Paripassu second charge on entire inventory cum book debts	
Repayment Schedule	To be paid in FY 2011	To be paid in FY 2011	

OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of our Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares on a rights basis to its Rights Equity Shareholders/ Citibank N.A. as the depository on behalf of holder's of GDRs, ("**Depository**"), and will dispatch the Abridged Letter of Offer and Composite Application Form ("**CAF**") to the overseas shareholders who have an Indian address and QIBs who have provided to our Company (and our Company has accepted) a duly executed Investor Representation Letter.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Entitlements or Rights Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Entitlements or Rights Equity Shares. In addition, neither our Company nor any Lead Manager is making any representation to any offeree or purchaser of the Rights Entitlements or Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a "**Relevant Member State**") it has not made and will not make an offer of the Rights Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Rights Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last Financial Year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive,

Provided that no such offer of Rights Equity Shares shall result in a requirement for the publication by our Company or any Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an "offer of Rights Equity Shares to the public" in relation to any Rights Equity Shares in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and the Rights Equity Shares to be offered so as to enable an Investor to decide to purchase or subscribe for the Rights Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

Hong Kong Restrictions

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Issue. If you are in any doubt about any of the contents of this document, you should obtain independent legal advice. Please note that (i) Rights Entitlements and Rights Equity Shares may not be offered or sold in Hong Kong by means of this document or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder (professional investors), or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 32) or which do not constitute an offer or invitation to the public for the purposes of the Companies Ordinance, and (ii) no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this document or any other advertisement, invitation or document relating to the Rights Entitlements or Rights Equity Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Rights Entitlements or Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”.

Singapore Restrictions

This document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements or Rights Equity Shares may not be circulated or distributed, nor may the Rights Entitlements or Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4(A)(1)(c) and under Section 274 of the Securities and Future Act 2001 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant as defined in Section 275(2) of the SFA, or any person pursuant to an offer referred to in Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Rights Entitlements or Rights Equity Shares are subscribed or purchased under Section 275 by:

- a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Rights Entitlements or Rights Equity Shares pursuant to an offer made under Section 275 except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) where the transfer is by operation of law.

United Arab Emirates Restrictions

The Rights Entitlements and Rights Equity Shares are not regulated under the laws of the United Arab Emirates (including without limitation the laws of the Dubai International Financial Centre) (the “UAE”) relating to the issue, offering and sale of securities. This document is not approved by the Central Bank, the Dubai Financial Services Authority or any other regulatory authority in the UAE. This document is strictly private and confidential and is being distributed to a limited number of selected institutional and other sophisticated investors. This document is not to be distributed to investors in the Dubai International Financial Centre.

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This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Rights Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO INVESTORS IN THE UNITED STATES AND U.S. PERSONS

The Rights Entitlements and Rights Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Letter of Offer, the enclosed CAF or the Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under any securities laws of any state or other jurisdiction of the United States of America (the “**United States**” or “**U.S.**”) and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States or to or for the account or benefit, by U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares are being offered and sold (x) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and (y) to persons in the United States or to U.S. persons outside the United States in transactions exempt from the registration requirements of the Securities Act, so long as such persons are QIBs and have provided to our Company (and our Company has accepted) a duly executed Investor Representation Letter in the form attached as Appendix A to the Offering Memorandum.

Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time other than to QIBs who have provided to our Company (and our Company has accepted) a duly executed Investor Representation Letter. Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a “U.S. person” (as defined in Regulation S) or otherwise in the United States when the buy order is made unless such person has previously delivered to our Company (and our Company has accepted) a duly executed Investor Representation Letter. Envelopes containing a CAF should not otherwise be postmarked in the United States or otherwise despatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

TRANSFER RESTRICTIONS

Our Company is making this issue of Rights Equity Shares on a rights basis to its Eligible Equity Shareholders/the Depository on behalf of holders of GDRs and the Letter of Offer and CAF will be despatched to Eligible Equity Shareholders/ the Depository on behalf of holders of GDRs who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares (other than QIBs who have provided to our Company (and our Company has accepted) a duly executed Investor Representation Letter) will be deemed to have declared, represented, warranted and agreed with our Company and the Lead Managers that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

- (i) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations;

- (ii) it acknowledges that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State of the United States and are subject to restrictions on transfer;
- (iii) it is acquiring the Rights Entitlements and/or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (iv) it and the person, if any, for whose account or benefit it is acquiring the Rights Entitlements and/or Rights Equity Shares, is not and that at the time of subscribing for the Rights Entitlements and/or Rights Equity Shares, it will not be, in the United States when the buy order is made and it has not and will not subscribe for the Rights Entitlements and/or Rights Equity Shares for the account or benefit of any person in the United States or enter into any arrangement for the transfer of such Rights Entitlements and/or Rights Equity Shares or any economic interest therein to any person in the United States;
- (v) it is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (vi) if, in the future, it decides to offer, resell, renounce, pledge or otherwise transfer such Rights Entitlements and/or Rights Equity Shares, or any economic interest therein, such Rights Entitlements and/or Rights Equity Shares or any economic interest therein may be offered, sold, renounced, pledged or otherwise transferred only (A) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;
- (vii) it understands that the Rights Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (viii) our Company will not recognize any offer, sale, renunciation, pledge or other transfer of such Rights Entitlements and/or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- (ix) it acknowledges that our Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its acquisition of Rights Entitlements and the Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Rights Entitlements and/or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Our Company reserves the right to treat as invalid from any such investor any CAF which:

- (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations;
- (ii) appears to our Company or its agents to have been executed in or despatched from the United States; or
- (iii) where a registered Indian address is not provided;

or, in the case of all investors, where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Letter of Offer is set forth below:

(Rs in Millions)

		Aggregate nominal value	Aggregate Value at Issue Price
A)	AUTHORIZED SHARE CAPITAL		
	160,00,00,000 Equity Shares of Re. 1/- each	1,600.00	
	40,00,000 Preference Shares of Rs.100/- each	400.00	
B)	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	319,328,318 fully paid up Equity Shares of Re. 1/- each	319.33	
	4,000,000 fully paid up Preference Shares of Rs. 100/- each	400.00	
C)	PRESENT ISSUE^{1*} IN TERMS OF THIS LETTER OF OFFER		
	638,656,636 Rights Equity Shares of Re. 1 each at a premium of Rs.18.50 per share i.e. at an issue price of Rs.19.50 per share	638.65	12,453.80
D)	EQUITY SHARES AFTER THE ISSUE		
	957,984,954 Equity Shares of Re. 1 each	957.98	
E)	SHARE PREMIUM ACCOUNT		
	Before the Issue	3,527.72	
	After the Issue	15,342.87	

Notes to the Capital Structure

1. Outstanding Instruments:

- (i) As on June 08, 2010, 11,327,000 Global Depository Receipts, each Global Depository Receipts representing 1 Equity Share (originally representing 2 Equity Shares each) each aggregating to US \$ 2.72 million issued by our Company in November 2005, are outstanding.
- (ii) On November 13, 2009, our Company issued 105,000 foreign currency convertible bonds (5.5% convertible bonds due 2014 convertible into Equity Shares) of the face value of US\$ 1000 each aggregating to an issue size of US\$ 105 million. As on June 08, 2010, 104,650 of the aforementioned foreign currency convertible bonds, are outstanding which would entitle the holders thereof to acquire a maximum of 105,367,088 Equity Shares excluding any reservations/adjustments.

Our Company shall make a reservation of 210,734,176 Equity Shares in connection with the Issue in favour of the holders of the aforementioned foreign currency convertible bonds in proportion to the portion thereof convertible into our Equity Shares, (“**Reserved Rights Shares**”). The Reserved Rights Shares shall be allotted to the holders of the aforementioned foreign currency convertible bonds on the same terms as being offered in this Letter of Offer to the existing Equity Shareholders of our Company at the relevant time of conversion thereof.

The shareholders of our Company vide a resolution passed at their extraordinary general meeting dated May 22, 2010, have approved the reservation of 210,734,176 Equity Shares of our Company in connection with the Issue for holders of all outstanding foreign currency convertible bonds of our Company.

Further details of Reserved Rights Shares in connection with the aforementioned foreign currency convertible bonds are as follows:

Particulars	Details
Outstanding foreign currency convertible bonds as on the date of the Letter of Offer	104,650 of face value of US\$1000 each aggregating US\$ 104.65 million
Conversion Price	Rs. 46.70 with a fixed rate of exchange on conversion of Rs.47.02= US\$1.00
Maximum number of Equity Shares to be allotted assuming conversion of all outstanding foreign currency convertible bonds	105,367,088
Reserved Rights Shares based on full acceptance of the rights entitlement on conversion	210,734,176

Pursuant to the terms of the offering circular dated November 6, 2009 in connection with the issuance of the aforementioned foreign currency convertible bonds and the notice dated May 31, 2010 issued by our Company to the Singapore Exchange Securities Trading Limited and the trustee, and as agreed to by the trustee in connection with the said foreign currency convertible bonds, the holders of the foreign currency convertible bonds shall not be entitled to convert any or all of such foreign currency convertible bonds into Equity Shares from the Record Date till the allotment of the Rights Equity Shares issued under this Issue.

- (iii) Save as provided hereinabove, as on the date hereof there are no other outstanding options, or other convertible securities of our Company.

2. History of change in authorised share capital of our Company

Date of Change	Change in Authorised Capital
March 15, 1995	The authorized capital of our Company was increased from Rs. 10,00,000 to Rs. 20,00,00,000
September 16, 2002	The authorized capital of our Company was increased from Rs. 20,00,00,000 to Rs. 60,00,00,000
September 27, 2003	The authorized capital of our Company was increased from Rs. 60,00,00,000 to Rs.70,00,00,000
March 9, 2005	The authorized capital of our Company was increased from Rs. 70,00,00,000 to Rs. 80,00,00,000
September 24, 2005	The authorized capital of our Company was increased from Rs. 80,00,00,000 to Rs.1,20,00,00,000
January 19, 2009	The authorized capital of our Company was reorganized pursuant to the sub-division of equity shares from Rs.10/- to Re.1/- per equity share
September 23 , 2009	The authorized capital of our Company was increased from Rs.1,20,00,00,000 to Rs 2,00,00,00,000

3. **The history of our Equity Share capital is as follows:**

Date of Allotment	Number of Equity Shares	Nature of Allotment	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Share Premium Account (Rs.)
September 14, 1994	70	Initial subscription to MOA	10	10	Cash	70	700	0
May 16, 1995	3,192,300	Preferential Allotment	10	10	Cash	3,192,370	31,923,700	0
October 6, 1995	660,000	Preferential Allotment	10	10	Cash	3,852,370	38,523,700	0
March 25, 1996	662,000	Preferential Allotment	10	10	Cash	4,514,370	45,143,700	0
October 16, 1996	10,285,930	Initial Public Offer	10	10	Cash	14,800,300	148,003,000	0
January 2, 2004	14,800,300	Bonus Issue	10	10	Bonus	29,600,600	296,006,000	0
August 24, 2005	67,515	Conversion of foreign currency convertible bonds	10	161	Cash	29,668,115	296,681,150	10,194,850
September 26, 2005	1,350,310	Conversion of foreign currency convertible bonds	10	161	Cash	31,018,425	310,184,250	214,091,750
October 24, 2005	270,062	Conversion of foreign currency convertible bonds	10	161	Cash	31,288,487	312,884,870	254,871,130
November 18, 2005	2,700	Conversion of foreign currency convertible bonds	10	161.04	Cash	31,291,187	312,911,870	255,278,930
March 31, 2006	7,540,000	Issue of Equity Shares underlying the GDRs	10	183.04	Cash	38,831,187	388,311,870	1,560,000,530
December 11, 2006	270,061	Conversion of foreign currency convertible bonds	10	120.75	Cash	39,101,248	391,012,480	1,467,672,851#
December 13, 2006	900,207	Conversion of foreign currency convertible bonds	10	120.75	Cash	40,001,455	400,014,550	1,567,370,840
December 29, 2006	720,165	Conversion of foreign currency convertible bonds	10	120.75	Cash	40,721,620	407,216,200	1,647,129,165
January 25, 2007	180,041	Conversion of foreign currency convertible bonds	10	120.75	Cash	40,901,661	409,016,610	1,667,068,719
January 29, 2007	900,207	Conversion of foreign	10	120.75	Cash	41,801,868	418,018,680	1,766,766,708

Date of Allotment	Number of Equity Shares	Nature of Allotment	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Share Premium Account (Rs.)
		currency convertible bonds						
February 5, 2007	3,024,695	Conversion of foreign currency convertible bonds	10	120.75	Cash	44,826,563	448,265,630	2,101,751,895
March 10, 2007	90,020	Conversion of foreign currency convertible bonds	10	120.75	Cash	44,916,583	449,165,830	2,111,721,616
May 8, 2007	2,625,003	Conversion of foreign currency convertible bonds	10	120.75	Cash	47,541,586	475,415,860	2,214,489,617#
July 16, 2007	414,095	Conversion of foreign currency convertible bonds	10	120.75	Cash	47,955,681	479,556,810	2,260,350,663
November 8, 2007	216,049	Conversion of foreign currency convertible bonds	10	120.75	Cash	48,171,730	481,717,300	2,284,278,103
October 4, 2008	28,903,037 Equity Shares in place of 48,171,730	Pursuant to the Scheme of Arrangement	10	10	N.A.	28,903,037	289,030,370	1,989,581,635#
February 5, 2009	289,030,370 equity shares of Re.1/- each pursuant to sub-division of shares	Sub-division / Split of Equity Shares	1		N.A.	289,030,370	289,030,370	1,989,581,635
July 27, 2009	29,945,550	Issue of Shares to Qualified Institutional Buyers pursuant to the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000	1	61	Cash	318,975,920	318,975,920	3,799,016,026#
February 13, 2010	100,685	Conversion of foreign currency convertible bonds issued on November 13, 2009	1	46.70	Cash	319,076,605	319,076,605	3,803,617,334

Date of Allotment	Number of Equity Shares	Nature of Allotment	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Share Premium Account (Rs.)
March 11, 2010	251,713	Conversion of foreign currency convertible bonds issued on November 13, 2009	1	46.70	Cash	319,328,318	319,328,318	3,815,120,628
Total as on March 31, 2010	319,328,318	-	-	-	-	319,328,318	319,328,318	3,527,717,962#

#Note: Adjustment to the Share Premium Account is as follows

Date	Reason	Amount (Rs.)
March 31, 2006	Adjustment for FCCB & GDR Expenses	(122,236,954)
March 31, 2007	Adjustment for Refund of GDR/FCCB issue Expenses	3,590,104
March 31, 2007	Adjustment for Deferred Tax Liability	(191,541,347)
March 31, 2008	Adjustment for Deferred Tax Liability	(216,491,438)
March 31, 2008	Adjustment for difference of net assets value over capital reduction pursuant to Scheme of Arrangement	(78,205,030)
March 31, 2009	Adjustment for Deferred Tax Assets	12,701,391
March 31, 2010	Adjustment for QIP issue related Expenses	(62,623,098)
March 31, 2010	Adjustment for FCCB issue related Expenses	(207,663,794)
March 31, 2010	Adjustment for Debenture issue related Expenses	(50,582,392)
March 31, 2010	Adjustment for Deferred Tax Assets	33,466,618

4. Details of securities held by our Promoter and Promoter Group

The table below presents the details of the securities of our Company held by our Promoters and Promoter Group as on June 08, 2010 including details of lock-in, pledge and/or encumbrance on such securities:

Sr. No	Name of the shareholder	Total shares held		Equity Shares pledged or otherwise encumbered			Equity Shares Locked in	
		Number of shares	Equity Shares as a percentage of total number of Equity Shares	Number of Equity Shares	As a percentage	% of Grand Total	No. Of Equity Shares Locked in	% of the Equity Shares locked-in to the total no. of outstanding Equity Shares of our Company
1	Suruchi Jhunjhunwala	150,000	0.05	0	0	0	-	-
2	Sangita Jhunjhunwala	267,600	0.08	0	0	0	-	-
3	Kaushalya Devi	300,300	0.09	0	0	0	-	-

Sr. No	Name of the shareholder	Total shares held		Equity Shares pledged or otherwise encumbered			Equity Shares Locked in	
		Number of shares	Equity Shares as a percentage of total number of Equity Shares	Number of Equity Shares	As a percentage	% of Grand Total	No. Of Equity Shares Locked in	% of the Equity Shares locked-in to the total no. of outstanding Equity Shares of our Company
	Jhunjhunwala							
4	Sanjay Jhunjhunwala	2,550,120	0.80	0	0	0	-	-
5	Sandip Jhunjhunwala	2,553,720	0.80	0	0	0	-	-
6	Jagdhatri Tracon Private Limited	4,011,300	1.26	0	0	0	-	-
7	REI Steel And Timber Private Limited	17,311,560	5.42	0	0	0	-	-
8	Shree Krishna Gyanodaya Flour Mills Private Limited	17,817,500	5.58	5,136,000	28.83	1.61	-	-
9	Subhchintak Vancom Private Limited	18,258,000	5.72	13,408,200	73.44	4.2	-	-
10	Snehapushp Barter Private Limited	21,778,800	6.82	0	0	0	-	-
11	Aspective Vanijya Private Limited	35,978,929	11.27	21,822,330	60.65	6.83	-	-
TOTAL		120,977,829	37.89	40,366,530	33.37	12.64	-	-

- The Promoters of our Company do not hold any global depositary receipts issued by our Company.
- The aggregate number of Equity Shares of the Promoters/Promoter Group which are subject to pledge as on June 08, 2010 are as follows:

Sl. No.	Name of the Promoter	Number of shares pledged or otherwise encumbered	Financial institution with which the shares are pledged	Purpose for which shares are pledged or encumbered
1	Aspective Vanijya Private Limited	21,822,330*	SICOM and 3i Infotech Trusteeship Services Limited	Security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited & Collateral Security against the loan availed & ECB by our Company from ICICI Bank Limited
2	Subhchintak Vancom Private Limited	13,408,200	Bank of Rajasthan	Security against the loan availed by our Company from Bank of Rajasthan
3	Shree Krishna Gyanodaya Flour Mills Private Limited	5,136,000	SICOM	Security against the loan availed by Shree Krishna Gyanodaya Flour Mills Private Limited from SICOM Limited

* On June 9, 2010 Aspective Vanijya Private Limited has pledged 6,000,000 additional

Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited. Further, on June 10, 2010 Jagdhatri Tracon Private Limited has pledged 4,000,000 Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited

7. Details of Built up of our Promoters

The Equity Shares held by the Promoters on an annual basis as follows:

Sr. No.	Date as at	Outstanding Number of Equity Shares held as on the corresponding date	Face Value (Rs.)
Aspective Vanijya Private Limited			
1.	October 16, 1996	1,755,000	10
2.	March 31, 1997	1,755,000	10
3.	March 31, 1998	1,755,000	10
4.	March 31, 1999	1,755,000	10
5.	March 31, 2000	1,755,000	10
6.	March 31, 2001	1,755,000	10
7.	March 31, 2002	1,755,000	10
8.	March 31, 2003	1,755,000	10
9.	March 31, 2004	3,510,000	10
10.	March 31, 2005	3,510,000	10
11.	March 31, 2006	3,510,000	10
12.	March 31, 2007	3,510,000	10
13.	March 31, 2008	3,510,000	10
14.	March 31, 2009	35,566,344	1
15.	March 31, 2010	35,978,929	1
16.	June 8, 2010	35,978,929	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (A)			35,978,929
Ms. Sangita Jhunjhunwala			
1.	October 16, 1996	25,040	10
2.	March 31, 1997	25,040	10
3.	March 31, 1998	25,040	10
4.	March 31, 1999	25,040	10
5.	March 31, 2000	25,040	10
6.	March 31, 2001	25,040	10
7.	March 31, 2002	25,050	10
8.	March 31, 2003	25,050	10
9.	March 31, 2004	44,600	10
10.	March 31, 2005	44,600	10
11.	March 31, 2006	44,600	10
12.	March 31, 2007	44,600	10

Sr. No.	Date as at	Outstanding Number of Equity Shares held as on the corresponding date	Face Value (Rs.)
13.	March 31, 2008	44,600	10
14.	March 31, 2009	267,600	1
15.	March 31, 2010	267,600	1
16.	June 8, 2010	267,600	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (B)		267,600	
Mr. Sanjay Jhunjhunwala			
1.	October 16, 1996	212,510	10
2.	March 31, 1997	212,510	10
3.	March 31, 1998	212,510	10
4.	March 31, 1999	212,510	10
5.	March 31, 2000	212,510	10
6.	March 31, 2001	212,510	10
7.	March 31, 2002	212,510	10
8.	March 31, 2003	212,510	10
9.	March 31, 2004	425,020	10
10.	March 31, 2005	425,020	10
11.	March 31, 2006	425,020	10
12.	March 31, 2007	425,020	10
13.	March 31, 2008	425,020	10
14.	March 31, 2009	2,550,120	1
15.	March 31, 2010	2,550,120	1
16.	June 8, 2010	2,550,120	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (C)		2,550,120	
Shree Krishna Gyanodaya Flour Mills Private Limited			
1.	March 31, 2002	100,000	10
2.	March 31, 2003	776,300	10
3.	March 31, 2004	1,552,600	10
4.	March 31, 2005	1,552,600	10
5.	March 31, 2006	1,552,600	10
6.	March 31, 2007	2,016,313	10
7.	March 31, 2008	2,728,180	10
8.	March 31, 2009	17,817,500	1
9.	March 31, 2010	17,817,500	1
10.	June 8, 2010	17,817,500	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (D)		17,817,500	
Snehpushpa Barter Private Limited			
1.	October 16, 1996	1,814,900	10
2.	March 31, 1997	1,814,900	10
3.	March 31, 1998	1,814,900	10
4.	March 31, 1999	1,814,900	10
5.	March 31, 2000	1,814,900	10
6.	March 31, 2001	1,814,900	10
7.	March 31, 2002	1,814,900	10
8.	March 31, 2003	1,814,900	10
9.	March 31, 2004	3,629,800	10
10.	March 31, 2005	3,629,800	10

Sr. No.	Date as at	Outstanding Number of Equity Shares held as on the corresponding date	Face Value (Rs.)
11.	March 31, 2006	3,629,800	10
12.	March 31, 2007	3,629,800	10
13.	March 31, 2008	3,629,800	10
14.	March 31, 2009	21,778,800	1
15.	March 31, 2010	21,778,800	1
16.	June 8, 2010	21,778,800	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (E)			21,778,800
Subhchintak Vancom Private Limited			
1.	October 16, 1996	1,521,500	10
2.	March 31, 1997	1,521,500	10
3.	March 31, 1998	1,521,500	10
4.	March 31, 1999	1,521,500	10
5.	March 31, 2000	1,521,500	10
6.	March 31, 2001	1,521,500	10
7.	March 31, 2002	1,521,500	10
8.	March 31, 2003	1,521,500	10
9.	March 31, 2004	3,043,000	10
10.	March 31, 2005	3,043,000	10
11.	March 31, 2006	3,043,000	10
12.	March 31, 2007	3,043,000	10
13.	March 31, 2008	3,043,000	10
14.	March 31, 2009	18,258,000	1
15.	March 31, 2010	18,258,000	1
16.	June 8, 2010	18,258,000	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (F)		18,258,000	
Mrs. Suruchi Jhunjunwala			
1.	October 16, 1996	25,000	10
2.	March 31, 1997	25,000	10
3.	March 31, 1998	25,000	10
4.	March 31, 1999	25,000	10
5.	March 31, 2000	25,000	10
6.	March 31, 2001	25,000	10
7.	March 31, 2002	25,000	10
8.	March 31, 2003	25,000	10
9.	March 31, 2004	50,000	10
10.	March 31, 2005	25,000	10
11.	March 31, 2006	25,000	10
12.	March 31, 2007	25,000	10
13.	March 31, 2008	25,000	10
14.	March 31, 2009	150,000	1
15.	March 31, 2010	150,000	1
16.	June 8, 2010	150,000	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (G)			150,000
Jagdhatri Tracon Private Limited			
1.	March 31, 1999	702,800	10
2.	March 31, 2000	702,800	10
3.	March 31, 2001	702,800	10
4.	March 31, 2002	784,275	10
5.	March 31, 2003	784,275	10

Sr. No.	Date as at	Outstanding Number of Equity Shares held as on the corresponding date	Face Value (Rs.)
6.	March 31, 2004	1,568,550	10
7.	March 31, 2005	1,568,550	10
8.	March 31, 2006	1,568,550	10
9.	March 31, 2007	668,550	10
10.	March 31, 2008	668,550	10
11.	March 31, 2009	4,011,300	1
12.	March 31, 2010	4,011,300	1
13.	June 8, 2010	4,011,300	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (H)			4,011,300
Mrs. Koushalya Devi Jhunjhunwala			
1.	October 16, 1996	50,000	10
2.	March 31, 1997	50,000	10
3.	March 31, 1998	50,000	10
4.	March 31, 1999	50,000	10
5.	March 31, 2000	50,000	10
6.	March 31, 2001	50,000	10
7.	March 31, 2002	50,000	10
8.	March 31, 2003	50,000	10
9.	March 31, 2004	100,000	10
10.	March 31, 2005	50,050	10
11.	March 31, 2006	50,050	10
12.	March 31, 2007	50,050	10
13.	March 31, 2008	50,050	10
14.	March 31, 2009	300,300	1
15.	March 31, 2010	300,300	1
16.	June 8, 2010	300,300	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (I)			300,300
REI Steel & Timber Private Limited			
1.	October 16, 1996	1,442,430	10
2.	March 31, 1997	1,442,430	10
3.	March 31, 1998	1,442,430	10
4.	March 31, 1999	1,442,430	10
5.	March 31, 2000	1,442,430	10
6.	March 31, 2001	1,442,630	10
7.	March 31, 2002	1,442,630	10
8.	March 31, 2003	1,442,630	10
9.	March 31, 2004	2,885,260	10
10.	March 31, 2005	2,885,260	10
11.	March 31, 2006	2,885,260	10
12.	March 31, 2007	2,885,260	10
13.	March 31, 2008	2,885,260	10
14.	March 31, 2009	17,311,560	1
15.	March 31, 2010	17,311,560	1
16.	June 8, 2010	17,311,560	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (J)			17,311,560
Mr. Sandip Jhunjhunwala			

Sr. No.	Date as at	Outstanding Number of Equity Shares held as on the corresponding date	Face Value (Rs.)
1.	October 16, 1996	212,810	10
2.	March 31, 1997	212,810	10
3.	March 31, 1998	212,810	10
4.	March 31, 1999	212,810	10
5.	March 31, 2000	212,810	10
6.	March 31, 2001	212,810	10
7.	March 31, 2002	212,810	10
8.	March 31, 2003	212,810	10
9.	March 31, 2004	425,620	10
10.	March 31, 2005	425,620	10
11.	March 31, 2006	425,620	10
12.	March 31, 2007	425,620	10
13.	March 31, 2008	425,620	10
14.	March 31, 2009	2,553,720	1
15.	March 31, 2010	2,553,720	1
16.	June 08, 2010	2,553,720	1
Total Number of Outstanding Equity Shares as at June 8, 2010 (K)		2,553,720	

8. Except as disclosed hereinabove, our Promoters have not acquired any Equity Shares in the last one year immediately preceding the date of filing of this Letter of Offer.
9. No Equity Shares have been purchased or sold by the Promoter Group and/or by the directors of the corporate Promoters of our Company and/or by the directors of our Company and their immediate relatives within the last one year immediately preceding the date of this Letter of Offer.

10. **Shareholding Pattern:**

The table below presents our Company's shareholding as on March 31, 2010:

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)	% of shares (A+B+C)	Number of shares	% No. of shares
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	7	5,821,740	5,821,740	1.90	1.82	0	0
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0
(c)	Bodies Corporate	8	115,156,089	115,156,089	37.62	36.06	36,866,530	32.01
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0
(e)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(1)	15	120,977,829	120,977,829	39.52	37.88	36,866,530	30.47
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(c)	Institutions	0	0	0	0.00	0.00	0	0
(d)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and	15	120,977,829	120,977,829	39.52	37.88	36,866,530	30.47

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)	% of shares (A+B+C)	Number of shares	% No. of shares
	Promoter Group (A)= (A)(1)+(A)(2)							
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	1	4,255	4255	0.00	0.00	NA	NA
(b)	Financial Institutions/ Banks	2	350,500	350,500	0.11	0.11	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	NA	NA
(d)	Venture Capital Funds	0	0	0	0.00	0.00	NA	NA
(e)	Insurance Companies	0	0	0	0.00	0.00	NA	NA
(f)	Foreign Institutional Investors	37	75,487,189	75,487,189	24.66	23.64	NA	NA
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	NA	NA
(h)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (B)(1)	40	75,841,944	75,841,944	24.77	23.75	NA	NA
(2)	Non-institutions							
(a)	Bodies Corporate	758	51,628,216	51,627,616	16.87	16.17	NA	NA
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	22,985	11,314,621	8,323,485	3.70	3.54	NA	NA
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	15	37,600,244	36,520,244	12.28	11.77	NA	NA
(c)	Any Other (specify)							
	Foreign Company	1	85,000	85,000	0.03	0.03	NA	NA
	NRI	466	8,653,464	1,578,264	2.83	2.71	NA	NA
	Sub-Total(B)(2)	24,225	109,281,545	98,134,609	35.70	34.22	NA	NA
	Total Public Shareholding (B)= (B)(1)+(B)(2)	24,265	185,123,489	173,976,553	60.47	57.97	NA	NA
	TOTAL(A)+(B)	24,280	306,101,318	294,954,382	99.99	95.85	36,866,530	12.04
(C)	Shares held by Custodians and against which Depository Receipts have been issued	1	13,227,000	13,227,000	NA	4.14	NA	NA
	GRAND TOTAL (A)+(B)+(C)	24,281	319,328,318	308,181,382	NA	100.00	36,866,530	11.55

11. Our Company, the Directors, the Promoter, the Promoter Group Companies, their respective Directors and the Lead Manager(s) have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
12. The Present Issue being a rights issue, as per extent SEBI Regulations, the requirement of promoter's contribution and lock-in are not applicable.
13. The total number of Equity Shareholders as on the Record Date is 31,270.
14. Our Promoters and Promoter Group, have confirmed, vide their letters dated September 29, 2009

that they intend to subscribe to the full extent of their entitlement of Rights Equity Shares in the Issue. Our Promoters and Promoter Group reserve their right to subscribe to their entitlement and/or apply for additional Rights Equity Shares in the Issue, either by themselves or a combination of entities controlled by them, including subscribing for renunciation, if any, made by other Eligible Equity Shareholders. Our Promoters and Promoter Group have also, by their above letter confirmed that in addition to the subscription to the Rights Equity Shares as stated above, our Promoters and Promoter Group shall subscribe to, and/or make arrangements for the subscription of, additional Rights Equity Shares in the Issue to the extent of any unsubscribed portion of the Issue as per the relevant provisions of law. As a result of subscription to their entitlement and any unsubscribed portion and consequent allotment, our Promoters and Promoter Group may acquire Rights Equity Shares over and above their entitlement in the Issue, which may result in an increase of our Promoter's and Promoter Group's shareholding in our Company. Such subscription and acquisition of such additional Rights Equity Shares by our Promoters and Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on "Objects of the Issue" beginning on page 35 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to our Promoters and Promoter Group, in this Issue, their shareholding in our Company exceeds their current shareholding. Allotment to our Promoters and Promoter Group of any unsubscribed portion of the Rights Equity Shares, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. Our Company hereby confirms that, in case the Issue is completed with our Promoters and Promoter Group subscribing to Rights Equity Shares over and above their entitlement, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in the listing conditions or listing agreement.

Presently our Company is complying with Clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid up equity capital. Our Company hereby confirms that, in case the Issue is completed with our Promoters and Promoter Group subscribing to Rights Equity Shares over and above their entitlement, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in the listing conditions or listing agreement.

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription amount shall be refunded to the applicants within fifteen days from the date of closure of the Issue.

If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period as prescribed under subsection (2) and (2A) of Section 73 of the Companies Act.

15. **Persons and Entities owning more than 1% (one percent) of our Equity Shares:**

Each person or entity known to our Company to beneficially own more than 1% (one percent) of our outstanding Equity Shares is listed below. Each shareholder listed below is both the holder on record and the beneficial owner with the sole power to vote and invest in our Equity Shares listed next to his name below. The following table sets out the persons and entities who beneficially own more than 1% (one percent) of our Equity Shares as at March 31,2010:

Sr. No.	Name	Number of Shares	Percentage (%)
Promoter & Promoter Group			
1.	Aspective Vanijya Private Limited	35,978,929	11.27
2.	Snehapushp Barter Private Limited	21,778,800	6.82
3.	Subhchintak Vancom Private Limited	18,258,000	5.72
4.	Shree Krishna Gyanodaya Flour Mills Private Limited	17,817,500	5.58
5.	REI Steel And Timber Private Limited	17,311,560	5.42
6.	Jagdhatri Tracon Private Limited	4,011,300	1.26
Others			
1.	Religare Finvest Limited	3340775	1.05
2.	Pictet Country Fund (Mauritius) Limited	3524515	1.10
3.	Bny Mellon Asian Equity Fund	3600000	1.13
4.	Sangita Securities Pvt Limited	3652030	1.14
5.	Vraj Services Pvt Limited	3790339	1.19
6.	Raghu Nath Gupta	4058650	1.27
7.	Bny Mellon Investment Funds Newton Managed Fund	4222770	1.32
8.	Somerset Emerging Opportunities Fund	4430021	1.39
9.	Dhavani Textile Private Limited	4498843	1.41
10.	Elara India Opportunities Fund Limited	4765000	1.49
11.	Sophia Growth- A Share Class Of Somerset India Fund	4765471	1.49
12.	Rak Jigtextile Pvt Limited	5282838	1.65
13.	Shailini Metals Private Limited	5721121	1.79
14.	Bny Mellon Investment Funds Newton Oriental Fund	6700000	2.10
15.	Pambinezhath Sulaiman Shameer	7027200	2.20
16.	Balbir Kumar Kapoor	7634183	2.39
17.	Satya Parkash Bansal	9621679	3.01
18.	Silak Ram	10788035	3.38
19.	Ripple Brine Chem Private Limited	12401165	3.88
20.	The Uti Rainbow Fund Limited	13904822	4.35
21.	Investment Professionals Limited A/C Ipro Fund Limited	14900000	4.67

16. Top ten shareholders of our Company as on the date of this Letter of Offer are as follows:

Sr. No.	Name of the Share holders	Number of shares	Percentage holding	Kind of shares
1	Aspective Vanijya Private Limited	35,978,929	11.27	Equity
2	Snehapushp Barter Private Limited	21,778,800	6.82	Equity
3	Subhchintak Vancom Private Limited	18,258,000	5.72	Equity
4	Shree Krishna Gyanodaya Flour Mills Private Limited	17,817,500	5.58	Equity
5	REI Steel and Timber Private Limited	17,311,560	5.42	Equity
6	Investment professional Ltd A/c IPRO Funds Ltd.	14,900,000	4.67	Equity
7	Silak Ram	13,344,319	4.18	Equity
8	Ripple Brinechem Private Limited	12,670,067	3.97	Equity
9	Elara India Opportunities Fund Limited	11,364,830	3.56	Equity
10	Citi Bank N. A. New York NYADR Department	11,327,000	3.55	Equity

17. Our Company has not availed of “bridge loans” to be repaid from the proceeds of the Issue.

18. The terms of issue to Eligible Equity Shareholders have been presented under “Terms of the Issue” beginning on page 142 of this Letter of Offer.

19. At any given time, there shall be only one denomination of the Equity Shares of our Company.

20. We have not issued any Equity Shares out of revaluation reserves. However, we have in the past, issued bonus Equity Shares out of free reserves and share premium account.
21. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer.
22. Our Promoters and certain Promoter Group Entities have brought in an amount of Rs. 1,462.5 million as share application money towards part of their Rights Entitlement in the Issue which will be adjusted against the total amount payable by our Company upon allotment of Rights Equity Shares under the Issue to such persons/entities.
23. We have not revalued our assets during the last five Financial Years.
24. Issue to remain open for a minimum of 15 days and maximum of 30 days as may be determined by the Board.
25. This Issue is not being underwritten.

OBJECTS OF THE ISSUE

The Objects of this Issue are to raise funds for (i) Long Term incremental working capital margin requirement; (ii) Pre-payment of short-term loans/debentures/ high cost long-term borrowings, short term working capital borrowing (iii) General corporate purposes and (iv) To meet the Issue expenses.

The main object clauses of our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised through this Issue.

Proceeds of the Issue

The gross proceeds of the Issue are Rs. 12,453.80 million. The net proceeds of the Issue, after deduction of Issue expenses, are estimated to be approximately Rs. 12230.00 million (“**Net Proceeds**”).

The details of the utilization of proceeds of the Issue are summarized in the following table:

(Rs. in Millions)

Particulars	Amount
Gross proceeds of the Issue	12,453.80
Less: Issue Expenses	223.80
Net proceeds of the Issue	12,230.00

Fund Requirements and Deployment

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(Rs. in Millions)

Particulars	Total Estimated Amounts / Costs	Amount to be funded out of internal accruals and to be utilized in FY 2011	Amount estimated to be utilized through the Net Proceeds of this Issue	Estimated Net Proceeds utilization in FY 2011*
Incremental Long Term Working Capital Margin	6,387.70	2,511.00	3,876.70	3,876.70
Pre-payment of short-term loans/ debentures/ high cost long-term borrowing including working capital / loans raised from banks/ and FIs	8,123.30		8,123.30	8,123.30
General corporate purposes	230.00		230.00	230.00
Total	14,741.00	2,511.00	12,230.00	12,230.00

* Note: *Our Promoters and certain Promoter Group Entities have brought in an amount of Rs. 1,462.5 million as share application money towards part of their Rights Entitlement in the Issue which will be adjusted against the total amount payable by our Company upon allotment of Rights Equity Shares under the Issue to such persons/entities.*

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on the current status of our business and are subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may also include

rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Net Proceeds.

Means of Finance

The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue and our Company's internal accruals as mentioned in the above table. Thus, provisions of the SEBI Regulations in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and internal accruals does not apply to our Company as our Company do not proposes to avail any borrowed funds for part financing the Object of the Issue.

Our Promoters and certain Promoter Group Entities have brought in an amount of Rs. 1,462.5 million as share application money towards part of their Rights Entitlement in the Issue which will be adjusted against the total amount payable by our Company upon allotment of Rights Equity Shares under the Issue to such persons/entities.

In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals.

Details of the Objects of the Issue

- The details of the requirement of funds are as provided below:

Incremental long term working capital margin requirement

The incremental long-term working capital margin requirement has been calculated on the basis of additional working capital requirement which will be required in FY 2011 considering growth in activities of our Company and the resultant increase in volume as our Company has acquired rice processing mills on lease basis having an aggregate capacity of 210,240 TPA at Jallalabad and Fazilka, Punjab and Karnal, Haryana with effect from August 1, 2009. With these additional facilities, our total rice processing capacity has become 902,280 TPA as on March 31, 2010.

Raw Material (RM), Finished Goods (FG) and Auxiliary material have been taken at various levels, which is in consonance with the industry practices and past trends.

(Rs. in Millions)

Particulars	Holding Level (Months)	FY 2009	Holding Level (Months)	FY 2010	Holding Level (Months)	FY 2011
Current Assets		Audited			Estimated	
Raw Material	11.2	18,499.1	11.5	27,933.0	9.8	37,802.4
Other Consumable Spares	0.4	15.1	0.6	20.2	0.4	40.0
Finished Goods	2.9	4,586.6	1.8	4,447.7	4.0	14,512.9
Sundry Debtors (Domestic Sales)	2.7	3,235.9	2.6	6,820.3	3.0	6,750.0
Sundry Debtors	3.1	2,547.8	2.6	1,420.0	3.0	6,875.0

Particulars	Holding Level (Months)	FY 2009	Holding Level (Months)	FY 2010	Holding Level (Months)	FY 2011
(Export Sales)						
Advances to suppliers		4,328.6		4,536.4		5,069.3
Other Current Assets		515.2		1,407.5		1,220.7
Total Working Capital (A)		33,728.3		46,585.1		72,270.3
Current Liabilities (Other than bank borrowings for working capital)						
Creditors	0.8	1,357.3	0.2	455.0	0.3	969.3
Advances from customers / other current liabilities		289.7		196.9		600.0
Deposits/Debentures/ Installments under Term Loans		820		564		372.1
Statutory Liabilities		390.9		1019		1,310.4
Total of other current Liabilities (B)		2,857.9		2,234.9		3,251.8
Net Working Capital (A-B)		30,870.4		44,350.2		69,018.5
Working Capital Borrowings		22,001.3		32,719.4		50,999.9
Margin		8,869.1		11,630.8		18,018.6
Incremental Margin						6,387.7

Overall incremental long-term working capital requirement (net of internal accrual) for the financial year ending FY 2011 will be Rs. 3876.7 million which is proposed to be funded through the Net Proceeds of this Issue.

Basis of Estimation:

The incremental long term working capital requirements are based on historical company data and estimation of the future requirements in FY 2010-11 considering the growth in activities of our Company and in line with norms accepted by our bankers. Our Company has maintained inventory (Raw material & Finished goods) of 431 days in FY 2009 and 404 days in FY 2010 thus maintaining average inventory of 418 days during last two years. We have estimated the requirements of inventory in FY 2011 by maintain inventory of 418 days.

Our Company provides average credit of about 90 days to its customer and same has been considered for determine the working capital for FY 2011. Similarly we have estimated advance to suppliers, other current assets and current liabilities in line with working capital employed in last two years.

Justification for holding period levels:

Inventory	Inventory holding levels of raw materials, other consumable spares, finished goods etc are expected to be more or less in line with March 2009 & March 2010 levels keeping in view the nature of the industry in which our Company operates.
Receivables	Receivables are expected to be line with the March 2009 & March 2010 level keeping in view the nature of the industry in which our Company operates.
Creditors	Level of creditors is expected to come down in future as our Company would have adequate working capital post this issue.

Capacity Utilisation vis-à-vis business growth

The capacity utilisation of our Company for the last three FY 2008, FY 2009 and FY 2010 and estimated for FY 2011 including rice processing mills acquired on lease basis are as under:-

Divisions	Measurement Unit	FY 2008	FY 2009	FY 2010	FY 2011E *
A) Installed Capacity					
Basmati Rice Processing	TPA	692,040	692,040	902,280	902,280
Wind Turbine Generator	KwH (million)	40.38	40.38	40.38	40.38
B) Production					
Basmati Rice Processing	TPA	397,860	429,889	556,039	721,824
Wind Turbine Generator	KwH (million)	4.70	4.96	5.46	6.06
D) Capacity Utilisation**					
Basmati Rice Processing		69.35%	62.12%	61.63%	80.00%
Wind Turbine Generator		11.63%	12.27%	13.51%	15 %

**Based on management estimates*

***Calculated on average processing capacity as detailed in the section titled "Our Business" beginning on page 59 of this Letter of Offer*

The current trend of growth in revenue of our Company had been:

<i>Financial Year</i>	<i>Revenue Growth</i>
2007-08	71.14%
2008-09	41.04%
2009-10	50.85%

All the above projections are based on management estimates and have not been appraised by any bank or financial institution.

Our Company proposes to meet the incremental margin money requirement to the extent of Rs.6,387.7 million from the Net Proceeds of the Issue and internal accruals of our Company.

Our Company shall avail requisite loans towards its working capital requirement of Rs. 50,999.9 million against its fund/ non fund based limit from various banks.

2. Prepayment of short term loans/ debentures / high cost long term borrowing, short term working capital borrowing, etc

Currently as on March 31, 2010, we have short-term loans/ debentures / high cost long-term borrowing and short term working capital borrowing aggregating Rs. 12382.5 million. Out of the aforesaid outstanding loans, our Company proposes to prepay Rs. 8123.3 million out of the Net proceeds of the Issue, which will enable us to improve our debt equity ratio. The details of the short term loans/ debentures / high cost long term borrowing, short term working capital borrowing etc from banks and FIs is detailed in the tables below:

a) Term Loans for Wind farms

Particulars	IREDA-A-I	IREDA-II	IREDA-III	IDFC	IDFC	ICICI BANK	ALLAHABAD BANK	Total
Nature of Loan	TERM LOAN	TERM LOAN	TERM LOAN	TERM LOAN	TERM LOAN	ECB LOAN	TERM LOAN	
Object of the Loan *	Setting up of Wind farm at Rajasthan	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Maharashtra	Setting up of Wind farm at Tamil Nadu	Setting up of Wind farm at Gujarat	Setting up of Wind farm at Rajasthan	
Nature of Interest Charge	Fixed rate	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	Fixed rate	
Disbursed Amount (Rs. In Millions)	185.0	249.7	137.5	496.0	263.6	414.8	415.0	2,161.6
Outstanding as at March 31, 2010 (Rs. In Millions)	92.5	148.5	96.3	384.4	209.2	234.7	8.6	1174.2

Particulars	IREDA A-I	IREDA-II	IREDA-III	IDFC	IDFC	ICICI BANK	ALLAHABAD BANK	Total
Repayment to be made in FY 2011	20.6	26.3	17.2	62.0	29.7	78.2	6.9	240.9
Rate of Interest on the Loan	9.00%	9.00%	10.25%	11.31%	11.31%	Libor+1.5%	9.00%	
Rate of Interest on the loan as per the original sanction letter	10.50%	9.00%	10.25%	1.68% per annum over and above IDFC benchmark rate	1.68% per annum over and above IDFC benchmark rate	Libor + 1.5%	0.5% per annum below bank's benchmark prime lending rate	
Security	1st Charge on 5 WTGs located at Rajasthan and Sundry debtors of thereon	1st Charge on 6 WTGs located at Maharashtra and Sundry debtors of thereon	1 st Charge on 4 WTGs located at Maharashtra and Sundry debtors of thereon	1 st Charge on 6 WTGs located at Maharashtra and Sundry debtors of thereon	1st Charge on 12 WTGs located at Tamil Nadu and Sundry debtors of thereon	1st Charge on 17 WTGs located at Gujarat and Sundry debtors of thereon	1st Charge on 1 WTG located at Rajasthan and Sundry debtors of thereon	
Repayment Schedule	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half Yearly	Quarterly	

b) Term Loan & Corporate Loan:

Particulars	Corporation Bank	State Bank of Mysore	State Bank of Indore	Bank of Maharashtra	United Bank of India	Bank of Rajasthan	Total
Nature of Loan	Corporate Loan	Corporate Loan	Corporate Loan	Corporate Loan	Term Loan	Corporate Loan	
Object of the Loan *	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	Setting up of Parboiling facility	General Corporate purposes	
Nature of Interest Charge	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	Floating rate	
Rate of Interest on the Loan	12.00%	12.25%	10.00%	11.00%	11.50%	12.00%	
Rate of Interest on the loan as per the	1.75% per annum below bank's	1.50% per annum below bank's	1.00% per annum below bank's	1.50% per annum below bank's benchmark	1.75% per annum below bank's	3.00% per annum below bank's benchmark prime lending rate	

original sanction letter	benchmark prime lending rate	benchmark prime lending rate	benchmark prime lending rate	prime lending rate	benchmark prime lending rate			
Disbursed Amount (Rs. In Millions)	250.0	200.0	300.0	250.0	250.0	400.0	1650	
O/s As At 31.03.2010 (Rs. In Millions)	54.0	25.0	300.0	106.8	12.5	280.0	778.3	
Repayment to be made in FY 2011	54.0	25.0	NIL	71.6	12.5	160.0	323.1	
Security	Secured by creation of first charge on hypothecation of stock of rice, paddy, book debts and stores and spares on pari passu basis and second charge on fixed assets of rice division.							
Repayment Schedule	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		

c) Short Term Borrowing

Particulars	AXIS Bank Limited	AXIS Bank Limited	ICICI Bank Limited	IDBI Bank Limited	Total
Nature of Loan	Unsecured Loan	Unsecured Loan	Unsecured Loan	Unsecured Loan	
Object of the Loan *	General Corporate Purposes	General Corporate Purposes	General Corporate Purposes	General Corporate Loan	
Nature of Interest Charge	Floating rate	Floating rate	Floating rate	Floating rate	
Rate of Interest as per original sanction letter	7.00% p.a. below banks benchmark prime lending rate	7.00% p.a. below banks benchmark prime lending rate	Banks benchmark prime lending rate	4.75% below banks benchmark prime lending rate	
Rate of Interest on the Loan	7.75%	7.75%	9.50%	8.00%	
Disbursed Amount (Rs. In Millions)	750.0	500.0	500.0	1780.0	3530.0
O/s As At 31.03.2010 (Rs. In Millions)	750.0	500.0	500.0	1780.0	3530.0
Security	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Repayment to be made in 2011	750.0	500.0	500.0	1780.0	3530.0

d) Non convertible Debentures

Particulars	Bank of Maharashtra	Dena Bank	UCO Bank	Central Bank of India	Bank of Baroda	United Bank of India	Corporation Bank	Total
Nature of Loan	Non Convertible	Non Convert	Non Convertibl	Non Convertible	Non Convertib	Non Convert	Non Convertible	

Particulars	Bank of Maharashtra	Dena Bank	UCO Bank	Central Bank of India	Bank of Baroda	United Bank of India	Corporation Bank	Total
	Debenture	ible Debenture	e Debenture	Debenture	le Debenture	ible Debenture	Debenture	
Object of the Loan *	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	General Corporate purposes	
Nature of Interest Charge	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	
Rate of Interest as per original sanction letter	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	
Rate of Interest on the Loan	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	11.75% p.a.	
Disbursed Amount (Rs. In Millions)	150.0	100.0	200.0	250.0	250.0	200.0	250.0	1400.0
O/s As At 31.03.2010 (Rs. In Millions)	150.0	100.0	200.0	250.0	250.0	200.0	250.0	1400.0
Security	Secured by Pari passu first charge on charge on fixed assets of rice division and subservient charge on the Total assets of our Company							
Repayment to be made in 2011	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Repayment Schedule	At Par, in installments of 20:20:30:30 at the end of 3.5,4,4.5 & 5 years							

e) Short term working capital borrowings:

Particulars	IDBI Bank	Corporation Bank	Total
Nature of Loan	Secured Loan	Secured Loan	
Object of the Loan *	Short Term Working Capital	Short Term Working Capital	
Nature of Interest Charge	Floating rate	Floating rate	
Rate of Interest as per original sanction letter	4.35% p.a. below banks benchmark prime lending rate	9.05% p.a.	
Rate of Interest on the Loan	8.40%	9.05% p.a.	
Disbursed Amount (Rs. In Millions)	4500.0	1000.0	5500.0
O/s As At 31.03.2010 (Rs. In Millions)	4500.0	1000.0	5500.0
Security	Secured by	Secured by Pari passu	

	hypothecation of stocks/receivables	second charge on entire inventory cum book debts	
Repayment to be made in FY 2011	4500.0	1000.0	5500.0

Out of the loans as detailed herein above the specific loans which shall be repaid from the proceeds of the Issue will be decided by our Company only upon receipt of the proceeds from the Issue.

Prakash Sachin & Co, independent chartered accountants have vide their certificate dated June 8, 2010 confirmed that all loans as specified above have been used for the purposes for which they were raised. Please refer to the section titled “Material Contracts and Documents for Inspection” beginning on page 169 of this Letter of Offer.

3. General Corporate Purposes

We intend to use approximately Rs. 230.0 million from the net proceeds of the Issue towards general corporate purposes. Our Board of Directors will have the flexibility in sanctioning the utilization of these proceeds for general corporate purpose including assessment of new opportunities, expansion of our operations domestically, and / or internationally through the organic / inorganic route and other strategic initiatives.

Our Board of Directors will review various requirements from time to time and in response to the competitive and dynamic nature of the industry, our management will have the discretion to revise our Company’s business plan from time to time.

To the extent that we seek to advance on any of the above-mentioned fronts, we will utilize part of the funds raised in this Issue towards this purpose. In the interim, if opportunities for inorganic growth or any other strategic initiatives arise these funds will be utilized for the said initiatives.

4. Issue Related Expenses

The expenses of this Issue include, among others, lead management fees, printing and distribution expenses, legal fees, advertisement cost, registrar fees, depository charges and listing fees. The total Issue expenses are estimated to be approximately Rs. 223.80 million as per the following break-up:

Issue Expenses	Amount (Rs. in Millions)
Lead Management fees	206.0
Advertisement and Marketing expenses	11.0
Printing & Stationery (including courier and transportation charges)	1.8
Legal fees, Registrar’s fees, Listing Charges etc.	3.5
Misc. Expenses	1.5
Total	223.8

Funds Deployed

As per the certificate dated June 10, 2010 issued by M/s P.K. Lilha & Co., Chartered Accountants, we have deployed Rs. 1,462.5 million till June 10, 2010 towards Incremental Working Capital Margin money (Rs. 937.7 million), Repayment of short-term loan of ICICI Bank (Rs. 500.0 million) and Issue Expenses (Rs. 24.8 million). The same has been financed from the share application money of Rs. 1,462.5 million received from the Promoters/Promoter Group entities towards their Rights Entitlement.

Interim Use of Net Proceeds

Pending utilization of the funds, the management of our Company, in accordance with policies established

by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilisation for the purposes described above, our Company intends to temporarily invest the funds in high quality interest / dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities, as may be approved by the Board of Directors or a committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the equity markets.

Monitoring of Utilisation of funds

We have appointed Axis Bank as the monitoring agency in relation to the Issue. Our Board and/or Audit Committee will monitor the utilisation of the Net Proceeds of the Issue.

We will disclose the details of the utilisation of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the full proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in this Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

Other confirmations

Our Company confirms that no part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group or key managerial employees, except in the normal course of our business.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

1. Key benefits available to the Company under the Income Tax Act, 1961 (“the Act”)

(A) BUSINESS INCOME

(i) Depreciation

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act. In case of new machinery or plant that is acquired by the company (other than ships and aircrafts), the company is entitled to a additional depreciation a sum equal to twenty per cent of the actual cost of such new machinery or plant subject to conditions specified in Section 32 of the Act. Unabsorbed depreciation, if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent A.Y's as per Section 32 of the Act.

(ii) MAT Credit

As per Section 115JAA(1A) of the Act, the company is eligible to claim credit for Minimum Alternate Tax (MAT) paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off upto 10 years succeeding the assessment year in which the MAT credit arises.

(B) CAPITAL GAINS

(i) Definitions

Long term capital gains (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bond held by an assessee for more than 12 months. In respect of any other capital asset, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

Short term capital gains (STCG)

STCG means capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less. In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

(ii) Exemption of capital gain from income tax

LTCG arising on transfer of equity shares or units of an equity oriented fund which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D) of the Act, on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that Section.

Income by way of long term capital gain exempt u/s 10(38) is to be taken into account in computing the book profit and income tax is payable in respect of same under Section 115JB of the Act.

(iii) Computation of capital gain

As per second proviso to Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

As per Section 112 of the Act, LTCG is taxed @ 20% plus applicable surcharge thereon, education cess and secondary & higher education cess at applicable rate on tax plus surcharge (if any) (hereinafter referred to as applicable SC + EC + SHEC).

However as per proviso to Section 112(1) of the Act, if such tax payable on transfer of listed securities / units / zero coupon bonds exceed 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

As per Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund as defined under Section 10(23D) of the Act], on a recognized stock exchange are subject to tax at the rate of 15% (plus applicable SC + EC + SHEC), provided the transaction is chargeable to STT.

(iv) Set off and carry forward of capital loss

As per Section 71 read with Section 74 of the Act, short term capital loss (STCL) arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long term capital gains for subsequent 8 years. And in case of, long term capital loss arising during a year is allowed to be set-off only against LTCG. Balance loss, if any, should be carried forward and set-off against subsequent year's LTCG for subsequent 8 years.

(v) Exemption under Section 54EC of the Act

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains in cases not covered under Section 10(38) of the Act] arising on the transfer of a long term capital asset, will be exempt from capital gains tax, if the capital gains are invested within a period of 6 months after the date of such transfer, for a period of at least 3 years, in bonds issued on or after April 1, 2006, by:

- a) The National Highway Authority India (NHAI); or
- b) The Rural Electrification Corporation Ltd (REC)

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

(C) INCOME FROM HOUSE PROPERTY

Benefit of 30% of annual value as determinable U/s 23 is available to the Company as per the provisions of Section 24(a) of the Act.

(D) INCOME FROM OTHER SOURCES

(i) Dividends exempt under Section 10(34) of the Act

Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

(ii) Dividends from units exempt under Section 10(35) of the Act

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of units in such Mutual Fund.

2. Key benefits available to the members of the Company under the Act

(A) RESIDENT MEMBERS

(i) Dividend Income

Dividend (both interim and final) income, if any, received by the resident shareholder from a Domestic Company is exempt from tax under Section 10(34) read with Section 115-O of the Act.

(ii) Capital Gains

The provisions of law outlined in paragraph 1(B) above would also be applicable to resident members where shares are held as investments. Additionally, the following benefits are also available to resident shareholders.

As per Section 54F of the Act, LTCG arising to individuals and HUF's from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

(iii) Shares held as stock-in-trade

Gains or losses arising on shares held as stock-in-trade would be chargeable under the head —Profits and Gains of Business or Profession.

In terms of Section 36(1)(xv) STT paid in respect of taxable securities transactions entered into in the course of business during the year shall be deductible if the income arising from such taxable securities transactions is considered as business income.

(iv) Capital gain on Transfer of Right Shares and Right Entitlement

Cost of acquisition in case of right shares acquired by the shareholders by exercising his right entitlement is the amounts actually paid for the acquisition.

And in case, if the Right entitlement is renounced by shareholders, cost of acquisitions will be zero in that case and entire Right entitlement received is taxable as short term capital gain. Benefit of setoff and of carry forward and setoff of short term capital loss is available as per Section 71 read with Section 74 of the Act. Cost of Purchase in the hand of persons in whose favour the right entitlement has renounced is Purchase price paid to renouncer of right entitlement plus amounts paid to the issuing company.

Benefits outlined in paragraph 1 (B) (ii), (iii) & (v) are also applicable to Resident Members. Besides that benefit of Indexation is also available if right share holds for more than 12 months.

(v) Benefit of Section 115F

If the Resident members is a Non Resident Indian (NRI) and has transferred shares in an Indian Company, Debentures of an Indian Public Limited Company, deposits with an Indian Public Limited Company, which has been acquired or purchased with, or subscribed to in , convertible foreign exchange. and such assets being Long term capital assets and invested whole or any part of net proceeds within 6 months of the transfer of the original assets in shares of an Indian Company, Debentures of an Indian Public limited Company, Deposit with an Indian public Limited Company, Central Government Securities, NSC VI and VII Issues. Exemption is available as follows:

- a) If the cost of the new assets is not less than the net consideration in respect of the original assets transferred, the entire capital gain arising from the transfer is exempt from tax
- b) If the cost of the new assets is less than the net consideration in respect of the original assets transferred, the exemption from long term capital gain is granted proportionately on the basis of investment of net consideration in the new assets, i.e., amounts invested in new assets X long term capital gain / amounts of net consideration as a result of the transfer of the original assets.

The new Assets so acquired is transferred or converted into money within 3 years from the date of acquisition, the capital gain exempted as above shall be taxable as long term capital gain the previous year in which such assets so transferred or converted into money

(B) NON-RESIDENT MEMBERS

(i) Dividend Income

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

(ii) Capital Gains

Benefits outlined in paragraph 2(A)(ii) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of

indexation as provided in second proviso to Section 48 is not available to non-resident shareholders. The aforesaid manner of computation of capital gains will be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including those made in the Company.

(iii) Shares held as stock-in-trade

Benefits outlined in paragraph 2(A) (iii) above are also applicable to the non-resident shareholder.

(iv) Tax Treaty Benefits

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable Double Taxation Avoidance Agreements.

(v) Capital gain on Transfer of Right Shares and Right Entitlement

Cost of acquisition in case of right shares acquired by the shareholders by exercising his right entitlement is the amounts actually paid for the acquisition.

And in case, if the Right entitlement is renounced by shareholders, cost of acquisitions will be zero in that case and entire Right entitlement received is taxable as short term capital gain. Benefit of setoff and of carry forward and setoff of short term capital loss is available as per Section 71 read with Section 74 of the Act. Cost of Purchase in the hand of persons in whose favour the right entitlement has renounced is Purchase price paid to renouncer of right entitlement plus amounts paid to the issuing company.

Benefits outlined in paragraph 1 (B) (ii), (iii) & (v) are also applicable to Non resident Members. Besides that benefit of Indexation is also available if right share holds for more than 12 months.

(v) Benefit of Section 115F

If the Non resident members is a Non Resident Indian (NRI) and has transferred shares in an Indian Company, Debentures of an Indian Public Limited Company, deposits with an Indian Public Limited Company, which has been acquired or purchased with , or subscribed to in , convertible foreign exchange. and such assets being Long term capital assets and invested whole or any part of net proceeds within 6 months of the transfer of the original assets in shares of an Indian Company, Debentures of an Indian Public limited Company, Deposit with an Indian public Limited Company, Central Government Securities, NSC VI and VII Issues. Exemption is available as follows:

- a) If the cost of the new assets is not less than the net consideration in respect of the original assets transferred, the entire capital gain arising from the transfer is exempt from tax
- b) If the cost of the new assets is less than the net consideration in respect of the original assets transferred, the exemption from long term capital gain is granted proportionately on the basis of investment of net consideration in the new assets, i.e., amounts invested in new assets X long term capital gain / amounts of net consideration as a result of the transfer of the original assets.

The new Assets so acquired is transferred or converted into money within 3 years from the date of acquisition, the capital gain exempted as above shall be taxable as long term capital gain the previous year in which such assets so transferred or converted into money

(vi) **Where shares have been subscribed to in convertible foreign exchange – Option of taxation under Chapter XII-A of the Act**

Non-Resident Indians as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.

As per the provisions of Section 115E of the Act, income other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified asset) shall be taxable @ 20% (plus applicable SC + EC + SHEC). No deductions in respect of any expenditure allowance from such income will be allowed and no deductions under Chapter VIA will be allowed from such income.

As per Section 115E of the Act, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC + SHEC). —Specified asset has been defined by Section 115C of the Act, to mean shares in an Indian Company, debentures issued by an Indian Company which is not a private company, deposits with an Indian company which is not a private company, any security of the Central Government and such other assets as the Central Government may specify in this behalf by notification in the official Gazette.

As per the provisions of Section 115F of the Act and subject to the conditions specified therein, LTCG arising to a non resident Indian from the transfer of any specified asset acquired or purchased with or subscribed to in convertible foreign exchange shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act.

If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as LTCG in the year in which such specified asset or savings certificates are transferred.

As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or LTCG earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from he specified assets for the year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring

therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

(C) FOREIGN INSTITUTIONAL INVESTORS (FIIs)

(i) Dividend Income

Dividend (both interim and final) income, if any, received by the shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

(ii) Capital Gains

Taxability of Capital Gains

Under Section 115AD of the Act, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC + EC + SHEC). No deduction shall be allowed under Section 28 to 44C or clause (i) or clause (iii) of Section 57 or under chapter VI-A if the gross total income of the foreign institutional investor consists of only the above income.

Under Section 115AD of the Act, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

As per Section 111A of the Act, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable SC + EC + SHEC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC + EC + SHEC).

LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC + EC + SHEC). The benefit of indexation of cost of acquisition, as mentioned under 1st and 2nd proviso to Section 48 of the Act would not be allowed while computing the capital gains.

Exemption of Capital Gains from income-tax

LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

Benefit of exemption under Section 54EC shall be available as outlined in paragraph 1(B)(v) above.

(iii) Shares held as stock-in-trade

Benefits outlined in paragraph 2(A)(iii) above are also applicable to the non-resident shareholder.

(iv) Tax Treaty Benefits

As per Section 90 of the Act, FIIs can claim relief in respect of double taxation, if any, as per the provision of the applicable double tax avoidance agreements.

(v) Capital gain on Transfer of Right Shares and Right Entitlement

Cost of acquisition in case of right shares acquired by the shareholders by exercising his right entitlement is the amounts actually paid for the acquisition.

And in case, if the Right entitlement is renounce by shareholders, cost of actuations will be zero in that case and entire Right entitlement received is taxable as short term capital gain. Benefit of setoff and of carry forward and setoff of short term capital loss is available as per Section 71 read with Section 74 of the Act. Cost of Purchase in the hand of persons in whose favour the right entitlement has renounced is Purchase price paid to renouncer of right entitlement plus amounts paid to the issuing company.

Benefits outlined in paragraph 1 (B) (ii), (iii) & (v) are also applicable to FII's. Besides that benefit of Indexation is also available if right share holds for more than 12 months.

(D) MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

3. Wealth tax Act, 1957 and Gift tax Act, 1958

Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act 1957. Hence shares are not liable to wealth tax.

Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the company would not be liable for any gift tax.

However any transfer of shares made subsequent to October 1, 2009 without adequate consideration to an individual or HUF will be taxable in the hands of transferee under Section 56(2)(vii) of the Income Tax Act, 1961 subject to prescribed conditions.

Notes:

- (i) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- (ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- (iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- (iv) The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government publications, industry sources and other public sources. Neither our Company, the Lead Managers, nor any other persons connected with the Issue have verified this information or makes any representation to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Overview

According to the Food and Agriculture Organization of the United Nations, India is the second largest producer of rice after China based on production in 2007. The rice industry in India is broadly divided into two segments - Basmati (drier and long grained) and non- Basmati (sticky and short grained). Basmati rice is a premium variety of rice renowned for its flavour, fine texture, distinct aroma, elongation when cooked and can be grown only in certain parts of India and Pakistan. The non- Basmati market in India is largely unbranded and dominated by unorganized/regional producers.

The remainder is produced by Pakistan. While producers in India have managed to move up the value chain by improving quality and branding, the growth of the industry in Pakistan has been relatively muted. As a result, India remains the world's largest Basmati rice supplier.

A majority of Basmati rice produced in India is exported. According to APEDA, Indian exports of Basmati rice increased from Rs. 43,445 million in 2007-2008 to Rs. 94,770.30 million in 2008-2009. In terms of quantity, exports of basmati increased from 1.18 million metric tonnes in 2007-2008 to 1.56 million metric tonnes. The largest export market for Indian Basmati rice has traditionally been the Middle East with a 84.3% share of India's exports in 2008-09, representing exports of approximately 0.95 million metric tonnes according to APEDA. The United Kingdom and the United States accounted for approximately 7.4%, while the rest of the world accounted for the remaining 8.3% of India's exports during the same period, representing approximately 0.1 million metric tonnes and 0.13 million metric tonnes, respectively, according to APEDA.

Basmati Rice

Basmati rice is premium long-grain rice with a fine texture and is the most expensive variety of generally available rice in the world. Its high value stems from its unique qualities, such as a strong aroma in both raw and cooked states. The word Basmati means the "queen of fragrance" or the "perfumed one." Its perfumed, nut-like flavour and aroma can be attributed to the ageing of the grain to decrease its moisture content. On cooking, the grain elongates, and the cooked grain has a characteristic shape and consistency. Basmati rice is available as both white and brown rice. The fragrance, cooking qualities and consequently, the value of Basmati rice are enhanced with maturing. For Basmati rice to be marketable, the product needs to be matured for 18-24 months.

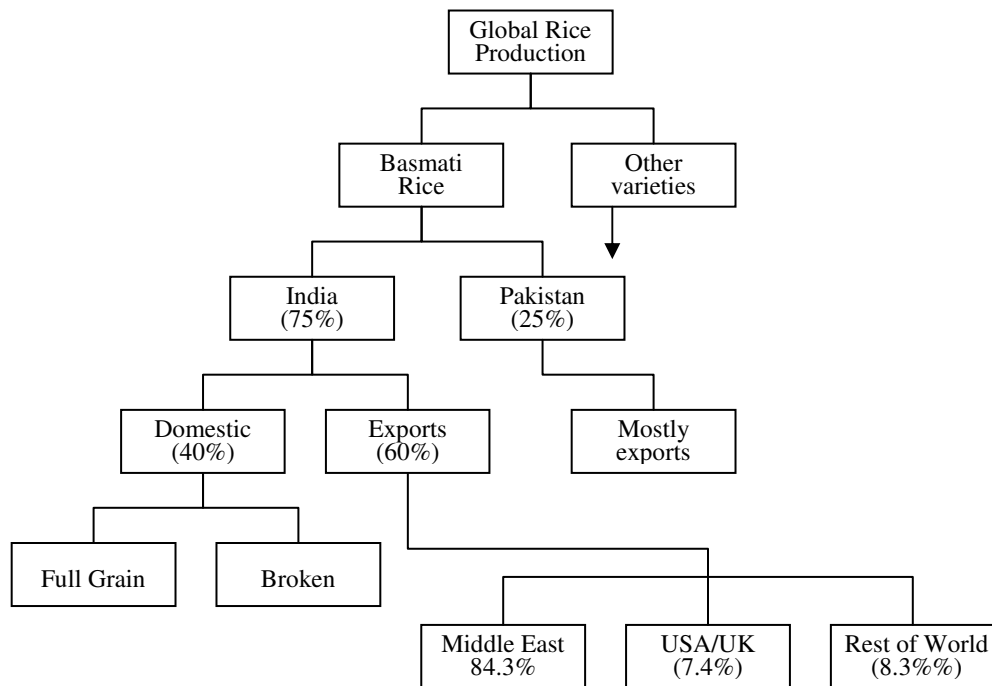
Basmati is the customary name for certain varieties of rice with these unique properties that are grown exclusively in certain parts of India and Pakistan. Basmati is cultivated in the foothills of Himalayas, the northern part of Western Punjab (on both sides of the Indian and Pakistan border), Haryana, Western Uttar Pradesh, and Uttarakhand. Basmati's unique taste and texture is attributed to the soil and climate of this region. The following table sets forth the Basmati rice cultivating districts of India:

Haryana and Punjab	Amritsar, Fatehgarh, Gurudaspur, Hoshiarpur, Jalandhar, Kaithal, Karnal, Kurukshetra, Panipat, Patiala, Rupnagar and Sangrur
Himachal Pradesh	Kangra, Mandi, Sirmour, Solan and Una
Uttar Pradesh	Bareilly, Bijnor, Jyotibaphule Nagar, Moradabad, Muzaffarnagar, Pilibhit, Rampur, Raebareli, Saharanpur and Sitapur

Uttaranchal	Dehradun, Haridwar and Udham Singh Nagar
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Basmati responds well to the climatic conditions of these areas. The amount of water, the quality of the soil, the amount of daylight and the gentle winds that are characteristic of this region of Asia combine to produce good conditions for Basmati rice to thrive.

While producers in India have managed to move up the value chain through improving quality and branding, the growth of the industry in Pakistan has been relatively muted. As a result, India remains the world's largest Basmati rice supplier.



Source: Company data and estimates

The following varieties of Basmati rice have been approved by the Indian and Pakistani authorities and can use the description "Basmati". They all have at least one parent that is a true-line Basmati variety, and they have been approved on the basis of having the above unique properties as measured by various objective tests such as grain dimension, amylase content, cooking elongation and aroma.

Indian varieties

Basmati 370

Dehradun (Type-3)

Basmati 217

Basmati 386

Pakistani varieties

Basmati 370

Kernel (Basmati Pakistan)

Super basmati

Basmati 385

Taraori (Karnal Local, HBC-19)

Basmati 198

Ranbir basmati (IET 11348)

Pusa basmati (IET 10364)

*Pusa - 1121**

Punjab basmati (Bauni basmati)

Haryana basmati (HKR 228/IET 10367)

Kasturi (IET 8580)

Mahi Suganda

*Pusa – 1121 being characterised as Basmati rice in 2008-2009

Climatic Factors Affecting Basmati Rice Cultivation in India

Rainfall

Rainfall is the most important weather element for successful cultivation of rice. However, there are two factors that reduce the dependence of Basmati rice on rainfall. Firstly, Basmati rice, unlike other rice crops, does not require large quantities of water and requires only sprinkling water and not standing water. Secondly, Basmati rice is grown in Haryana, Punjab, Uttarakhand and Western Uttar Pradesh. Farmers in these areas have relatively larger holdings and most farms are well irrigated. Therefore the cultivation of Basmati rice is not as dependent on rainfall as non- Basmati rice.

Temperature

Temperature is another climatic factor that influences the development, growth and yield of rice. Rice, being a tropical and sub-tropical plant, requires fairly high temperatures ranging from 20°C to 40°C. The optimum temperature of 30°C during the day and 20°C during night seems to favour the development and growth of rice crop.

The Domestic Market

India has moved from being an importer of food grains to becoming an exporter. Currently, India is one of the largest producers of cereals and grains. The perception of Basmati rice as a premium product and the fact that customers are extremely sensitive to quality have created an opportunity for branding. Also, the structural changes in the market are partly responsible for the emergence of brands. Major producers in the branded segment traditionally exported Basmati under private labels (unbranded sales). However, these companies were forced to change their strategy in the mid-nineties when buyers started procuring rice from smaller producers. To reduce margin erosion, more established producers began serious efforts towards branding. However, so as not to alienate their existing clients, the branding effort first took place in the domestic market. Once the brands were established in the domestic market, Indian producers gradually started introducing their brands to the export markets.

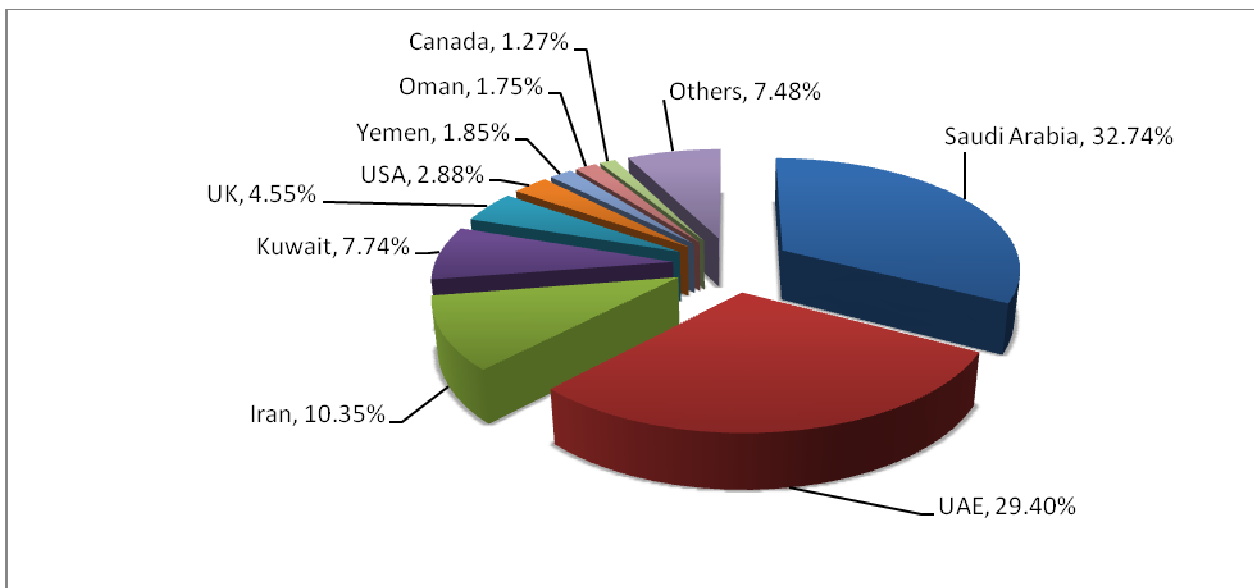
According to our Company's estimates, Basmati rice consumption was less than 2% of overall rice consumption in India in fiscal 2009. Low consumption is attributable to the fact that Basmati remains a premium product in terms of pricing, and is therefore consumed only on special occasions. With a growing consumer class and increasing disposable incomes, demand for premium products is on the rise. Our Company estimates that the domestic market for all types of rice is growing at 3%-4% per annum while the growth rate is over 10% for Basmati rice. Overall, the demand for branded super quality/premium rice is growing at 15% per annum. The non- Basmati market is largely unbranded and dominated by unorganized/regional players. Our Company believes that organized players have a market share of less than 2% of total non- Basmati rice market in India. This segment is not as lucrative in terms of profitability as compared to the Basmati segment because of the difficulty in creating differentiation and brands.

The Export Market

A majority of Basmati rice produced in India is exported. According to APEDA, Indian exports of Basmati rice increased from Rs. 43,445 million in 2007-2008 to Rs. 94,770.30 million in 2008-2009. In terms of quantity, exports of basmati increased from 1.18 million metric tonnes in 2007-2008 to 1.56 million metric tonnes in 2008-2009. The largest export market for Indian Basmati rice has traditionally been the Middle East with a 84.3% share of India's exports in 2008-09, representing exports of approximately 0.95 million metric tonnes according to APEDA. The United Kingdom and the United States accounted for approximately 7.4%, while the rest of the world accounted for the remaining 8.3% of India's exports during the same period, representing approximately 0.10 million metric tonnes and 0.13 million metric tonnes, respectively, according to APEDA. .

Within the Middle East, Saudi Arabia accounts for a major part of Basmati imports from India. Pakistan is the major competitor for India in the international market for Basmati rice. Other markets for Indian Basmati rice exports include the United Arab Emirates, Kuwait, Austria, Belgium, Bahrain, France, Germany, Denmark, Canada, Italy, Oman, Yemen, Netherlands, Jordan and Indonesia.

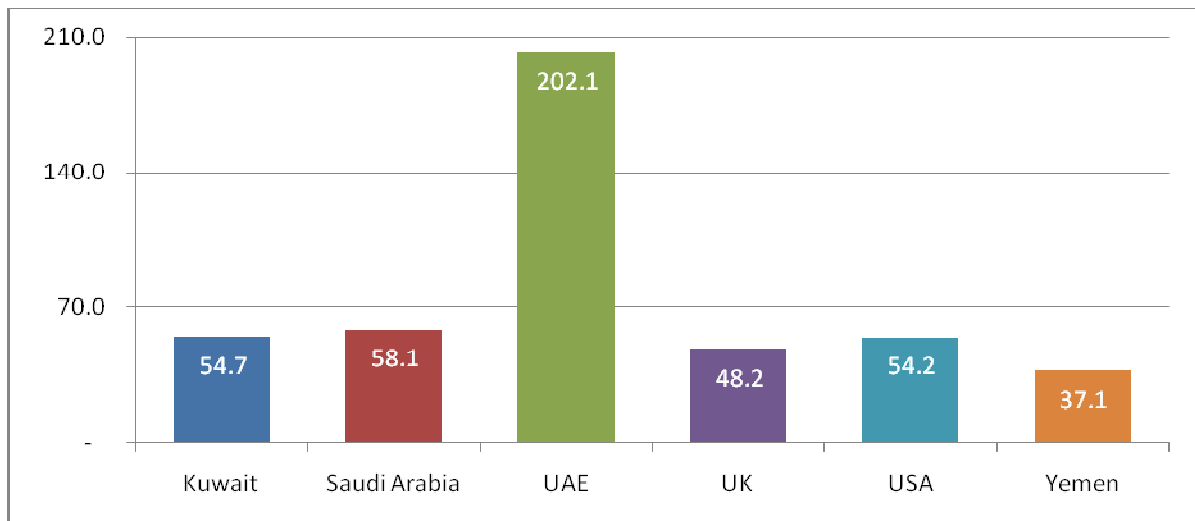
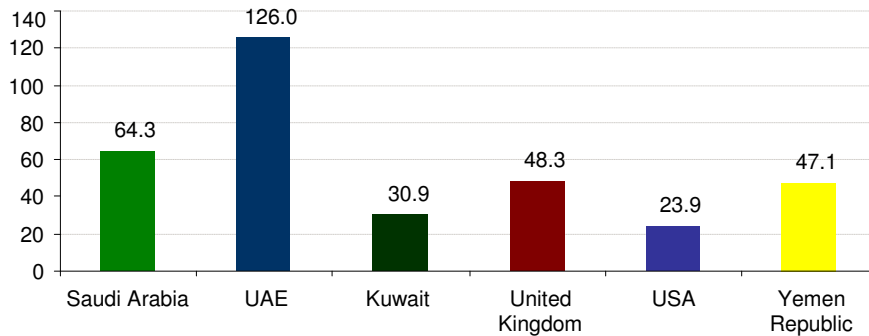
The below chart shows a break-up of the total quantity of Basmati rice exported from India in 2008-2009:



Source: APEDA (*Export Figures for the year 2008-09*)

A large portion of Basmati exports is unbranded, which leads to lower export prices. However, with more Indian producers opting to export under their own brands, our Company expects overall prices to increase. Thus, the opportunity from this market is not only from volume-based growth but also from taking market share away from existing unorganized players through the creation of strong brands.

The below chart shows the percentage of growth in the value of exports to India's top six export countries from 2007 to 2009 for Basmati rice.



Source: APEDA (*Compounded Annual Growth Rate of Exports from India to these countries from 2007 to 2009*)

Indian exports of Basmati rice are expected to continue to rise due to recognition of premium quality, increased branding, and better marketing along with greater access to all the markets for agricultural products.

Industry Development & Trends

The Basmati rice industry in India has been traditionally dominated by small millers. However, the unique nature of the rice has attracted many large corporates. Ageing requires significant working capital. The large processors generally enjoy greater access to working capital.

Over the last few years, the Basmati rice industry in India has witnessed a shift towards an organized structure for the following reasons:

- **Technology:** Organized players have access to production technology, which smaller players cannot afford.
- **Scale:** Larger players have the requisite economies of scale to reduce per unit production costs.
- **Standardization:** Unorganised millers use traditional methods, which cannot ensure grading (based on size) and sorting (based on colour) of the rice required for consistent product quality.
- **Pre-ageing ability:** Small processors do not have the resources to age and mature Basmati rice.
- **Procurement capabilities:** Basmati quality and branding require strong procurement capabilities to procure paddy from *mandis*.

The international market consumption of Basmati rice is increasing owing to rise in demand from present countries, such as Saudi Arabia, the United Arab Emirates, Kuwait, the United Kingdom, the United States and the Yemen Republic, and the entry of new countries. At the same time, the domestic demand is also on the rise due to a spurt in the mall culture and growth of hotels and restaurants. This will affect the suppliers of Basmati rice directly through sales of branded products or indirectly through private sales. The widening gap of demand and supply is expected to create room for an increase in the premium to be commanded. As a result of the limited supply and an increasing demand for this product, it is likely that the companies in this section may benefit in the long run.

OUR BUSINESS

The following information is qualified in its entirety by, and should be read in conjunction with, the more detailed financial and other information included in the Letter of Offer, including the information contained in the section “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page xii and page 113, respectively, of this Letter of Offer.

In this section “our Company” refers to our Company, while “we”, “us” and “our” refers to our Company.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from the restated financial statements of our Company and the restated financial statements of our Company as included elsewhere in this Letter of Offer.

Certain information contained in this section has been derived from the annual reports and certain other published data of other listed companies in India engaged in the business of processing Basmati rice. Neither our Company, the Lead Managers, nor any other persons connected with the Issue have verified such information or makes any representation to the accuracy of this information, the accuracy, completeness and underlying assumptions of such information is not guaranteed and its reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

OVERVIEW

We are primarily in the business of processing and marketing of branded & un-branded Basmati rice in the domestic and overseas market and are among the largest processors of basmati rice in the listed space in India, on the basis of the published annual reports of listed companies in India engaged in the business of processing of Basmati rice. With over a decade experience in the Basmati rice processing industry we are present across the entire Basmati rice processing chain ranging from procurement of Basmati paddy to its storage, ageing, processing, packaging and distributing.

We started our operations with a modest grading capacity located near Delhi at Bawal, Haryana and presently have a total installed annual processing capacity of 902,280 metric tonnes, including parboiling capacity of 621,960 metric tonnes, from our two owned processing plants in Bawal, Haryana and leased units in Punjab and Haryana, each strategically located in the vicinity of the Basmati paddy producing regions of northern India.

In order to meet the increasing demand for Basmati rice in domestic and international markets we have, over the period increased our production output from 64,775 metric tonnes in FY 2000 to 5,56,039 metric tonnes in FY 2010. We have been able to achieve this through continuous capacity enhancements.

We are present across all price points in the branded Basmati market and sell our processed Basmati rice domestically and in the export market under various brand names, which include *Kasauti, Mr. Miller, Hungama, Rain Drop, Hansraj, Mehrab* and *Nausheen*, through a wide network of distributors across India. Further our parboiling capacity has enabled us to export a major portion of output to countries from the Gulf region namely Saudi Arabia, the United Arab Emirates and Kuwait. The Gulf region accounts for largest exports of Basmati rice from India.

In our non-primary business segment we are engaged in generation of power from our four wind farms located in the States of Rajasthan, Maharashtra, Tamil Nadu and Gujarat and having capacities of 7.5 megawatts, 22.4 megawatts, 6.0 megawatts and 10.2 megawatts, respectively, aggregating to a total capacity of 46.1 megawatts. Our Company’s wind power project located at Rajasthan is registered with the United Nations Framework Convention on Climate Change and we are further also in the process of registering our other wind power projects. As on May 31, 2010 our Company has already received 25,094 CERs under the Kyoto Protocol. Our Company’s wind farm business started in March, 2004.

In FY 2008 the retail division of our Company, which started operations from March 27, 2007 was demerged into a separate company, namely, REI Six Ten Retail Limited (“**REI Six Ten**”). REI Six Ten is a retailing company focusing on retailing fresh vegetables & fruits, staples and all food & non food consumer products. It has presence in North, Western and Eastern India with currently over 310 franchisee retail stores operated under the brand name “6Ten”. We also sell our branded Basmati rice products through retail stores managed by REI Six Ten.

Our total sales have grown at a compounded annual growth rate of 45.9% from FY 2008 to FY 2010. For the year ended March 31, 2010, our total sales and profit after tax was Rs. 36,932.3 million and Rs. 1,571.7 million respectively. Further as at March 31, 2010, our Company’s total assets were Rs. 56,318.0 million and our Company’s net worth was Rs. 9015.4 million.

COMPETITIVE STRENGTHS:

We attribute our business growth primarily to variety of factors namely product mix, distribution reach, branding initiatives, better quality products, expansion in our product range domestically and in the export market, and innovation.

We believe the following to be our principal competitive strengths:

1. *Integrated Operations and Economies of Scale:*

Our Company is amongst the largest listed company in India engaged in the business of processing Basmati rice on the basis of the published annual reports of listed companies in India engaged in the business of processing of Basmati rice. Our Company has combined installed processing capacities of 902,280 metric tonnes per annum; including parboiling capacity of 621,960 metric tonnes per annum. By virtue of our integrated operations ranging from paddy procurement to distribution of processed Basmati rice our Company derives benefit of economies of scales and quality control.

Global buyers today are increasingly looking to consolidate their sourcing strategy. This would mean sourcing from fewer vendors. We therefore believe our Company is well positioned to be one of the “preferred vendors” from India because of our size, integrated operations and modern facilities.

2. *Modern Equipment & Technology coupled with Process Innovations:*

Our Company has invested in modern and latest technology and equipments imported from recognised suppliers. We believe that our Company’s manufacturing technology gives us a competitive edge over most of our competitors. Our processing units utilise Basmati rice processing technology which offer high operational efficiency. Our technology while ensuring that labour requirement is minimal facilitates quick turnaround time to ensure production of a quality product with lower breakages, negligible losses and better sorting and grading processes.

While processing the Basmati paddy, a substantial portion of the processed rice gets normally broken. Over the period , we have been able to minimize the proportion of broken rice to and maximize the finished whole grain Basmati rice from 39 % in FY 2005 to 49.5 % in FY 2010, this has effectively lead to increase in proportion of whole rice to the total sales volume and resultantly helped us in maximizing our sales margins.

We believe that our Company’s high level of modernization, trained work force and managerial expertise results in a consistently high level of productivity.

3. *Experienced Management Team:*

Our management team consists of individuals with significant experience in the Indian Basmati rice industry and broad knowledge about Basmati rice procurement, processing and marketing activities. Our management team has expanded our business in both scale and scope through various initiatives, such as increasing in-house processing capacity, increasing vertical integration, broadening distribution channels,

expanding our product range and brand portfolio, and increasing sales in both the domestic and export markets.

4. Access to Working Capital:

Due to our size and longstanding relationship with lenders, we have had regular access to working capital on relatively favourable terms, which may not be available to the smaller players in the market. As on March 31, 2010 we had sanctioned working capital limits of Rs. 31,800.0 million obtained from various banks and financial institutions at a floating rate of interest. As a result of this ready access to working capital, our Company is in a position to make advance and up-front payments for in-season purchases of Basmati paddy, to the farmers through our licensed third-party procurement representatives and agents (“*pucca artiyas*”). This enables creation of long-term relationships with the farmers, as well as regular supplies of quality Basmati paddy at lower costs to us. Additionally, due to our access to working capital we are in a position to store and age the Basmati paddy for relatively longer periods of time, thus improving the quality of our product.

5. Locational Advantage coupled with Strong Procurement Capabilities:

We operate from our two owned processing plants in Bawal, Haryana and leased units in Punjab and Haryana, each strategically located in the vicinity of the Basmati paddy producing regions of northern India. This facilitates easy movement of Basmati paddy into our factory locations. Our Company’s procurement network has developed over a period of 14 years, and includes a large team of well trained *pucca artiyas* spread across approximately 180 organised government-monitored agricultural produce markets known as “*mandis*” in the Basmati paddy producing areas in Haryana, Punjab, Uttarakhand and Western Uttar Pradesh. This geographical reach allows us to procure Basmati paddy from *mandis* located in smaller villages, where Basmati paddy is generally cheaper. We make use of advance payments, upfront payments and consistent purchases to inspire the faith and confidence of Basmati paddy farmers, thereby obtaining the status of “preferred buyer” from farmers, thereby enabling us to procure quality Basmati paddy at lower prices to us and have a large procurement network. These enduring relationships with Basmati paddy farmers ensure us an uninterrupted supply of quality Basmati paddy during the procurement season.

6. Strong Distribution Network:

Our Company’s distribution network is extensive consisting of 490 distributors nationwide as of March 31, 2010 who in turn have access to over 100,000 retailers. Basmati rice in India is mostly sold by distributors to neighbourhood retail outlets located in residential areas. Our strong distribution network has been one of the drivers for pushing our brands and increasing our sales of branded Basmati rice as a proportion of overall sales of basmati rice from 35.70% in FY 2009 to 37.70% in FY 2010.

7. Processing Expertise and Quality Control:

Our Company has a well-established supply chain for the procurement, processing and marketing of Basmati rice. When procuring Basmati paddy, we conduct pre-harvest surveys and quality checks. We age and grade the Basmati rice and minimise the quantity of broken Basmati rice during processing, thus improving profitability. Our Company has installed modern equipment and has a fully equipped laboratory that checks quality at various stages of the rice production process.

BUSINESS STRATEGIES:

Our strategic objective is to continue to focus exclusively on Basmati rice processing and to capitalise on growth opportunities available in the Indian domestic and export Basmati rice industry by further increasing our market share. To achieve this, we have implemented the following strategies:

1. Increase Branding and Distribution Capabilities:

We are focused on branding and in particular increasing our presence in the premium end of the Basmati rice market, which provides higher margins. Income from premium brands increased from 25.00% in FY 2009 to 26.20% in FY 2010. We also strive to improve our distribution capabilities based on regular assessments of market developments and our relative capabilities and market position. We intend to increase both the number and the scale of distributors we deal with. We plan to increase penetration into domestic markets by increasing distribution of our products in areas such as West Bengal, Andhra Pradesh, Madhya Pradesh, Gujarat, Tamil Nadu, Delhi and Punjab, where we believe there is a demand for both whole grain and broken Basmati rice. In order to penetrate further into the Indian and export market, we are currently undertaking various product and brand promotion activities and marketing efforts to create a high level of brand awareness.

2. *Increase Exports and capacity expansion :*

We plan to continue to focus on increasing export sales, which provide higher margins than domestic sales. During FY 2010, our Company generated 18% of its total sales of goods from exports of Basmati rice. Our exports are significantly driven by sales of parboiled Basmati rice to Saudi Arabia, the United Arab Emirates and Kuwait. Our state-of-the-art parboiling facility is expected to continue to boost export sales in total and also as a proportion of our total sales of goods. Our Company is also in process of expanding its capacity at Bawal location. After this expansion, the capacity of our Company is estimated to increase to 1,068,720 MTPA.

3. *Increase Maturing of Basmati Paddy to Derive Better Yields of Whole Grain Basmati Rice:*

We plan to continue to concentrate on maturing Basmati paddy for longer periods to derive better yields of whole grain Basmati rice. During the various stages of processing, some proportion of Basmati rice is broken. The ratio of broken Basmati rice to whole grain Basmati rice depends, among other factors, on the maturity of the Basmati paddy. We sell whole grain Basmati rice at more than double the price of broken Basmati rice in the market. Matured Basmati paddy is less likely to break during processing than unmatured Basmati paddy. In FY 2010, our average combined holding period for finished goods and raw materials was 14 months. We are targeting to achieve an 18-month average holding period. By increasing our Basmati paddy holding period and continuing to use advanced processing technologies, we expect to increase profitability by deriving better yields of whole grain Basmati rice and increasing the overall quality of our Company's products.

4. *Optimise Capital Structure, Improve Margins and Reduce Costs:*

We plan to increase profitability by reducing our indebtedness, thereby improving our debt to equity ratio and reducing our interest expense, and by increasing exports and sales of branded whole grain Basmati rice, as these products have the highest margins. In addition, we plan to reduce our production costs by improving our procurement procedures by expanding our presence in smaller *mandis* where Basmati paddy can be purchased at lower prices than at larger *mandis*.

5. *Become a preferred supplier to Global Customers*

Over the recent past, a trend that is emerging is that of large global customers looking at increasing the efficiency of their supply chain by consolidating their vendors and relying on large vendors who would have the capability to service large volume orders on time and within stringent quality parameters. Our Company, with its integrated capacities and with quality control practices, makes such sourcing cost effective and efficient for its customers. Therefore, as part of its growth strategy, our Company is making conscious efforts to move up the value chain with its customers and become a 'preferred supplier' to some of the global customers. This would also have the additional advantage of being able to procure large orders from such customers on regular basis

6. *Become an Employer of Choice*

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent through the right mix of recruitment and retention strategies.

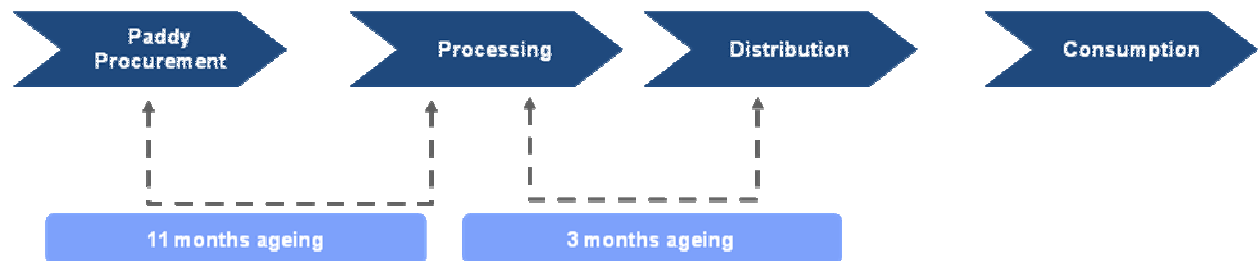
OUR BUSINESS DIVISIONS AND OPERATIONS:

Post demerger our Company now has two main business divisions / verticals namely primary: Basmati Rice Processing and Non-Primary: Wind Power Generation.

A) **BASMATI RICE PROCESSING DIVISION:**

Our Company is primarily engaged in the business of processing and marketing of branded & non-branded Basmati rice in the domestic and overseas market. Our operations include procurement, storage, drying, de-husking, polishing, colour sorting, grading, inspecting, maturing (pre and post processing) packaging, branding and distribution.

A schematic overview of our entire operations is given below:



I. **Raw Materials**

❖ **Paddy Procurement**

Our Company's primary raw material is Basmati paddy and ungraded Basmati rice, which is a semi-processed rice where the husk has been removed but not further processed. In India, Basmati paddy crop is harvested every year normally between September and January. During this period, we purchase most of the Basmati paddy to be stored for maturing and usage throughout the year. A sample is drawn and tested from each truckload once it arrives at the processing plant. The results of the report are analysed to ensure consistent quality. Our Company has a paddy management team which is responsible to take care of the Basmati paddy until the time it is processed. All our stocks are insured against loss by fire and special perils including earthquakes.

In addition to purchasing Basmati paddy during the harvest seasons, we also purchase Basmati paddy in the off-season from traders and other rice processors in order to meet our shortfall. Our Company also purchases ungraded Basmati rice for further processing into aged graded Basmati rice, but is currently concentrating on the procurement of Basmati paddy as it offers better margins.

❖ **Procurement Policy-Purchase of Basmati Paddy**

Processors purchase the Basmati paddy from about 180 *mandis* through *pucca artiyas*. Our Company purchased approximately 10,91,511 metric tonnes of Basmati paddy in FY 2010.

Basmati paddy is sold at open auctions overseen by government officials. Our representatives participate in most *mandis* throughout the Basmati paddy growing regions in Northern India, including Haryana, Punjab,

Uttarakhand and Western Uttar Pradesh. This geographical reach allows our Company to procure paddy from mandis located in smaller villages where Basmati paddy is generally cheaper. We have arrangements with *pucca artiyas* under which the quality and quantity of Basmati paddy to be procured on a daily basis on our behalf is completed according to our instructions.

Pucca artiyas have been trained by our Company and have a sound knowledge and understanding of the quality of Basmati paddy that is offered at the *mandis*, as well as of the quality and standard expected by our Company. Specific areas of purchase are surveyed by our Company during the initial purchase, and only on our approval are sample purchases started at different *mandis*. Defects common to each area are identified at this time and instructions are instituted accordingly in order to control these defects.

Our Company has several measures in place to ensure that the Basmati paddy purchased is of the required quality that meets our standards. Our Company reviews each *pucca artiya* annually. Should a supplier not meet our Company's standards, it may be issued an advisory/warning notice or removed from the approved supplier list. As a result of access to working capital on relatively favourable terms, our Company uses advance payments, upfront payments and consistent purchases to inspire the faith and confidence of Basmati paddy farmers, thereby obtaining the status of "preferred buyer" from farmers, thereby enabling us to procure quality Basmati paddy at lower prices. These enduring relationships with Basmati paddy farmers help us ensure an uninterrupted supply of quality Basmati paddy during procurement season

❖ **Peak and Off-peak Season Procurement**

Procurement timing is one of the critical factors for effective procurement. The prices of Basmati paddy are at their lowest during the peak season (September to March every year). During the off-season, Basmati paddy is available through stockists, who generally charge a higher price for the same. Our Company's off-season procurement costs tend to be 10%-15% higher than peak season costs.

In recent years, our Company has managed to increase the proportion of seasonal procurement, thereby decreasing our procurement costs. The breakdown of our Company's procurement between peak season and off-season for the last three years is illustrated below.

Year ended 31 March,	Peak Season*	Off-Season	Total	Peak Season Purchase as a Percentage of Total Purchase
	(in metric tonnes)			
2008	415,541	158,838	574,379	72.35%
2009	633,492	49,790	683,282	92.71%
2010	938,736	152,775	10,91,511	86.00%

* Peak season is September to March each year.

❖ **Drying of Basmati Paddy**

Once received, Basmati paddy has to be dried. Moisture in incoming Basmati paddy ranges from 13%-16%, which has to be reduced to about 12% for proper storage and processing. The production manager in charge decides which shipment of Basmati paddy has to be used and when. When a shipment is identified for use, it is first cleaned of all impurities by a machine before it is sent for drying. The dried Basmati paddy is then bagged and stored again for final ageing.

❖ **Storage & Maturing of Basmati Paddy and Basmati Rice**

We have adequate storage facilities in the vicinity of our plant situated at Bawal (Haryana). We also rent on a short term basis warehouse facilities at other locations. Our Company stores the Basmati paddy in open fields, as well as in warehouses, whereas Basmati rice is stored only in warehouses.

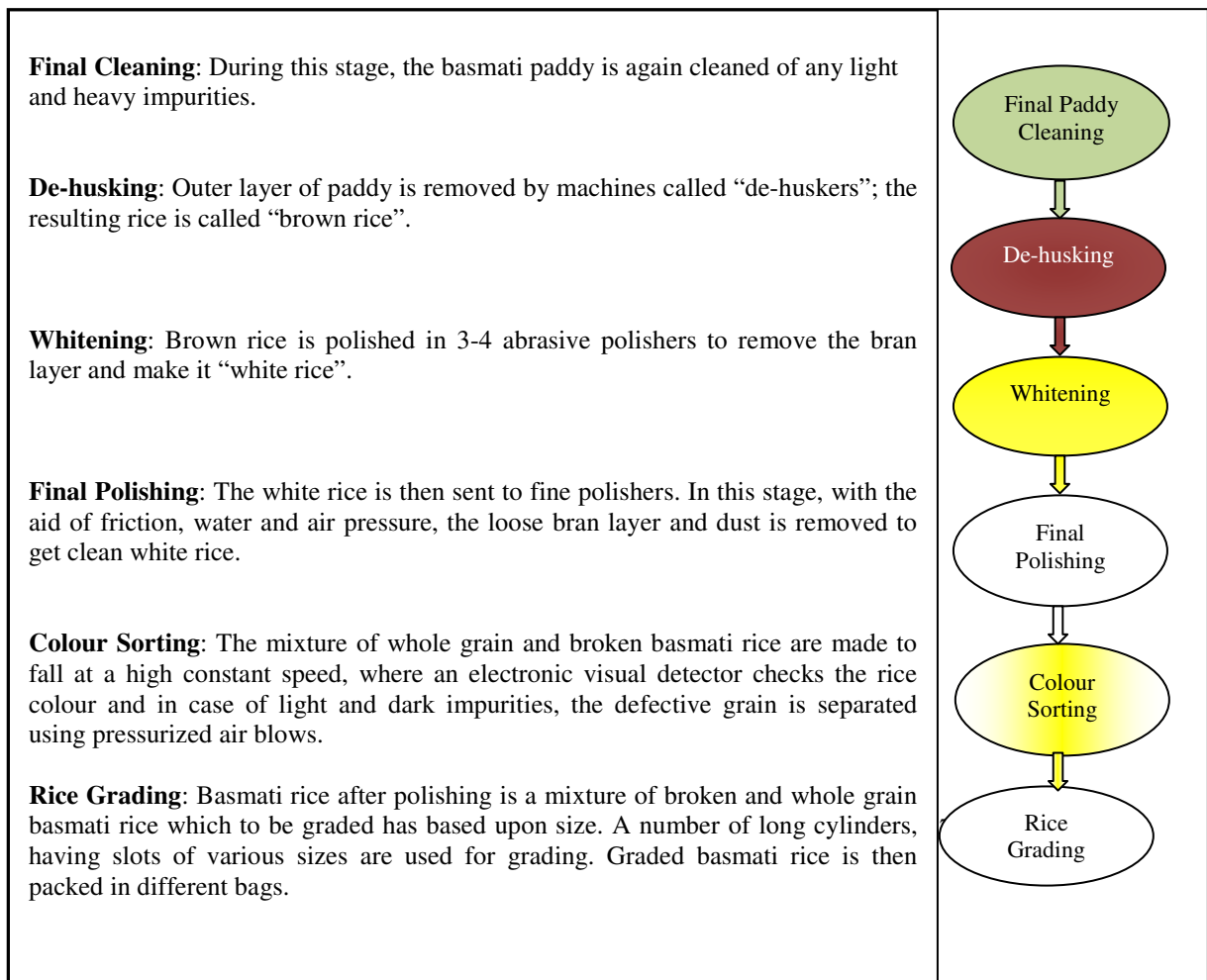
Our Company has been concentrating on increasing the maturing of Basmati paddy to derive better yields of whole grain Basmati rice and also to increase the overall quality of our products. The fragrance and cooking qualities of Basmati rice are enhanced with ageing. During the various stages of processing some

proportion of the Basmati rice will be broken, so that the Basmati rice, after polishing, is a mixture of broken and whole grain basmati rice. The ratio of broken Basmati rice and whole grain Basmati rice depends, among other factors, on the age of Basmati paddy. The longer the maturation process, the higher the yield of whole grain basmati rice. Our Company has been able to control the percentage of broken Basmati rice and increase whole grain Basmati rice recovery by increasing the maturity of basmati paddy before processing. We sell whole grain Basmati rice at more than double the price of broken Basmati rice in the market. With better whole grain Basmati rice recovery due to the more efficient processing, we have not only managed to increase realisations per tonne sold, but have also increased the volume of whole grain basmati rice sales.

In FY 2010, our average combined holding period for finished goods and raw materials was 14 months. We are targeting to achieve an 18-month average holding period, which would enable wholesalers and distributors to sell Basmati rice as a fast moving consumer good since it would remove the need for them to make additional investment by holding stocks of Basmati rice until they are fully aged.

II. Processing

When the dried Basmati paddy is ready for processing, it is transferred to the processing department. Processing involves the following processes:



❖ **Parboiling:**

Parboiling is a hydrothermal treatment of Basmati paddy and is done by boiling the Basmati paddy before removing the husk. Parboiled rice is “partially boiled” (i.e., partially cooked rice). Basmati paddy is first hydrated, then heated to cook the Basmati rice and finally dried. Parboiling improves Basmati’s nutritional profile, and changes its texture. Parboiling Basmati rice drives nutrients, especially thiamine, from the bran into the grain, so that parboiled white rice is nutritionally similar to brown rice. The starches in parboiled Basmati rice become gelatinized, making it harder and glassier than other rice. Parboiled Basmati rice is preferred to raw Basmati rice in the export market on account of customers cooking preferences. As on date our Company has state-of-the-art parboiling capacity of 621,960 metric tonnes per annum. Our Company uses husk, which is a by-product of rice processing for firing boilers in our parboiling unit. Currently our Company processes parboiled Basmati rice largely for the export market. We, however, sell the parboiled Basmati rice in the domestic retail and wholesale markets. The process of parboiling substantially improves the full grain Basmati rice yield and reduces the broken Basmati rice. Further, parboiling enables our Company to process relatively cheaper basmati paddy thereby lowering overall production costs.

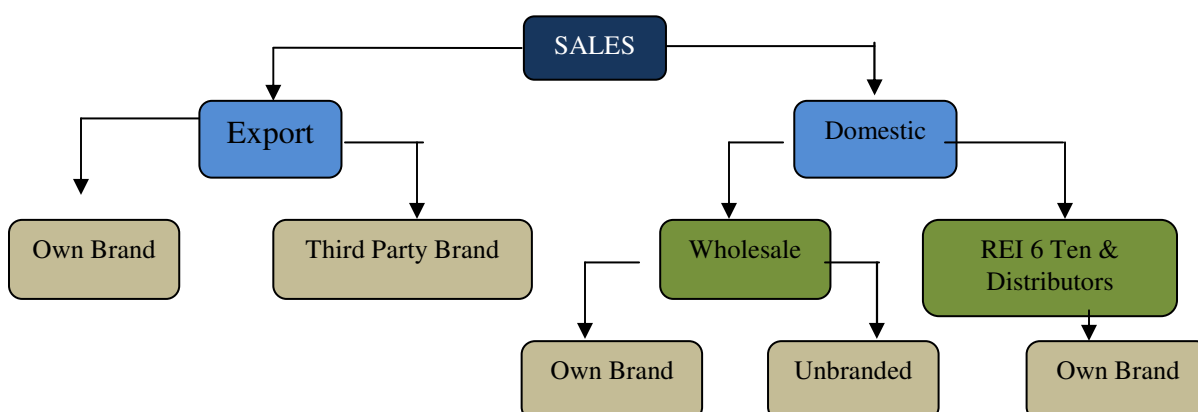
Since the commencement of our Company’s parboiling facilities in 2005, we have been able to scale up our export operations. In view of the growing demand and the acceptability of our Company’s Basmati rice in the export market, we have increased the parboiling capacity from 280,320 metric tonnes in FY 2006 to 621,960 metric tonnes in FY 2010. The table below shows the parboiled paddy processing capacity and parboiled paddy processed by our Company for the periods presented.

(In metric tonnes)

For the year ended 31 March	Parboiling Capacity	Milled Paddy
2005	70,080	23,187
2006	280,320	81,280
2007	280,320	144,650
2008	345,840	177,831
2009	411,720	342,352
2010	621,960	329,220

III. Sales of Basmati Rice

After processing, Basmati rice output comprises of whole grain Basmati rice and broken Basmati rice. We sell our Basmati rice in the domestic and export markets. Given below is a description of our sales:



The following is a discussion of our Company’s branded and unbranded whole grain and broken Basmati rice products, our domestic and export markets and our retail and wholesale distribution channels.

❖ **Products**

✓ **Whole Grain and Broken Basmati Rice**

Our Company sells both whole grain and broken Basmati rice in branded and unbranded form. We use certain brands exclusively for selling either whole grain or broken Basmati rice, while others are used for selling both. The following table shows a breakdown of our Company's whole grain and broken Basmati rice sales for the periods presented.

(Rs. in Millions)

Particulars	FY 2008	% of total	FY 2009	% of total	FY 2010	% of total
Whole Grain	16,141.6	94.20%	21,857.1	90.20%	34262.3	93.40%
Broken	995.3	5.80%	2,376.2	9.80%	2416.0	6.60%
Total Basmati Rice Sales	17136.9	100.00%	24,233.3	100.00%	36678.3	100.00%

Whole grain Basmati rice is rice that is not broken during processing. Whole grain Basmati rice is sold either in branded or unbranded form and both in the retail and wholesale markets. In branded form, whole grain Basmati rice is mainly sold in the retail market through dealers after being matured for a period of 18 months, whereas in the wholesale market it is sold in branded as well as in unbranded form after an average maturing period of 11 months. We also sell our whole grain Basmati rice in the export market either under our own brand or in third party brands. Major brands in which our Company sells its whole grain Basmati rice include *Kasauti, Mr. Miller, Hungama, Ikon, Rain Drop, Hansraj, Mehrab* and *Nausheen*. We sell our output of whole grain Basmati rice at more than double the price of broken Basmati rice. Although a late entrant to the whole grain branded Basmati rice market, the response for our Company's whole grain Basmati rice has been positive, and sales of whole grain branded and unbranded Basmati rice have been constantly increasing, reaching Rs. 34,262.3 million in 2010 from Rs. 21857.1 million in 2009.

Broken Basmati rice is rice that gets some breakage during processing and gets separated from whole grain Basmati rice during processing. We sell our output of broken Basmati rice only in branded form under our various brands. While most of our competitors are focused on branding whole grain basmati rice, our Company has seen an opportunity to brand broken Basmati rice and thereby create a new market segment. With our success in establishing brands in the broken Basmati segment, we have been able to develop a market for our branded whole grain Basmati rice segment.

✓ **Branded and Unbranded**

Our Company has introduced brands for its whole grain and broken rice at different price points from premium to economy segments. There are three key segments: Premium (which accounted for around 26% of our Company's domestic branded sales in FY 2010), Mid-range (which accounted for around 62% of our Company's domestic branded sales in FY 2010) and Economy (which accounted for around 12% of our Company's domestic branded sales in FY 2010). Our Company has also launched our brands *Mr. Miller, Rain Drop, Mehrab* and *Nausheen* in Saudi Arabia, the United Arab Emirates and Kuwait.

Our Company has shown an upward trend with about 45.1%, or Rs. 16,556.7 million, of our total sales comprising of branded Basmati rice sales in FY 2010. The percentage of turnover represented by premium branded Basmati rice has also increased from 5% in FY 2004 to 26% in FY 2010. Our Company is actively pursuing ways to increase its sales of branded Basmati rice in the domestic as well as in the international market.

We sell our unbranded processed whole grain Basmati rice to wholesalers and repackers. In FY 2008 and FY 2009, and FY 2010 approximately, 63.8% and 63%, and 58.7% respectively, of our whole grain Basmati rice sales were under the unbranded segment.

Distribution Infrastructure

Our Company's Basmati rice reaches its domestic customers through two distribution channels- namely through distributors and 6Ten, which is mostly branded Basmati rice or to wholesalers, stockists and repackers. In export market we sell our product directly to our customers.

The following table shows a breakdown of our Company's sales by distribution channel for the periods presented.

(Rs. in Millions)

For the year ended 31 March							
	2008		2009		2010		
	Rs.	% total	Rs.	% total	Rs.	% total	
Wholesale:							
Branded	4,018.2	23.40%	5,005.6	20.70%	7931.4	21.60%	
Unbranded	10,303.6	60.10%	13,788.8	56.90%	20121.6	54.90%	
Retail⁽¹⁾:							
To 6Ten	509.2	3.00%	2,135.0	8.80%	3414.5	9.30%	
To Distributors	2,305.9	13.50%	3,313.9	13.60%	5210.8	14.20%	
Total Sales	17,136.9	100.00%	24,233.3	100.00%	36,678.3	100.00%	

⁽¹⁾ All sales are branded.

As our Company has enhanced its production capacities, it has also continuously increased its distribution network around India. Distributor numbers have continually increased over recent years to 490 as of March 31, 2010. These distributors in turn have access to over 100,000 retailers. Our Company also uses its distributors to sell Basmati rice to its wholesale distribution channels. Our Company has managed to control its dependence on high performing distributors. Our Company's top ten distributors accounted for only approximately 17% of sales during FY 2010 compared to 20% in FY 2009.

The geographic breakup of the distributors of our Company is tabulated as under:

	Number of Distributors as of 31 March		
	2007	2008	2009 & 2010
North	186	192	192
West	134	143	145
South	98	99	101
East & Central	42	51	52
Total	460	485	490

Traditionally Basmati rice wholesalers and distributors have played a more substantial role than that of mere traders. They order Basmati rice and store it in warehouses where it can further age and appreciate in value. Upon reaching maturity, they supply the goods to retailers spread over a large geographic area. These retailers maintain stocks and can increase price by further ageing the Basmati rice. The level of profit realised is directly related to the amount of time that the respective distributor or retailer has been able to age the Basmati rice. However, profits can also be substantially reduced by losses caused through infestation and other storage problems as most retailers and distributors do not have adequate facilities to stock or care for the Basmati rice.

Markets – Domestic and Exports

We sell our output of Basmati rice in the domestic as well as export market. The following table shows a breakdown of our Company's domestic and export sales for the periods presented:

For the year ended 31 March	Domestic Sales		Export sales	
	Rs. in millions	Percentage of total income	Rs. in millions	Percentage of total income
2007	8,770.9	82.70%	1,840.2	17.30%
2008	13,976.5	81.60%	3,160.4	18.40%
2009	14,253.8	58.80%	9,980.0	41.20%
2010	30075.8	82.00%	6602.5	18.00%

Domestic Market

In the domestic market we have promoted our key brands *Kasauti*, *Mr. Miller*, *Hungama*, *Ikon*, *Rain Drop* and *Hansraj* and sell our branded and unbranded Basmati rice domestically in the wholesale and retail markets.

The following table shows a breakdown of our Company's domestic region wise sales for the periods presented:

	(Rs. in Millions)			
	For the year ended March 31			
	2007	2008	2009	2010
North	4,112.2	6,225.1	6,195.8	12,096.9
West	2,221.4	4,025.5	4,333.8	7,986.5
South	1,633.9	2,497.8	2,515.6	6,242.4
East	803.4	1,228.1	1,208.6	3,750.0
Total Basmati Rice Domestic Sales	8,770.9	13,976.5	14,253.8	30,075.8

We plan to increase our domestic market penetration by increasing distribution of our products in areas such as West Bengal, Andhra Pradesh, Madhya Pradesh, Gujarat, Tamil Nadu, Delhi and Punjab, where we believe there is a demand for both whole grain and broken Basmati rice.

Exports

For the export market, we only sell whole grain parboiled Basmati rice either through our own brand viz. *Mr. Miller*, *Rain Drop*, *Mehrab* and *Nausheen* or through a third party brand. Currently, we do not export broken Basmati rice. Consumers in Saudi Arabia, the United Arab Emirates and Kuwait prefer to consume parboiled Basmati rice.

As a result of our increased parboiled rice production, our Company's exports have grown each year since 2005 both in terms of sales and percentage of its total income. Our Company derived approximately, 18.4% and 41.2% and 18% of its total sales of goods of Basmati rice from the export market for FY 2008, 2009 and 2010 respectively. Saudi Arabia, the United Arab Emirates and Kuwait are the primary export markets for our Company and accounted for 100% of our Company's total exports in FY 2009. This growth reflects our increased focus on exports. We expect that our parboiling facility will continue to boost the export income.

Since December, 2008, at the request of one of our customer in the United Arab Emirates, we have also shipped Basmati rice to Iran. All the billings, however, for both FY 2009 and FY 2010 are conducted with the customer in the United Arab Emirates. In FY 2010, Basmati rice shipped to Iran accounted for 17% of

our Company's total exports and 6.94% of our Company's total income. In FY 2010 Basmati rice shipped to Iran accounted for 3.6% of our Company's total exports and 0.64% of our Company's total income.

Processing Capabilities

Our Company's processing facilities in Bawal, Haryana are supplied by Bühler GmbH of Germany, Satake Corporation of Japan and Carter Day International, Inc. of the United States. We presently have a total installed annual processing capacity of 902,280 metric tonnes, including parboiling capacity of 621,960 metric tonnes from our two owned processing plants in Bawal, Haryana and leased units in Punjab, each strategically located in the vicinity of the Basmati paddy producing regions of northern India.

The table below shows the production and processing capacity of our Company for the last three Financial Years:

	(In metric tonnes)		
	2008	2009	2010
Production	397,860	429,889	556,039
Average Processing Capacity	573,672	692,040	902,280
Utilisation rate	69.35%	62.12%	61.63%

The capacity utilisation during the above period has been relatively low on account of working capital constraints and as our Company has regularly increased its installed capacity.

B) Wind Farm Business

In our non-primary business we are involved in wind power generation through our four wind farms located in the States of Rajasthan, Maharashtra, Tamil Nadu and Gujarat and having capacities of 7.5 megawatts, 22.4 megawatts, 6.0 megawatts and 10.2 megawatts, respectively, aggregating to a total capacity of 46.1 megawatts. Our Company has executed power purchase agreements for the entire power generated at our wind farms. Sale of power/energy generated by our Company's wind farms represented 0.9% and 0.7% of our Company's total income for FY 2009 and FY 2010 respectively.

Our Company's wind farm business started in March 2004. Our Company has invested in these facilities to take advantage of beneficial tax credits from the Indian government, to generate carbon credits and to provide an additional source of income. The wind farms are operated and maintained by third party contractors. Our Company has entered into long-term power purchase agreements with the respective state electricity distribution companies and electricity boards for its wind power projects at Tamil Nadu, Rajasthan and Maharashtra. Further we have leased out the Gujarat wind power project to another corporate entity on an operating lease basis.

Our Company's wind power projects located at Rajasthan is registered with the United Nations Framework Convention on Climate Change. As on May 31, 2010 our Company has already received 25,094CERs under the Kyoto Protocol. We are further in the process of obtaining similar registrations for our other wind power projects.

C) Wholesale Trading

In order to fulfill our sales commitment we also procure Basmati paddy and Basmati rice from other small processors and sell it to our existing wholesale customers. In FY 2010, approximately 12% of our Company's total income was from trading activity.

D) By-Products

Two by-products produced as a result of rice processing are husk and rice bran. Our Company uses husk for firing boilers in the parboiling unit. We sell rice bran to edible oil extraction units. In FY 2010, approximately 0.5% of our Company's total income was derived from selling the said by-products.

Competition

Our Company is the largest listed company in India engaged in the processing of Basmati rice. Our main competitors are Kohinoor Foods Limited, L.T. Overseas Limited, KRBL Limited, and various smaller unorganized processors.

Intellectual property

Our Company has the following registered trademarks in India:

Sr. No.	Trademark	Registration No.	Date of Certificate of Registration	Class and Goods/Services	Date of Use Claimed
1.	6ten J No- 1393	1516784	October 25, 2008	Class 35- Advertising, Business Management, Business Administration, Office Functions Services	December 12, 2006
2.	6ten J No- 1393	1516787	October 31, 2008	Class 31- Agricultural, Horticultural and Forestry products and Grain not included in other classes, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, food stuffs for animals, malt.	December 21, 2006
3.	IKON J No- MEGA-6	1162828	May 25, 2005	Class 30 in respect of Rice included in this Class.	December 31, 2002
4.	ICON J No- MEGA-6	1162404	May 20, 2005	Class 31- Agricultural, Horticultural and Forestry products and Grain not included in other classes, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, food stuffs for animals, malt.	December 30, 2002
5	FIRDAUS J No- 1328(S-V)	1311374	March 16, 2006	Class 30 in respect of Rice included in this Class.	September 27, 2004
6	MEHRAB J No- 1328(S-IV)	1311373	November 12, 2005	Class 30 in respect of Rice included in this Class.	September 27, 2004
7	MR. MILLER J No-	1269251	March 29, 2007	Class 30 in respect of Rice included in this	February 27, 2004

Sr. No.	Trademark	Registration No.	Date of Certificate of Registration	Class Goods/Services and	Date of Use Claimed
	1349			Class.	
8	BAWAL J No- 1328(S-I)	1132669	March 18, 2006	Class 30 in respect of Rice included in this Class.	September 11, 2002
9	REAL MAGIC J No- 1324(S-I)	1162403	October 21, 2005	Class 31- Agricultural, Horticultural and Forestry products and Grain not included in other classes, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, food stuffs for animals, malt.	December 30, 2002
10	REAL MAGIC J NO- 1323(S-I)	1162407	September 01, 2005	Class 32- Beer, Mineral & Aerated waters & other Non alcoholic drinks, syrups & other preparation for making beverages	December 30, 2002
11	ICON J No- MEGA-1	1161396	August 20, 2004	Class 30 in respect of Rice included in this Class.	December 26, 2002
12	ICON J No- MEGA-I	1161397	June 10, 2004	Class 29 in respect of Meat, Fish, Fruits, Vegetables, Jellies, Jams, Eggs, Milk, Other Dairy Products, Edible Oils	December 26, 2002
13	HUNGAMA J No- 1328(S-V)	1247906	December 16, 2005	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	November 06, 2003
14	JANASHEEN J No- 1338(S-I)	1311376	January 12, 2007	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	September 27, 2004
15	NAUSHEEN J NO- 1338(S-I)	1311375	January 12, 2007	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	September 27, 2004
16	VNM J No- 1327(S-I)	1269059	October 24, 2005	Class 30 in respect of Basmati rice &	February 26, 2004

Sr. No.	Trademark	Registration No.	Date of Certificate of Registration	Class and Goods/Services	Date of Use Claimed
				categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	
17	EUREKA J No- 1327(S-IV)	1132671	December 29, 2005	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	September 11, 2002
18	JJASH J No- MEGA-5	1159008	March 17, 2005	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	December 17, 2002
19	J No- 1360	664052	April 28, 2005	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	
20	VNMMASTI J No- 1328(S-V)	1273808	December 17, 2005	Class 30 in respect of Basmati rice & categories of rice, sugar, coffee, flour made of wheat like atta, rawa & maida & flours of rice & grains.	March 19, 2004
21.	6ten J No- 1393	1516782	October 24, 2008	Class 33- Alcoholic beverages (except beers)	December 21, 2006
22.	6ten	1516786	October 29, 2008	Class 42- Providing of Food and Drink, Grocery items, Restaurants, temporary Accommodation, Medical, Hygienic and beauty care, veterinary and agricultural services, legal services, scientific and industrial research, computer programming, provision of above services through hypermarkets, convenience stores, departmental stores,	December 21, 2006

Sr. No.	Trademark	Registration No.	Date of Certificate of Registration	Class and Goods/Services	Date of Use Claimed
				superstores, malls and other establishments including services that cannot be classified in other classes.	
23.	6ten J No- 1393	1516781	October 31, 2008	Class 32- Beer, Mineral & Aerated waters & other Non alcoholic drinks, syrups & other preparation for making beverages	December 21, 2006
24.	6ten J No- 1393	1516785	October 27, 2008	Class 38- Telecommunication and services	December 21, 2006

Human Resources

As at May 31, 2010, our Company had over 320 employees on its roll and on an average 223 on contract labour basis. We share a very good relation with all our employees as a result of which we have not faced any union problems or any actual or threatened work stoppages.

Quality Control

In order to ensure the quality of its products, our Company has a quality management system which covers all aspects of ensuring the quality of products, from raw material procurement to the packing and dispatch of finished products. We have set stringent quality specifications for both raw materials and finished products. In addition, our Company has a fully equipped laboratory that checks quality at various stages of the rice production process. In 2005, our Company received an ISO: 9001:2000 accreditation for its Basmati rice processing unit in Bawal, Haryana which is valid until 2011.

Insurance

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with industry standards.

SECTION V – OUR MANAGEMENT

BOARD OF DIRECTORS

Under the Articles of Association of our Company, we cannot have less than three Directors and more than twelve Directors. Presently, we have five Directors on our Board.

Name/ Name/Age/Address	Father's	Designation	Qualification	Nationality	Occupation	Other Directorships
Mr. Sanjay Jhunjhunwala S/o Mr. K.C. Jhunjhunwala Age: 49 years 10/4, Alipore Park Place, Kolkata - 700027 DIN: 00174701 Date of Joining: September 14, 1994 Date of Expiration of Office: Retire by rotation		Non Executive Chairman	B.Com	Indian	Business	1. Leonard Merchants Private Limited 2. Shree Shakti Steels Private Limited
Mr. Sandip Jhunjhunwala S/o Mr. K.C. Jhunjhunwala Age: 39 years W-25, Western Avenue, Sainik Farm, New Delhi – 110062 DIN: 00174885 Date of Joining: September 14, 1994 Date of Expiration of Office: June 30, 2013		Vice Chairman, Managing Director and Chief Financial Officer	B.Com	Indian	Business	1. REI Six Ten Retail Limited 2. REI Foods & Beverages Limited 3. REI Retail Limited 4. REI Grains Limited

Name/ Father's Name/Age/Address	Designation	Qualification	Nationality	Occupation	Other Directorships
Mr. Asoke Chatterjee S/o Late Mr. Atul Kumar Chatterjee Age: 82 years C/D 135, Sector -I, Salt Lake, Kolkata-700064 DIN: 00266151 Date of Joining: January 30, 2002 Date of Expiration of Office: Retire by rotation	Non Executive Independent Director	Chartered Engineer	Indian	Business	1. Alchemist Limited 2. Grintec India Limited 3. Varrsana Ispat Limited 4. REI Retail Limited 5. REI Food & Beverages Limited 6. REI Grains Limited 7. REI Six Ten Retail Limited 8. S.R. Batliboi Consultant Private Limited
Dr. ING. Narpinder Kumar Gupta S/o Late Mr. Mohan Lal Gupta Age: 64 years 8/14, Sarvapriya Vihar, New Delhi – 110016 DIN: 00032956 Date of Joining: March 27, 1995 Date of Expiration of Office: Retire by rotation	Non Executive Independent Director	Doctorate in Engineering	Indian	Business	1. KRBL Limited 2. Grintec India Limited 3. REI Six Ten Retail Limited 4. REI Foods & Beverages Limited 5. REI Retail Limited 6. Dr. ING N.K. Gupta Technical Private Limited 7. Indopol Food Processing Machinery Private Limited 8. Khopoli Roller Flour Mills Private Limited
Mr. Krishna Dayal Ghosh S/o Late Shri Manindra Nath Ghosh Age: 72 years	Non Executive Independent Director	B.Com	Indian	Business	REI Six Ten Retail Limited

Name/ Name/Age/Address	Father's	Designation	Qualification	Nationality	Occupation	Other Directorships
245A, Panchatala Road, Kolkata - 700041 DIN: 02489190 Date of Joining: January 30, 2002 Date of Expiration of Office: Retire by rotation						

Business Address-

REI Agro Limited,
 58A/1, Sainik Farm,
 New Delhi – 110062, India

BRIEF BIOGRAPHY OF OUR DIRECTORS

A brief profile of board members is given below:

Mr. Sanjay Jhunjunwala

Mr. Sanjay Jhunjunwala, Chairman, has headed our Company since its inception in 1994. He has experience in the marketing of rice in the domestic and international markets. Besides being involved in the overall strategic planning of our Company, Mr. Sanjay Jhunjunwala is responsible for our Company's export business.

Mr. Sandip Jhunjunwala

Mr. Sandip Jhunjunwala, Vice Chairman, Managing Director and Chief Financial Officer of our Company, the younger brother of Mr. Sanjay Jhunjunwala, is also one of the Promoters of our Company and has been associated with our Company since its inception in 1994. He was primarily responsible for our Company's purchase of state-of-the-art processing equipment. He was instrumental in our Company's decision to invest in the renewable energy sector with a capacity of more than 46.1 megawatts in the states of Rajasthan, Maharashtra, Tamil Nadu and Gujarat. He ensures that our Company moves in line with the overall objectives and mission as set out in the business plan of our Company. He oversees the overall operational activities and reviews the progress with the senior members of the management team.

Dr. ING Narpinder Kumar Gupta

Dr. ING. Narpinder Kumar Gupta, Independent Non-Executive Director, completed his diploma course in mechanical engineering and a degree in B.Sc. (Engg.) from Technical University, Dresden, Germany. He was awarded the degree of Doctor Engineer (PHD) by University of Dresden. He worked as a project engineer in Germany and acquired experience in the design, layout and construction of food processing machinery. He has since moved to India and is the leading brain in relation to rice milling equipment in the industry.

Dr. Gupta serves on the board of KRBL Limited, one of our Company's main competitors. Our Company does not believe this presents a conflict of interest.

Mr. Asoke Chatterjee

Mr. Asoke Chatterjee, Independent Non-Executive Director, has experience in corporate governance. He is a chartered engineer and approved valuer and possesses specialized knowledge in metallurgical, chemical and engineering industries, mainly in relation to rice processing plants, steel plants and heavy engineering plants.

Mr. Krishna Dayal Ghosh

Mr. Krishna Dayal Ghosh, Independent Non-Executive Director, has formerly held the position of Deputy General Manager with Punjab National Bank. He also has experience in financial planning, industrial relations, interview techniques, management development, branch development, credit management, foreign exchange banking and merchant banking. He has handled credit decisions involving project financing, working capital financing, pre-sanction and post-sanction appraisals, follow ups, monitoring and control of various units.

NATURE OF RELATIONSHIP BETWEEN DIRECTORS

Mr. Sanjay Jhunjhunwala and Mr. Sandip Jhunjhunwala are brothers. No other Director has any family relation with the other Directors.

ARRANGEMENTS WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of any Directors was appointed as a Director or member of senior management of our Company.

SERVICE AGREEMENTS ENTERED INTO BETWEEN OUR COMPANY AND OUR DIRECTORS:

Pursuant to resolution dated February 11, 2010 passed by the members of our Company in an extra ordinary general meeting, the remuneration of Mr. Sandip Jhunjhunwala, Managing Director of our Company has increased from Rs. 6,000,000 per annum cost to company to Rs. 30,000,000 per annum cost to company (inclusive of all perquisites) with effect from February 01, 2010 till the remaining period of his tenure ending on June 29, 2013.

Our Promoter, Vice Chairman, Managing Director and Chief Financial Officer, Mr. Sandip Jhunjhunwala, has executed an appointment letter cum employment agreement dated February 11, 2010 with our Company. The salient features of the aforesaid agreement are as follows:

- a) Mr. Sandip Jhunjhunwala shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors.
- b) **Remuneration:** Rs. 1,200,000/- (Basic) per month.
- c) **Perquisite and Allowances**
 - i) Housing:
 - (a) Free accommodation.

If accommodation is hired, expenditure incurred will not exceed 50% of the basic salary.

If accommodation is owned by the Company, perquisites value shall be valued as per the Income Tax Rule, 1962.

- (b) If no accommodation is provided by the Company, Mr. Sandip Jhunjhunwala shall be entitled to a house rent allowance equal to 50% of the basic salary.
- ii) Furniture and fixture at residence and other amenities such as Gas, Electricity and Water etc.
- Explanation: The expenditure incurred by the Company on Gas, Electricity, Water and furnishings etc. shall be valued as per The Income Tax Rules, 1962.
- iii) Medical Reimbursement: Expenses incurred for self and family, subject to a ceiling of Rs. 3 lakh per annum.
- iv) Leave: One month leave with full pay and allowances in a year.
- v) Leave Travel Concessions: For self and family, once in a year incurred in accordance with rules of the Company subject to a maximum of two months basic salary.
- vi) Club Fees: Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees subject to a maximum of Rs. 2 lakh per annum.
- vii) Conveyance: Free use of company's car with driver for official work as well as for personal purposes.
- viii) Company's contribution to Provident Fund/ Family Pension Fund as per Rules of the Company.
- ix) Gratuity: Amount equal to 15 days salary for each completed year of service, calculated as per the rules of the Company.
- d) **Minimum Remuneration**
- Notwithstanding anything contained to the contrary herein before, where in any financial year during the currency of Mr. Sandip Jhunjhunwala's tenure as the Managing Director of the Company, the Company has no profit or profit of the Company are inadequate, the Company will pay salary, perquisites and allowances according to schedule XIII of the Companies Act, 1956.
- For the purpose of ceiling on remuneration as per Part-II of Schedule-XIII of the Companies Act, 1956, the following benefits shall not be included.
- i) Contribution to Provident Fund, Family Pension Fund, as per Rule of the Company.
- ii) Gratuity: Amount equal to 15 days salary for each completed year of service, calculated as per the rules of the Company.
- iii) Encashment of leave at the end of the tenure
- e) **Sitting fee**: No sitting fee shall be paid to you for attending the Meetings of Board of Directors or a committee thereof.

INTEREST OF DIRECTORS:

All our Company's Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Company's Articles of Association.

All our Company's Non-Executive Directors, including its Chairman, and excluding its Vice Chairman cum Managing Director, are entitled to sitting fees of Rs. 10,000 per meeting of the Board or a committee

thereof. Our Company's Vice Chairman cum Managing Director is interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

All our Company's Directors, including the independent Directors, may also be deemed to be interested to the extent of Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the said Shares. Our Company's Directors, including the independent Directors, may also be regarded as interested in the Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

All our Company's Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Company has entered into a technical consultancy agreement dated February 15, 2007 with Dr. ING N.K. Gupta Technical Consultants Private Limited in relation to the setting up of our Company's facilities in Bawal. Dr. ING N.K. Gupta, who is a Director of our Company, is also a Director of Dr. ING N.K. Gupta Technical Consultants Private Limited.

Except as otherwise stated in this Letter of Offer and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Letter of Offer in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS REPORT

To:
The Board of Directors,
REI Agro Limited
46C, Chowringhee Road
Everest House,
Room No.15 B
Kolkata – 700071

Date: 08.06.2010

Dear Sirs;

- A. We have examined the attached standalone financial information of REI Agro Limited (the “**Company**”), as approved by the Board of Directors of the Company prepared in terms of the requirements of :
1. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (“the **Act**”);
 2. The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/ Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and terms of reference received from the Company in connection with the proposed issue of Equity Shares of the Company on Right basis, (“**Right Issue**”).
- B. This financial information have been extracted by the Management from the financial statements for the financial years ended March 31, 2010, and March 31, 2009, respectively, audited by us.
- C. In accordance with the requirements of the Securities and Exchange Board of India, (“**SEBI**”) (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, (“**SEBI Regulations**”), and in terms of our engagement agreed with you; we further report that:
1. We have examined the attached “Statement of Assets and Liabilities” of the Company as at March 31, 2010, 2009 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 2. The “Statement of Profit and Loss” of the Company for the year ended March 31, 2010, 2009 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 3. The “ Cash Flow Statement” of the Company for the year ended March 31, 2010, 2009 examined by us, as set out in Annexure VI to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).

4. We have also examined the following other financial information set out in Annexure prepared by the management and approved by Board of Directors relating to the Company for the year ended March 31, 2010, 2009.
 - a) Significant Accounting Policies in Annexure III
 - b) Statement of Segment Reporting in Annexure IV
 - c) Changes in Accounting policy in Annexure V
 - d) Statement of Dividend Paid in Annexure VII
 - e) Performance Ratio in Annexure VIII
 - f) Capitalisation Statement in Annexure IX
 - g) Statement of Tax Shelters in Annexure X
 - h) Details of Other Income in Annexure XI
 - i) Sundry Debtors in Annexure XII
 - j) Loans and Advances in Annexure XIII
 - k) Unsecured Loan in Annexure XIV
 - l) Secured Loan in Annexure XV
 - m) Related Party Transactions in Annexure XVI
 - n) Investments in Annexure XVII
 - o) Contingent Liabilities in Annexure XVIII
 - p) Statement on Auditor Qualification in Annexure XIX
 - q) Statement on Deferred Tax Adjustment in Annexure XX

In our opinion the financial information contained in Annexure I to XX of this report read along with the Significant Accounting Policies, Auditors Qualifications, Comments in Annual Reports and Selected Notes prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with the SEBI Regulations.

5. This report should not, in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by the auditors for the respective period and years nor should this reports be construed as a new opinion on any of the financial statements referred to herein.
6. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares on Right basis of the Company. Our report should not be used for any other purpose except with our consent in writing

Yours faithfully,

For P.K.Lilha & Co
Chartered Accountants
Firm Reg. No. 307008E

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

ANNEXURE – I
STATEMENT OF ASSET AND LIABILITIES

Amount (Rs in MN)			
	Particulars	As at March 31, 2010	As at March 31, 2009
A)	FIXED ASSETS		
	Gross Block	4,316.71	4,261.29
	Less : Depreciation	987.60	774.70
	Net Block	3,329.11	3,486.60
	Less: Revaluation Reserve	-	-
	Net Block after adjustment for Revaluation Reserve	3,329.11	3,486.60
	Capital Work-In-Progress	1,095.74	269.83
	Total Fixed Asset (A)	4,424.85	3,756.43
B)	INVESTMENTS (B)	1,107.93	1,107.93
C)	CURRENT ASSETS, LOANS & ADVANCES		
	Inventories	32,400.93	23,100.79
	Sundry Debtors	8,360.45	5,891.62
	Cash & Bank Balances	4,632.89	178.52
	Loans & Advances	5,390.93	4,680.39
	Total (C)	50,785.20	33,851.33
D)	LIABILITIES & PROVISIONS		
	Secured Loan	36,074.17	24,498.37
	Unsecured Loan	8,692.90	5,250.00
	Current Liabilities	728.90	1,649.34
	Provisions	942.17	397.83
	Deferred Tax Liability	864.42	897.89
	Total (D)	47,302.56	32,693.43
E)	NET WORTH (A+B+C-D)	9,015.42	6,022.26
F)	REPRESENTED BY		
A)	Share Capital	719.33	689.03
	Share Application Money		
	Reserve & Surplus		
	Security Premium	3,527.72	2,002.28
	Debenture Redemption Reserve	23.00	-
	General Reserve	4,700.00	3,300.00
	Surplus	45.38	30.94
	Less: Revaluation Reserve	-	-

B)	Net Reserve & Surplus (Net of Revaluation Reserve)	8,296.09	5,333.23
C)	Miscellaneous Expenditure	-	-
	NET WORTH (A+B-C)	9,015.42	6,022.26

ANNEXURE – II
STATEMENT OF PROFIT & LOSS ACCOUNT

Particulars	Amount (Rs in MN)	
	Year Ended	Year Ended
	March 31, 2010	March 31, 2009
INCOME		
SALES		
Of Product manufactured by the Company	32,686.32	21,235.19
Of Product traded by the Company	4,246.03	3,247.09
Increase/(Decrease) in Stock	(138.94)	1,830.64
Other Income	96.97	38.61
Total	36,890.38	26,351.53
EXPENDITURE		
Raw Material Consumed	29,246.40	19,780.24
Manufacturing Expenses	540.77	577.66
Personnel Expenses	130.05	127.73
Other Operating Expenses	858.41	1,371.53
Excise Duty	-	-
Misc. and Deferred Revenue Exp. W/Off	-	-
Total	30,775.63	21,857.16
Profit before Interest, Depreciation and Tax	6,114.75	4,494.37
Depreciation	213.94	212.86
Profit before Interest and Tax	5,900.80	4,281.50
Interest and Finance Charges	3,482.46	3,328.32
Loss on Sale of Investment/Asset	-	-
Net Profit Before tax and extra ordinary Items	2,418.34	953.18
Provision for Taxation		
Current Tax		
~ Income Tax	840.17	336.00
~ Fringe Benefit Tax	0.00	0.80
Tax for Earlier Years	6.48	7.10
Deferred Tax	-	-
Net Profit after Tax and before extra ordinary items	1,571.69	609.28
Interim & Proposed Dividend & Tax thereon	134.26	52.53
Extra ordinary Item	-	-
Net Profit after Tax after Extra ordinary Item	1,437.43	556.75

ANNEXURE - III

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 is in conformity with the generally accepted accounting principles which 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 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 year 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 pro-rata 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) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions. Gain/Losses arising out of fluctuation in the exchange rate are recognized in Profit & Loss account in the year in which they arise.
- b) Monetary items (i.e. receivables, payable, loans etc.) denominated in foreign currencies are reported using the closing exchange rate on Balance Sheet date.
- c) 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 recognized as exchange difference and the premium paid on forward contract is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense of the year.
- d) 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.

8. REVENUE RECOGNITION:

- a) Domestic sales are accounted when goods are despatched to customers and are recorded net of trade discounts, rebates, etc. Export sales are recognized on the date, Company ships the goods as evidenced by their bill of lading. Sale of energy is accounted on actual net billing plus claims for short generation wherever applicable and includes income from Lease Rent of WTG.
- b) Export 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 recognized as an expense in the year in which they are incurred, except cost that are directly attributable to the acquisition, construction or installation of qualifying assets which are capitalized as part of the cost of the asset.

11. SECURITIES ISSUE EXPENSE:

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

12. 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 years.

13. EMPLOYEE BENEFITS:

- a) Short Term Employee Benefits:
The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employee is recognized during the year when the employee remain under the service. This benefit includes salary, wages, short term compensatory absences and bonus.
- b) Long Term Employee Benefits:
 - i) Defined Contribution Scheme- This benefit includes contribution to Employee's State Insurance Corporation and provident fund scheme. The contribution is recognized during the year 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 year in which they occur.

14. PROPOSED DIVIDEND:

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

15. TAXES ON INCOME:

Income Tax expense comprises current tax as per Income Tax Act, 1961, 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 recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent, 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 recognized 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 to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

16. 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.

17. EARNING PER SHARE:

Basic Earning Per Share (EPS) 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.

18. INCOME FROM OPERATING LEASE:

It is recognized as rentals, as accrued over the year of lease.

ANNEXURE- IV
STATEMENT OF SEGMENT REPORTING

Amount (Rs. in MN)

Particulars	As at March 31,2010				As at March 31,2009			
	Rice	Wind farm & Others	Unallocable	Total	Rice	Wind farm & Others	Unallocable	Total
Sales & Other Income	36,738.48	283.69	7.14	37,029.31	24,262.05	258.67	0.17	24,520.88
Segment result before Tax, Depreciation & Interest	5,863.93	243.67	7.14	6,114.74	4,331.50	162.70	0.17	4,494.36
Less: Interest	3,367.92	114.54	-	3,482.46	3,190.50	137.82	-	3,328.32
Less: Depreciation	87.48	126.46	-	213.94	86.40	126.46	-	212.86
Profit Before Tax	2,408.52	2.68	7.14	2,418.34	1,054.59	(101.58)	0.17	953.18
Segment Asset	52,324.86	2,077.54	1,915.57	56,317.98	35,110.80	2,161.65	1,443.23	38,715.68
Segment Liability	45,173.94	1,195.00	933.61	47,302.56	29,981.55	1,416.16	1,295.71	32,693.42
Capital Employed	7,150.92	882.54	981.96	9,015.42	5,129.25	745.48	147.52	6,022.26
(Segment Assets- Segment Liabilities)								
Addition to Segment Fixed Assets	57.25	0.65	-	57.90	72.30	-	-	72.30
Segment Depreciation	87.48	126.46	-	213.94	86.40	126.46	-	212.86

ANNEXURE – V

CHANGE IN ACCOUNTING POLICIES

There has been no change in accounting policies for the year ended March 2010, March 2009

ANNEXURE - VI
CASH FLOW STATEMENT

	Amount (Rs. In MN.)	
	March 31, 2010	March 31,2009
Cash Flow from Operating Activities		
Net Profit Before Taxes	2,418.34	953.18
Adjustments: -		
Depreciation / Amortization	213.94	212.86
Interest Expenses	3,482.46	3,328.32
Dividend Income	(7.14)	(0.17)
Effect of exchange difference on translation of foreign currency cash and cash equivalents	176.65	-
Interest Received	(6.4)	(4.41)
Loss on Sale of Fixed Assets	1.18	-
Operating profit before changes in working capital	6,278.96	4,489.79
Changes in:		
Decrease/ (increase) in inventories	(9,300.13)	(6,578.04)
Decrease/ (increase) in trade & other receivables	(2,468.83)	(1,400.88)
Decrease/ (increase) in loan & advances	(245.60)	(372.40)
Increase/(Decrease) in trade and other payables	(920.38)	1,240.25
Cash generated from operations	(6,655.99)	(2,621.29)
Direct Tax Paid	(808.21)	(310.92)
Net Cash used in Operating Activities (A)	(7,464.20)	(2,932.21)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(57.90)	(72.30)
Capital Work in Progress	(825.91)	(33.28)
Purchase of Investments	-	(70.00)
Sale of Fixed Assets	0.27	-
Dividend Received	7.14	0.17
Interest Received	6.46	4.41
Net Cash used in investing activities (B)	(869.93)	(171.01)
Cash Flow from Financing Activities		
Proceeds from QIP issue (Net of Expenses)	1,764.06	-
Conversion of FCCBs into Equity Shares	16.46	-
Repayment of long term borrowings	(563.04)	(132.33)
Proceeds from Non Convertible Debenture (Net of Expenses)	1,349.42	-
Proceeds from short term borrowings	10,738.84	4,268.71
Proceeds from unsecured loans (Net of Expenses)	3,235.24	2,451.60
Interest Paid	(3,482.46)	(3,328.32)
Dividend & Dividend Tax Paid	(93.36)	(103.26)
Net Cash from financing activities (C)	12,965.15	3,156.39
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(176.65)	-
NET INCREASE/(DECREASE) IN CASH (A+B+C)	4,454.37	53.18

CASH AND CASH EQUIVALENTS (OPENING BALANCE)	178.52	125.34
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	4,632.89	178.52

ANNEXURE – VII
STATEMENT OF DIVIDEND PAID

Particulars	Amount (Rs. In MN.)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
On Equity Share Capital		
Paid up Share Capital		
~ Equity	319.33	289.03
~ Preference	400.00	400.00
Face Value per Equity share (Rs.)	1.00	1.00
Face Value per Preference share (Rs.)	100.00	100.00
Rate of Dividend %		
~ On Equity – Interim	10.00	10.00
– Final	* 20.00	-
Preference	* 4.00	4.00
Amount of Dividend		
Equity	** 95.76	31.89
Preference	*** 16.00	16.00
Corporate Dividend Tax	**** 18.99	8.14
TOTAL: -	130.75	56.03

- * Proposed Final dividend
- ** Includes Proposed Final dividend Rs 63.86 Million
- *** Proposed dividend
- **** Includes tax on proposed dividend Rs 13.57 Million

ANNEXURE – VIII

PERFORMANCE RATIO	Amount (Rs. in MN) except EPS & No. of Share	
	Year Ended	Year Ended
	March. 31, 2010	March. 31, 2009
Particulars	Year Ended	Year Ended
	March. 31, 2010	March. 31, 2009
Net Profit after Tax (A)	1,571.69	609.28
Less: Preference Dividend & Dividend tax	18.72	18.72
Profit Available for Equity Share Holders (B)	1,552.97	590.56
Total Net Worth (C)	9,015.43	6,022.26
Preference Share Capital	400.00	400.00
Net Worth for Equity	8,615.43	5,622.26
Return on Net Worth (%) (A/C) (D)	17.43 %	10.12 %
No. of Share at the end of Year (E)	319,328,318	289,030,370
Weighted No. of Equity Shares (Without Considering conversion of FCCB Issue)	309,404,934	289,030,370
Weighted No. of Equity Shares (With considering conversion of FCCB Issue)	349,637,233	289,030,370
Basic Earning Per Share	5.02	2.04
Diluted Earning Per Share	4.59	2.04
Net Asset Value/Book Value per Equity Share of Re. 1 each (D/E)	26.98	19.45

ANNEXURE – IX
CAPITALISATION STATEMENT

Particulars	Amount (Rs. in MN)	
	Pre Issue As at March 31, 2010	Post Issue As at March 31, 2010
Debt:		
Short Term Debt	36,249.39	
Long Term Debt	8,517.68	
Total Debt:	44,767.07	
Shareholders Fund:		
Share Capital	719.33	1,357.98
Reserve & Surplus		
~ Securities Premium	3,527.72	15342.87
~ Debenture Redemption Reserve	23.00	23.00
~ General Reserve	4,700.00	4,700.00
~ Surplus	45.38	45.38
Less: Miscellaneous Expenditure	0	0
Total Shareholders Fund	9,015.42	21,469.23
Long Term Debt/Shareholders Fund	0.94	0.40 #
Total Debt/Shareholders Fund	4.97	2.09 #
# On the basis of debts as on 31.03.2010		

ANNEXURE – X

STATEMENT OF TAX SHELTERS

Particulars	Amount (Rs. in MN)	
	Year ended March 31, 2010	Year ended March 31, 2009
Profit Before Current & Deferred Taxes as restated (A)	2,418.34	953.18
Tax Rate (%)	33.99	33.99
Tax Impact	821.99	323.99
Adjustments:		
i) Permanent Difference		
~ Dividend Income (B)	7.14	0.17
ii) Temporary Difference between book Depreciation And tax Depreciation , 35 D and Other Provisions (C)	-60.62	-35.18
Net Adjustment (B+C)	-53.48	-35.01
Taxable Income as per provisions of Income Tax Act	2,471.82	988.19
Total Taxation @ 33.99% on above	840.17	335.89
Income Tax Provision made in books	840.17	336.00

ANNEXURE – XI
DETAILS OF OTHER INCOME

Particulars	Amount (Rs. in MN)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
Dividend – on long term investment	7.14	0.17
Insurance claim	0.05	4.14
Foreign Exchange Fluctuation	83.31	-
Interest Received	6.47	4.41
Carbon Credit Sale	-	29.50
Miscellaneous receipts	-	0.40
TOTAL: -	96.97	38.61

ANNEXURE – XII
SUNDRY DEBTORS

Particulars	As at March 31, 2010	As at March 31, 2009
Debtors Outstanding for a period exceeding Six Months	124.85	107.87
Others	8,240.32	5,783.75
	8,365.17	5,891.62
Less: - Provision for Doubtful Debts	4.72	-
TOTAL :-	8,360.45	5,891.62

ANNEXURE – XIII
LOANS & ADVANCES

Particulars	Amount (Rs. in MN)	
	As at March 31, 2010	As at March 31, 2009
Advances to suppliers & others (recoverable in Cash or in kind or for value to be received)	4,536.35	4,307.70
Deposits	5.68	15.10
Income Tax Payments	807.40	332.04
Vat /Excise /DEPB etc receivable	6.85	20.89
Interest Receivable	34.40	1.40
Income Tax Refundable/TDS Receivable	0.25	3.26
TOTAL: -	5,390.93	4,680.39

ANNEXURE XIV
UNSECURED LOAN

Particulars	Amount (Rs. in MN)	
	As at March 31, 2010	As at March 31, 2009
A) Long Term Loan		
i) Foreign Currency Convertible Bond	4,723.90	-
ii) Redeemable Non Convertible Debentures	-	4,000.00
iii) From a Body Corporate	439.00	-
	5,162.90	4,000.00
B) Short Term Loan		
i) From Banks	3,530.00	1,250.00
TOTAL: -	8,692.90	5,250.00

ANNEXURE – XV

SECURED LOANS

Particulars	Amount (Rs. In MN)	
	As at March 31, 2010	As at March 31, 2009
Term Loan	3,352.57	2,506.38
Working Capital Loan	32,573.03	21,957.98
Interest Accrued and Due on above	148.57	34.01
TOTAL: -	36,074.17	24,498.37

ANNEXURE – XVI
RELATED PARTY TRANSACTIONS
(i) 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 exist (either individually or with others)

- a) Aspective Vanijya Pvt. Ltd.
- b) Jagdhatri Tracon Pvt. Ltd.
- c) REI Steel & Timber Pvt. Ltd.
- d) Snehpuph Barter Pvt. Ltd.
- e) Subhchintak Vancom Pvt. Ltd.
- f) Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.
- g) Varrsana Ispat Limited
- h) REI Six Ten Retails Limited

III) Directors Relatives:

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

IV) Transactions with Related parties:

Name of the related party	Transactions	Amount (Rs. in MN)			
		Transaction during the year		Outstanding Balance	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Aspective Vanijya Private Limited	Dividend	7.20	7.62	-	-
REI Steel & Timber Private Limited	Dividend	3.46	4.33	-	-
SKG Flour Mills Private Limited	Dividend	3.56	4.45	-	-
Snehapushpa Barter Private Limited	Dividend	4.36	5.44	-	-
Subhchintak Vancom Private Limited	Dividend	3.65	4.56	-	-
Jagdhatri Tracon Private Limited	Dividend	0.80	1.00	-	-
SKG Flour Mills Private Limited	Loan Taken	439.00	-	439.00	-
Varrsana Ispat Limited	Sale of DEPB Licence	-	16.43		-
	Sale of Scrap		0.65		-
	Investment in	-	-	1032.10	1,032.10

	Shares				
REI Six Ten Retail Limited	Sale of Rice	3,415.22	2,120.18	1,228.51	1,726.56
REI Six Ten Retail Limited	Investment in Shares	-	70.00	70.00	70.00
KEY MANAGEMENT PERSONNEL					
Mr. Sanjay Jhunjhunwala	Dividend	0.51	0.64		
Mr. Sandip Jhunjhunwala	Dividend	0.51	0.64		
Mr. Sanjay Jhunjhunwala	Commission	2.40	2.40		
Mr. Sandip Jhunjhunwala	Remuneration	8.95	5.71		
RELATIVES OF KEY MANAGEMENT PERSONNEL					
Mrs Koushalaya Devi Jhunjhunwala		0.06	0.08	-	
Mrs. Sangita Jhunjhunwala		0.05	0.06	-	
Mrs Suruchi Jhunjhunwala		0.03	0.04	-	

ANNEXURE – XVII
INVESTMENTS

Non-trade and Long Term at cost			
(Quoted Equity Shares, fully paid up)			
(Amount Rs. In MN)			
Name of the Company	Face Value In Rs.	As at March 31, 2010	As at March 31, 2009
Allahabad Bank	10	2.87	2.87
Jyoti Structure Limited	2	0.55	0.55
Punjab National Bank	10	0.15	0.15
Reliance Capital Limited	10	2.26	2.26
REI Six Ten Retail Limited	2	70.00	-
		75.83	5.83
Unquoted			
~ In Equity Shares, Fully Paid Up			
Varrasana Ispat Limited	10	1,032.10	1,032.10
REI Six Ten Retail Limited	2	--	70.00
		1,107.93	1,107.93

VALUATION OF QUOTED SHARES

Name of the Company	BOOK VALUE		MARKET VALUE	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Allahabad Bank	2.87	2.87	5.00	1.36
Jyoti Structure Limited	0.55	0.55	1.63	0.55
Punjab National Bank	0.15	0.15	0.40	0.16
Reliance Capital Limited	2.26	2.26	4.16	1.94
REI Six Ten Retail Limited	70.00	-	2,693.25	-
TOTAL: -	75.83	5.84	2,704.44	4.01

ANNEXURE – XVIII**CONTINGENT LIABILITIES**

	Amount (Rs. in MN)	
	As at March 31, 2010	As at March 31, 2009
Letters of Guarantee issued by the Bank in favour of Dy. Commissioner of Customs, is awaited clearance on completion of the Export performance under Para 5.2/5.7 of Exim Policy 2002-07.	2.23	2.23

ANNEXURE – XIX

There have been no material qualifications in the Audit report in the preceding two years.

ANNEXURE – XX

The Company has been regularly following (AS -22) “ Accounting of Taxes on Income” but from the Financial Year 2006-07 The Hon’ble High Court of Kolkata vide its order dated 20.07.2007 has allowed the company to utilize the Securities Premium Account towards meeting Deferred Tax Liability/Assets computed as per the Accounting Standard (AS-22) and therefore the company changed its Accounting policy in regard to accounting for the deferred taxation by charging the amount to Securities Premium Account instead of debiting the Profit & Loss Account towards the amount of Deferred Tax Liability/Assets

However Deferred Tax Liability is properly presented in the Balance Sheet.

Subject to the above there are no other changes in the significant accounting policies in the preceding two years.

For P.K.Lilha & Co.
Chartered Accountants
Firm Registration No. 307008E

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

CERTAIN OTHER FINANCIAL INFORMATION**WORKING RESULTS OF OUR COMPANY FOR THE PERIOD BETWEEN THE APRIL 1, 2010 AND MAY 31, 2010.**

	(Rs in Millions)
Sales	6,507.8
Other Income	1.0
Estimated Gross Profit excluding Depreciation	788.6
Provision for Depreciation	35.8
Provision for Taxation	262.1
Estimated Net Profit	490.7

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF OUR COMPANY.

Except as disclosed in the section entitled “Material Developments” beginning on page 131 of this Letter of Offer there are no Material changes and commitments, if any affecting financial position of our Company.

WEEK-END PRICES FOR THE LAST FOUR WEEKS, CURRENT MARKET PRICE; AND HIGHEST AND LOWEST PRICES OF EQUITY SHARES DURING THE PERIOD WITH THE RELATIVE DATES

For details in connection with the week-end prices for the last four weeks, current market price, and highest and lowest prices of our Equity Shares, please refer to the section entitled “Market Price Information” beginning on page 110 of this Letter of Offer.

MARKET PRICE INFORMATION

Our Company initially listed the Equity Shares of our Company on the B.S.E w.e.f December 10, 1996 pursuant to an initial public offering. Subsequently, the Equity Shares of our Company were listed on the NSE w.e.f October 11, 2004. We have received in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated October 9, 2009 and November 10, 2009, respectively. We will make applications to the Stock Exchanges for permission to deal in and for an official quotation in respect of the Rights Equity Shares being offered in terms of this Letter of Offer. If the permission to deal in and for an official quotation is not granted for the Rights Equity Shares by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Investors pursuant to the Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. 15 days after Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier), our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The high, low and average market prices of the Equity Shares of our Company during the preceding three years were recorded, as stated below:

BSE							
Year	Date of High	High (Rs.)	Volume on date of High (No. of Shares)	Date of Low	Low (Rs.)	Volume on Date of low (No. of Shares)	Average (Rs.)
2007	October 30, 2007	851.70	37,487	April 27, 2007	131.75	3,677,624	351.50
2008	May 15, 2008	1,795.00	5,221	November 25, 2008	355.00	586,539	1199.82
2009	January 1, 2009	720.00	16,541	March 31, 2009	38.00	517,277	58.35

(Source: www.bseindia.com)

NSE							
Year	Date of High	High (Rs.)	Volume on date of High (No. of Shares)	Date of Low	Low (Rs.)	Volume on Date of low (No. of Shares)	Average (Rs.)
2007	October 30, 2007	845.05	42,435	April 27, 2007	132.20	5,169,359	351.40
2008	May 15, 2008	1,787.80	13,518	November 25, 2008	334.00	126,846	1197.40
2009	January 5, 2009	777.50	2,238	March 31, 2009	38.00*	673,802	58.30

(Source: www.nseindia.com)

* Note: Our Company has sub divided equity share of face value Rs. 10 each into 10 (ten) equity shares of face value of Rs. 1 each with effect from February 05, 2009.

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of the Letter of Offer is as stated below:

BSE							
Month	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
December 2009	December 30, 2009	50.80	663,300	December 1, 2009	42.85	182,106	46.41
January 2010	January 11, 2010	64.15	3,767,063	January 4, 2010	48.70	1,055,379	55.85
February 2010	February 1, 2010	58.20	1,037,904	February 9, 2010	47.55	290,875	51.43
March 2010	March 3, 2010	53.95	308,775	March 25, 2010	45.80	68,594	48.65
April 2010	April 15, 2010	51.25	276,530	April 28, 2010	47.00	132,806	48.57
May 2010	May 28, 2010	48.20	444,805	May 20, 2010	39.00	107,395	42.61

(Source: www.bseindia.com)

NSE							
Month	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
December 2009	December 30, 2009	50.80	1,087,099	December 1, 2009	43.00	280,894	46.35
January 2010	January 11, 2010	64.25	4,741,340	January 04, 2010	48.50	1,118,897	55.92
February 2010	February 1, 2010	58.00	1,709,201	February 08, 2010	45.30	369,086	51.39
March 2010	March 2, 2010	53.80	144,123	March 23, 2010	45.55	231,965	48.62
April 2010	April 15, 2010	51.50	605,867	April 28, 2010	46.85	271,507	48.55
May 2010	May 28, 2010	48.25	1,374,845	May 20, 2010	39.10	340,456	42.61

(Source: www.nseindia.com)

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

The closing price of our Equity Shares as on September 08, 2009 (the trading day immediately following the day on which the Board resolution was passed approving the Rights Issue) was Rs. 51.35, on the BSE and Rs. 51.45 on the NSE.

Week end prices of Equity Shares of our Company for the last four weeks on BSE and NSE along with the highest and lowest price are as below:

BSE							
Week end	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
May 18, 2010	May 14, 2010	42.90	153,745	May 17, 2010	39.95	134,229	41.11
May 25, 2010	May 25, 2010	42.45	219,121	May 20, 2010	39.00	107,995	40.50
June 01, 2010	May 28, 2010	48.20	444,805	May 26, 2010	41.95	1,364,931	44.72
June 08, 2010	June 02, 2010	44.55	508,321	June 07, 2010	25.10	1,721,068	36.28

NSE							
Week end	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
May 18, 2010	May 14, 2010	42.90	279,633	May 17, 2010	39.80	376,750	41.05
May 25, 2010	May 25, 2010	42.50	358,975	May 20, 2010	39.10	340,456	40.46
June 01, 2010	May 28, 2010	48.25	1,374,845	May 26, 2010	41.90	2,839,752	44.92
June 08, 2010	June 02, 2010	44.50	643,412	June 07, 2010	25.55	2,478,054	36.21

The market capitalization of our Equity Shares as on June 08, 2010 was Rs. 8,829.43 million on the BSE based on a market price of Rs. 27.65, and the market capitalization of our Equity Shares on the NSE was Rs. 8,813.46 million based on a market price of Rs. 27.60.

The Issue price of Rs. 19.50 has been arrived at in consultation between our Company and the Lead Managers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with, our Company's audited financial statements and the notes thereto prepared in accordance with Indian GAAP included elsewhere in this Letter of Offer.

The discussion herein contains forward-looking statements and reflects the current views of our Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this Letter of Offer

Overview

We are primarily in the business of processing and marketing of branded & un-branded basmati rice in the domestic and overseas market. We are the largest listed company in India engaged in the processing of Basmati rice. With over a decade experience in the basmati rice processing industry we are present across the entire basmati rice processing chain ranging from procurement of basmati paddy to its storage, ageing, processing, packaging and distributing.

We are present across all price points in the branded basmati market and sell our processed basmati rice domestically and in the export market under various brand names, which include *Kasauti, Mr. Miller, Hungama, Rain Drop, Hansraj, Mehrab* and *Nausheen*, through a wide network of distributors across India. Further our parboiling capacity has enabled us to export a major portion of output to countries from the Gulf region namely Saudi Arabia, the United Arab Emirates and Kuwait. The Gulf region accounts for largest exports of basmati rice from India.

In our non-primary business segment we are engaged in generation of power from our four wind farms located in the States of Rajasthan, Maharashtra, Tamil Nadu and Gujarat and having capacities of 7.5 megawatts, 22.4 megawatts, 6.0 megawatts and 10.2 megawatts, respectively, aggregating to a total capacity of 46.1 megawatts. Our Company's wind power project located at Rajasthan is registered with the United Nations Framework Convention on Climate Change and we are further also in the process of registering our other wind power projects. As on date our Company has already received 25,094 CERs under the Kyoto Protocol. Our Company's wind farm business started in March 2004.

In FY 2008 the retail division of our Company, which started operations from March 27, 2007 was demerged into a separate company, namely, REI Six Ten Retail Limited ("**REI Six Ten**"). REI Six Ten is a retailing company focusing on retailing fresh vegetables & fruits, staples and all food & non food consumer products. It has presence in North, Western and Eastern India with currently over 310 franchisee retail stores operated under the brand name "6Ten".

Our total sales have grown at a compounded annual growth rate of 45.9% from FY 2008 to FY 2010. For the year ended March 31, 2010, our total sales and profit after tax were Rs. 36,932.3 million and Rs. 1,571.7 million respectively. Further as at March 31, 2010, our Company's total assets were Rs. 56,318.0 million and our Company's net worth was Rs. 9,015.4 million.

Demerger

With an Appointed Date of August 25, 2007, our Company demerged the retail undertaking, which began operations on March 27, 2007. As a result, unless otherwise stated, the presentation of our Company's financial information below, for Fiscal 2009 and Fiscal 2010 does not include the results of the retail undertaking for the full Fiscal Year 2009 and 2010.

Our Company believes the impact of its retail undertaking on its results of operations and cash flows for the period from April 1, 2007 to August 24, 2007 in Fiscal 2008, was minimal and not material.

Significant developments subsequent to March 31, 2010

There have been no significant developments subsequent to March 31, 2010.

Factors Affecting Our Company's Business and Results of Operations

Our Company's business and results of operations have been primarily affected by the following factors, some of which our Company believes will continue to affect its business and results of operations in the future:

Demand for Basmati Rice

In Fiscal 2009 and 2010, our Company derived approximately 98.8% and 99.0 %, respectively, of its total income from sales of basmati rice. Basmati rice is a premium variety of rice, generally consumed by the middle and upper strata of the society. Any negative change in customer preferences for basmati rice that would result in reduced demand for basmati rice could adversely affect our Company's business and results of operations. In addition, basmati rice is subject to price fluctuations due to weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our Company's control. Any prolonged decrease in basmati rice prices could adversely affect our Company's business and results of operations.

Working Capital Requirements

Our Company's business involves significant working capital requirements primarily due to the fact that basmati rice must be aged for 18 to 24 months to ensure most premium quality. As such, our Company maintains substantial levels of indebtedness. As of March 31, 2010, our Company had approximately Rs. 44,767.1 million of total indebtedness. Our aggregate working capital requirement for the FY 2010 was Rs. 49,114.1 million. As of March 31, 2010, a substantial part of our Company's indebtedness was at a floating rate of interest. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our Company's results of operations. Furthermore, our Company's significant level of indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to it for use in its general business operations.

Export Sales and fluctuation in forex rates

Our Company is a major exporter of basmati rice to Saudi Arabia, the United Arab Emirates and Kuwait. In Fiscal 2009 and 2010, our Company derived approximately 41.2% and 18.0% respectively, of its total sales of goods from exports of basmati rice. Since the building of our Company's parboiling facility in 2005, our Company has generally been able to scale up its export operations. During the FY 2010 our Company has restricted its export to Dubai in light of the financial crisis witnessed by it which resulted in a dip in the export sales of our Company. Our Company's results of operations may be significantly affected by changes in India's trade relations with countries to which our Company exports and changes in India's export duties on basmati rice.

Due to our Company's significant exports, which are generally denominated in U.S. dollars, fluctuations in the Rupee and U.S. dollar exchange rates could also affect our Company's business and results of operations. During Fiscal 2010, approximately 84.7% of our Company's total income was denominated in Rupee and approximately 15.3% was denominated in U.S. dollars. During the same period, approximately 99.5% of our Company's total expenditure was denominated in Rupee and approximately 0.5% was denominated in U.S. dollars. Our Company enters into forward foreign exchange contracts to hedge against some of its foreign exchange rate risks in connection with its export sales. Nevertheless, a weakening U.S. dollar would decrease the relative value of our Company's income denominated in or tied to the U.S. dollar against its Rupee denominated costs, thus decreasing our Company's profitability.

Procurement Costs and Procedures

The major cost for our Company is raw materials, comprising 83.9 % and 84.5% of our Company's total expenditure in Fiscal 2009 and 2010 respectively. Our Company's primary raw materials are basmati paddy and ungraded basmati rice, which is semi-processed basmati rice where the husk has been removed but not further processed. Procurement of basmati paddy is a critical function of our Company's business. The procurement costs include basic cost of material, brokerage, handling and transport and local taxes/levies before the material reaches the factory premises. Any increase in the price of raw materials could significantly affect our Company's business and results of operations to the extent our Company is unable to increase its selling prices to cover the increased costs.

Branding

Our Company's results of operations are significantly affected by sales of branded basmati rice. Our Company has introduced brands for its whole grain and broken basmati rice at the different price points from premium to mass segments, and our Company's brands are enjoying increased market recognition. In general, sales of branded basmati rice provide higher margins than unbranded basmati rice. Our Company is focused on branding and in particular increasing its presence in the premium end of the basmati rice market. Branded sales of our Company have shown an upward trend with about 45.1% or Rs. 16,556.7 million, of the total sales coming from branded basmati rice sales in Fiscal 2010. Our Company has been continuously, over the years, investing on brand building and expects sales of its branded products to continue to increase as a percentage of total sales.

Macroeconomic Conditions

Our Company's results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. The basmati rice market is affected by changes in government policies, including trade policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in past months, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. The deterioration in the financial markets is widely forecast to herald a recession in many countries, which may lead to significant declines in employment, household wealth, consumer demand and lending and as a result may adversely affect economic growth in India and elsewhere, which may in turn affect our Company's business and results of operations.

Weak economic conditions in our Company's target markets, or a reduction in consumer spending, could adversely impact our Company's business and results of operations in a number of ways, including negative changes in customer preferences for basmati rice, increased costs associated with developing our Company's products, increased costs and decreased availability of potential sources of financing and increased exposure to material losses from our Company's investments. Furthermore, as a result of the current tightening of credit in financial markets, our Company's customers, distributors and suppliers may experience serious cash flow problems and as a result, may modify, delay or cancel plans to purchase its products. All of these factors may significantly affect our Company's business and results of operations.

Summary of Major Items of Income and Expenditure

Income

The majority of our Company's income is generated from the sale of basmati rice and sale of power/energy. The breakdown of our Company's total income and each item as a percentage of total income for the last two Fiscal Years is given below:

	2009		2010	
	Rs. in Million	% of total	Rs. in Million	% of total
Sale of Goods	24,233.3	98.8%	36,678.3	99.0%
Export Incentives	19.8	0.1%	5.5	0.0%
Sale of Power/Energy	229.2	0.9%	248.5	0.7%
Other Income	38.6	0.2%	97.0	0.3%
Total Income	24,520.9	100.0%	37,029.3	100.0%

Sale of Goods

The majority of our Company's total income is generated from the sale of basmati rice. The segment breakdown of sales of basmati rice and each item as a percentage of total sales of basmati rice for the last two Fiscal Years is given below:

	FY 2009		FY 2010	
	Rs. In Million	% of total	Rs. In Million	% of total
Basmati Rice — Domestic	14,253.3	58.8%	30,075.8	82.0%
Branded domestic sales	8,645.4	35.7%	13,836.1	37.7%
Unbranded sales	5,607.9	23.1%	16,239.7	44.3%
Basmati Rice — Export	9,980.0	41.2%	6,602.5	18.0%
Branded export sales	1,809.1	7.5%	2,720.6	7.4%
Third-party label sales	8,170.9	33.7%	3,881.9	10.6%
Total Sales of Goods	24,233.3	100.0%	36,678.3	100.0%

The segment breakdown of basmati rice sales in volume terms and each item as a percentage of total sales of basmati rice for the last two financial years is given below:

	2009		2010	
	metric tonnes	% of total	metric tonnes	% of total
Basmati Rice — Domestic	370,946	71.0%	582300	84.8%
Branded domestic sales	226,544	43.4%	237932	34.6%
Unbranded sales	144,402	27.6%	344368	50.1%
Basmati Rice — Export	151,645	29.0%	104622	15.2%
Branded export sales	31,500	6.0%	44457	6.5%
Third-party label sales	120,145	23.0%	60165	8.8%
Total Sales of Goods	522,591	100.0%	686922	100.0%

Our Company sells basmati rice domestically and in the export market under its various brand names, which include *Kasauti*, *Mr. Miller*, *Hungama*, *Rain Drop*, *Hansraj*, *Mehrab* and *Nausheen*, to a wide network of distributors across India. As a result of its parboiling capacity, our Company has become a major exporter of parboiled basmati rice to Saudi Arabia, the United Arab Emirates and Kuwait. Our Company also sells basmati rice to 6Ten, a neighbourhood convenience store chain with a presence in North, West and East India.

Export Incentives

Export incentives are income from the sale of DEPB licenses provided by the Government of India on the export content of certain packing materials (consisting of jute bags and low density polyethylene) used for the export of basmati rice and the refund of excess export duty paid in Fiscal 2009. Our Company received DEPB licenses during Fiscal 2008, but has not received DEPB licenses since May of 2009.

Sale of Power/Energy

Income from the sale of power/energy represented 0.9% and 0.7% of our Company's total sales in, 2009 and 2010 respectively. Any income derived from the sale of power/energy is treated as tax free as per Section 80IA of the Income Tax Act for any ten consecutive years out of the first 15 years from the commencement of operations.

Other Income

Our Company's other income comprise:

- *Dividend on long-term investment.* Our Company's dividend on long-term investment relates to dividend income received from the various listed companies that our Company invests in on a long-term basis.
- *Insurance claim.* Insurance claim relates to claims received by our Company under the various policies taken by our Company against the loss of stock of basmati paddy and/or basmati rice.
- *Foreign exchange fluctuation.* Our Company's gain or loss due to foreign exchange fluctuations relates to fluctuations in the value of the Rupee, in which our Company maintains its accounts, and the US dollar, in which a portion of our Company's sales are denominated, and in which our Company has foreign currency denominated indebtedness.
- *Interest received.* Interest received primarily relates to interest received on our Company's fixed deposits.
- *Carbon credit sale.* Carbon credit sale relates to income from the sale of our Company's carbon credits received from its Rajasthan wind power project. However, our Company has not sold any carbon credit in FY 2010.
- *Miscellaneous receipts.* Income from miscellaneous receipts relates to income from any source which does not fall into any of the previously described categories. During the FY 2010, there is no such income.

Expenditure

Our Company's expenditure includes:

- Materials Consumed & Purchase of Goods;
- (Increase)/Decrease of Inventory;
- Manufacturing, Administrative and Selling Expenses;
- Interest; and
- Depreciation.

Our Company has managed to control its expenditure maintaining its operating margins at approximately 18.5% and 16.5% for Fiscal 2009 and Fiscal 2010 respectively.

Materials Consumed & Purchase of Goods

The major cost for our Company is raw materials, comprising 83.9% and 84.50% of our Company's total expenditure in Fiscal 2009 and 2010, respectively. Our Company's primary raw materials are basmati paddy and ungraded basmati rice, which is semi-processed basmati rice where the husk has been removed but not further processed. Our Company purchases basmati paddy from around 180 mandis located throughout India. As a result of the increase in price of basmati paddy, and unprocessed basmati price the cost of raw materials consumed has gone up on a per unit of raw material basis by 21.0% over the last year. Despite this, our Company has capitalized on its basmati paddy procurement strengths and, as a result, cost of raw materials as a percentage of total income has reduced slightly from 80.6% in Fiscal 2009 to 79.0% in Fiscal 2010. A table showing the proportion of basmati paddy and unprocessed basmati rice as a ratio of our Company's total input is set out below:

	FY 2009	FY 2010
Basmati Paddy	76.1%	71.1%
Unprocessed Basmati Rice	23.9%	28.9%
Total	100.0%	100.0%

As shown in the table, basmati paddy as a percentage of total quantity of raw materials was 76.1% in Fiscal 2009, and 71.1% in Fiscal 2010.

On average, basmati paddy costs per tonne are lower than the per-tonne cost of unprocessed basmati rice. For example, in Fiscal 2010 the average basmati paddy costs per-tonne was approximately 54.4% lower than the per-tonne cost of unprocessed basmati rice. However, each unit of basmati paddy yields only around 0.67 units of basmati rice after processing. On the other hand, each unit of unprocessed basmati rice yields almost an equal quantity of processed basmati rice. When basmati paddy is used as input, our Company is able to perform the whole range of value adding activities including drying, dehusking and processing. In addition, our Company is also able to select the quality of basmati paddy which best suits its needs. As a result, use of basmati paddy over unprocessed basmati rice as input enables our Company to derive better margins.

(Increase)/Decrease of Inventory

(Increase)/decrease of inventory consists of the change in the opening and closing stock of finished goods in a Fiscal Year period.

Manufacturing, Administrative and Selling Expenses

Our Company's manufacturing, administrative and selling expenses consists of stores, spares and packing material consumed, power and fuel costs, salary, wages and bonuses paid to employees, contributions to employee provident funds and other funds, staff welfare expenses, security charges, hire charges, repair and maintenance costs for plants and machinery, buildings and wind farms, rent, rates and taxes, key man insurance, insurance, ECGC premium, bank charges, postage and telephone charges, auditors' remuneration, directors' fees and remuneration, filing fees, travelling and conveyance charges, carriage outward, freight and clearing charges, advertisement costs, brokerage and selling expenses, VAT and sales taxes, loss on sale of fixed assets and other miscellaneous expenses.

Interest

Interest expenditure consists of interest charged on our Company's various term loans, debentures and working capital loans as well as other short-term loans, which our Company generally uses to fulfill its working capital needs.

Depreciation

Depreciation relates to depreciation of fixed assets, including land, leasehold land, buildings, plants and machinery, wind farm generators, office equipment, tubewell, computers, vehicles and furniture and fixtures.

Results of Operations

The table below shows a breakdown of our Company's historical results of operations and each item as a percentage of total income for Fiscal 2009 and Fiscal 2010

	Year ended 31 March			
	2009		2010	
	(Rs. in millions)			
Income Statement:	Rs.	% of total	Rs.	% of total
Total income	24,520.9	100.00%	37,029.3	100.0%
Sales	24,482.3	99.8%	36,932.3	99.7%
Other income	38.6	0.2%	97.0	0.3%
Expenditure:				
Material consumed and purchase of goods	19,780.2	80.6%	29,246.4	79.0%
(Increase)/Decrease of inventory	(1,830.6)	(7.5)%	138.9	0.4%
Manufacturing, administrative and selling expenses	2,076.9	8.5%	1,529.2	4.1%
Interest	3,328.3	13.6%	3,482.5	9.4%
Depreciation	212.9	0.9%	213.9	0.6%
Total expenditure	23,567.7	96.1%	34,610.9	93.5%
Profit before taxation	953.2	3.9%	2418.3	6.5%
Provision for income tax	336.0	1.4%	840.2	2.3%
Provision for fringe benefit tax	0.8	0.0%	-	-
Income tax for earlier year	7.1	0.0%	6.4	0.01%
Profit after taxation	609.3	2.5%	1571.7	4.2%

Fiscal 2010 compared to Fiscal 2009

Sales

Our Company generated sales of Rs. 36,932.3 million in Fiscal 2010, a 50.9% increase over sales of Rs. 24,482.3 million in Fiscal 2009. The increase in sales was primarily due to (i) higher sales volumes (which were 686,922 metric tonnes in Fiscal 2010 as compared to 522,591 metric tonnes in Fiscal 2009), and (ii) increased sales of branded basmati rice from Rs. 10,454.5 million in Fiscal 2009 to Rs. 16,556.7 million in Fiscal 2010. In Fiscal 2010, our Company's average sales realisation increased to Rs. 53,394 per metric tonne from Rs. 46,371 per metric tonne in Fiscal 2009 as a result of increased sales of branded basmati rice and overall increase in demand of basmati rice, which provide higher margins. In Fiscal 2010, the percentage of whole grain basmati rice yield for basmati paddy has increased to 49.5% in Fiscal 2010 from

49.0% in Fiscal 2009. Sales of power/energy increased from Rs. 229.2 million in Fiscal 2009 to Rs. 248.5 in Fiscal 2010 due to improved performance of our Company's wind power projects.

Other Income

Our Company generated other income of Rs. 97.0 million in Fiscal 2010, a 151.1% increase over other income of Rs. 38.6 million in Fiscal 2009. The increase in other income was primarily due to income of Rs. 83.3 million received in Fiscal 2010 from foreign exchange fluctuation, income of Rs. 7.1 million received as dividend on long term investments and an increase in income earned on fixed deposits in Fiscal 2010.

Total Expenditure

Our Company's total expenditure increased by 46.87% to Rs. 34,610.9 million in Fiscal 2010 from Rs. 23567.7 million in Fiscal 2009, primarily due to the following reasons:

Materials consumed and purchase of goods.

Materials consumed and purchases of goods were Rs. 29,246.4 million in Fiscal 2010, a 47.9% increase from Rs. 19,780.2 million in Fiscal 2009. The cost of raw materials consumed as a percentage of total income decreased slightly from 80.6% in Fiscal 2009 to 79.0% in Fiscal 2010. The increase in raw material consumption was due to an increase in the price of basmati paddy and unprocessed basmati rice and increased volume of business. Basmati paddy as a percentage of total quantity of raw materials consumed by our Company reduced from 76.1% in Fiscal 2009 to 71.1% in Fiscal 2010. The average per unit tonne cost of consumption of raw material rose from approximately Rs. 28,714.1 in Fiscal 2009 to Rs. 34,744 in Fiscal 2010. Our Company's average ageing period for its basmati paddy remained unchanged from Fiscal 2009 at 11 months in Fiscal 2010, and our Company's average percentage of whole grain basmati rice yield has increased from 49% in Fiscal 2009 to 49.5% in Fiscal 2010.

- *(Increase)/Decrease of Inventory.* Inventory of finished goods decreased to Rs. 138.9 million in Fiscal 2010 as compared to an increase of Rs. 1830.6 million in Fiscal 2009. The decrease in inventory over the prior year was largely due to an increase in sales of basmati rice of last quarter of Fiscal 2010.
- *Manufacturing, Administrative and Selling Expenses.* Manufacturing, administrative and selling expenses were Rs. 1529.2 million in Fiscal 2010, a 26.4% decrease from Rs. 2076.9 million in Fiscal 2009. These expenses decreased primarily as a result of lifting of export duty on export of basmati rice by Government of India. Another contributing factor to the decrease in these expenses was the decrease in stores, spares and packing materials consumed from Rs. 461.7 million in Fiscal 2009 to Rs. 433.2 million in Fiscal 2010.
- *Interest.* Interest was Rs. 3,482.5 million in Fiscal 2010, a 4.6% increase from Rs. 3,328.3 million in Fiscal 2009. The increase was due to an increase in interest paid on our Company's working capital facilities as a result of increased borrowings due to increased procurement of paddy as well as higher procurement costs.

A breakdown of the amount of our Company's local and foreign currency denominated loans is set out below:

	Year ended 31 March	
	2009	2010
	(Rs. in millions)	
Rupee borrowing	Rs. 28,495.3	Rs. 38,044.9
Foreign currency	Rs. 1,253.1	Rs. 6722.2
Total	Rs. 29,748.4	Rs. 44,767.1

- *Depreciation.* Depreciation expense was Rs.213.9 million in Fiscal 2010, a 0.5% increase from Rs. 212.9 million in Fiscal 2009.

Profit Before Taxation

Our Company's profit before taxation increased from Rs. 953.2 million in Fiscal 2009 to Rs. 2418.3 million in Fiscal 2010, an increase of 153.7%.

Income Tax Expense

Income tax expense was Rs. 846.6 million in Fiscal 2010, an increase of 146.2% from Rs. 343.9 million in Fiscal 2009.

Profit After Taxation

Our Company's profit after taxation was Rs. 1571.7 million in Fiscal 2010, a 158.0% increase from Rs. 609.2 million in Fiscal 2009. The major contributing factors for the increase in PAT during Fiscal 2010 have been the withdrawal of export duty on the export of basmati rice by Government of India and higher volume of business backed by increased realization on the basmati rice and reduction in interest cost as a proportion of total revenue. .

Financial Condition and Liquidity

The table below shows a breakdown of our Company's historical cash flows for Fiscal 2009 and Fiscal 2010

	Year ended 31 March	
	2009	2010
	(Rs. in millions)	
Net cash flow provided by (used in) operating activities	(2,932.2)	(7,464.2)
Net cash flow provided by (used in) investing activities	(171.0)	(869.9)
Net cash flow provided by (used in) financing activities	3,156.4	12,965.1
Cash and cash equivalents (closing balance)	178.5	4,632.9

Net Cash Flow Provided by (Used in) Operating Activities

Net cash used in operating activities was Rs. 2,932.2 million and Rs. 7,464.2 million in 2009 and 2010, respectively.

Net cash used in operating activities increased in Fiscal 2010 compared to Fiscal 2009 as a result of an increase in inventories, trade and other receivables due to higher volume of business and decrease in trade and other payables. During the Fiscal 2010, Company has incurred higher tax expenses as a result of higher profitability as compared to Fiscal 2009. .

Net Cash Flow Provided by (Used in) Investing Activities

Net cash used in investing activities was Rs. 171.0 million and Rs. 869.9 million in 2009 and 2010, respectively. Net cash used in investing activities increased in Fiscal 2010 as compared to Fiscal 2009 primarily as a result of our Company's capacity expansion of basmati rice processing facility.

Net Cash Flow Provided by (Used in) Financing Activities

Net cash provided by financing activities was Rs. 3,156.4 million and Rs. 12,965.1 million in 2009 and 2010, respectively.

Net cash provided by financing activities increased in Fiscal 2010 as compared to Fiscal 2009 as a result of proceeds from QIP issue to the extent of Rs.1764.0 million, proceeds from short-term borrowings of Rs.10738.8 million and proceeds from non-convertible debentures of Rs.1349.4 million.

Liabilities and Sources of Financing

Bank Borrowings

Our Company's bank borrowings as of March 31, 2009 and 2010, respectively, were as follows:

	2009	2010
(Rs. in Millions)		
Bank borrowings:	Rs.	Rs.
Secured	24,498.4	36,074.2
Unsecured	5,250.0	8,692.9
Total bank borrowings*	29,748.4	44,767.1

*Includes interest accrued and due

Set forth below is the maturity profile of our Company's bank borrowings as of the dates indicated.

	2009	2010
(Rs. in millions)		
	Rs.	Rs.
Due within one year	26,812.1	36,815.5
Due within more than one year	2,936.3	7,951.6
Total *	29,748.4	44,767.1

*Includes interest accrued and due

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Save as detailed herein there are no:

- (a) *pending legal proceedings which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company;*
- (b) *Matters which are pending or which have arisen in the immediately preceding ten years involving:*
 - (i) *Issues of moral turpitude or criminal liability on the part of our Company;*
 - (ii) *Material violations of statutory regulations by our Company*
 - (iii) *Economic offences where proceedings have been initiated against our Company.*

Neither our Company nor our Promoters, members of Promoter Group, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and expect as disclosed in this chapter in relation to the litigation, there are no violations of securities laws committed by us in the past or pending against us.

A. SEBI PROCEEDINGS

SEBI has initiated the following proceedings pursuant to various show cause notices as further detailed herein below, inter-alia against our Company and our Promoters:

- (e) Proceedings in connection with the show cause notice dated September 11, 2009 issued to our Company by SEBI, (“First Show Cause Notice”):

Our Company had responded to the First Show Cause Notice, vide its letter dated September 24, 2009. Pursuant to a letter dated September 29, 2009, our Company applied to SEBI for passing consent orders in connection with the aforesaid proceedings, in terms of the First Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI, and sought for an opportunity to explain their stand in person before the relevant committee constituted by SEBI in connection with the aforesaid proceedings, (“**Competent Committee**”). Our Company was given an opportunity of being heard personally by the Competent Committee on November 26, 2009, pursuant to an email dated November 20, 2009 issued by SEBI to our Company. At the said hearing, our Company requested the Committee that all matters relating to our Company and its promoters in connection with the allegations contained in the First Show Cause Notice be taken up together. SEBI vide a notice dated May 03, 2010 called upon our Company for a personal hearing in connection with the first show cause notice before a whole time member of SEBI, to which our Company had responded vide a letter dated May 14, 2010 seeking an adjournment of 4 (four) weeks with respect to the said hearing. SEBI vide a letter dated May 19, 2010 allowed the adjournment sought by our Company and extended the date for the said personal hearing before the whole time member of SEBI to June 21, 2010.

- (f) Proceedings in connection with the 2 show cause notices dated November 27, 2009 issued by SEBI, to each of the Promoters namely Mr. Sanjay Jhunjhunwala and Mr. Sandip Jhunjhunwala, (collectively “Promoters”), (“First Promoter Show Cause Notices”):

Pursuant to the First Promoter Show Cause Notices, SEBI has leveled similar allegations against the aforesaid Promoters, as contained in the aforesaid First Show Cause Notice. In the First Promoter Show Cause Notices SEBI has inter-alia alleged that the aforesaid Promoters aided and abetted a preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005 which was allegedly made in a fraudulent manner. Each of the aforesaid Promoters responded to First Promoter Show Cause Notices, vide separate letters dated December 14, 2009. Pursuant to separate letters each dated December 17, 2009, both the aforesaid Promoters have applied to SEBI on December 22, 2009 for passing consent orders in connection with the aforesaid proceedings, in terms of the First Promoter Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. The Promoters are awaiting any further communication, response, directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the First Promoter Show Cause Notices.

- (g) Proceedings in connection with the show cause notice dated November 30, 2009, issued to our Company by SEBI, (“**Second Show Cause Notice**”):

SEBI has issued the Second Show Cause notice against our Company inter-alia alleging that in connection with inquiry proceedings initiated against our Company relating to a preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005 which was allegedly made in a fraudulent manner, (“**Inquiry Proceedings**”), our Company allegedly failed to submit complete information and/or relevant documents supporting the submissions made by our Company in relation to the Inquiry Proceedings. SEBI has further alleged, that in light of the aforesaid allegations, our Company has violated the provisions of Section 11C(2) and (5) of the SEBI Act, 1992. Accordingly, SEBI has called upon our Company to show cause as to (i) why an inquiry should not be initiated against our Company in terms of Rule 4 of the SEBI (Procedure of Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, read with sub-section (2) of Section 151 of the SEBI Act, 1992 and (ii) why penalty, if any, should not be imposed on our Company under Section 15A (a) of the SEBI Act, 1992. Our Company has responded to the Second Show Cause Notice, vide its letter dated December 14, 2009. Pursuant to a letter dated December 15, 2009, our Company applied to SEBI on December 22, 2009, for passing consent orders, in connection with the aforesaid proceedings, in terms of the Second Show Cause Notice and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. Our Company is awaiting any further communication, response, directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the Second Show Cause Notice.

- (h) Proceedings in connection with the show cause notices dated December 08, 2009, issued to Kaushalya Devi Jhunjunwala, Sangita Jhunjunwala, Suruchi Jhunjunwala, Harrington Commercial Private Limited, Hawks Financiers Private Limited, Pingle Marketing Private Limited, Rakhsha Financier Private Limited, Rajkamal Marketing Private Limited, Right Fiscal Management Private Limited, Sangita Securities Private Limited, Sangita Mor, Rajesh Mor, and Hi-Fi Tradecom Private Limited. (“Third Show Cause Notices”);

Pursuant to the Third Show Cause Notices SEBI has leveled similar allegations against, as contained in the aforesaid First Show Cause Notice and Second Show Cause Notice against the aforementioned persons/entities, in connection with the alleged fraudulent preferential allotment of Equity Shares of our Company made to various entities on March 22, 2005. Pursuant to the separate letters dated December 17, 2009, the Promoters of our Company, namely Sangita Jhunjunwala, Suruchi Jhunjunwala and Kaushalya Devi Jhunjunwala responded to the Third Show Cause Notices and have each applied to SEBI on December 22, 2009 for passing consent orders in connection with the aforesaid proceedings, in terms of the Third Show Cause Notices and in accordance with the circular dated April 20, 2007 (Circular No. EFD/ED/Cir-1/2007) issued by SEBI. Sangita Jhunjunwala, Suruchi Jhunjunwala and Kaushalya Devi Jhunjunwala are awaiting directions and/or orders from the SEBI in connection with the proceedings initiated pursuant to the Third Show Cause Notices.

B. COMPANY PETITION

M/s. Megaplast Packaging Private Limited, (“**Megaplast**”), had filed a petition under Section 434 of the Companies Act, 1956, (bearing C.P. No. 376 of 2009) before the Hon’ble High Court of Calcutta, seeking to wind up our Company, inter-alia on the alleged grounds that our Company had allegedly failed to pay a sum of Rs. 1,14,81,971 to Megaplast. In terms of an agreement dated October 26, 2009, executed between our Company and Megaplast, our Company has paid a sum of Rs. 89,88,486 to Megaplast, and has undertaken to hand over sales tax declaration forms, as specified in the said winding-up petition to Megaplast. Pursuant to the aforementioned agreement Megaplast has agreed that the said winding-up petition be permanently stayed vide their communication/letter dated May 12, 2010. As on the date of this Letter of Offer, the aforementioned proceedings have not been finally settled and/or determined. The Honorable High Court at Kolkata has disposed off the case subject to the condition that if company fails to provide balance sales tax declaration form than the Megaplast at its liberty to advertise the matter as per law. If we are unable to settle the aforementioned proceedings in terms of the agreement dated October 26, 2009, executed between our Company and Megaplast, our operations, financial condition and profitability. Any unfavourable outcome of the aforementioned proceedings could have a material adverse effect on the operations and profitability of our Company, the value of which currently cannot be quantified.

C. DEFAULTS UNDER LOAN AGREEMENTS

Our Company has failed to comply with certain provisions of the Financing Agreements executed with Indian Renewable Energy Development Agency Limited, (“**IREDA**”), Industrial Development Finance Company Limited (“**IDFC**”) and ICICI Bank Limited, (“**ICICI**”), as further detailed hereinafter:

- (i) Under the terms and conditions of the Financing Agreements entered into with IREDA, the Promoters/ Directors/ Promoter Group of our Company are required to provide an undertaking to IREDA that they shall not pledge/dispose off their shareholdings in our Company during the currency of the credit facilities availed from IREDA, and our Company shall not register any transfer or lien on the said shares without prior permission of IREDA in writing. However, certain promoters/ Promoter Group have in fact pledged their shares in our Company, as per the disclosures made by our Company in its regulatory filings made with SEBI and the stock exchange(s).

- (ii) Further, under the terms of the Financing Agreements executed with IDFC, our Company is required to maintain certain financial ratios including, total debt to net worth ratio of not more than 3.25: 1 and a secured debt to net worth ratio of not more than 1.6:1, (“Networth Covenants”). Our Company has failed to comply with the said Networth Covenants since April 1, 2007.
- (iii) Any default in complying with the terms and conditions of the other Financing Agreements would be viewed as an event of cross-default under the Financing Agreement executed with ICICI and accordingly, a default in connection with the Financing Agreements executed with IREDA and IDFC would also be deemed as a cross-default thereunder.

The aforementioned breaches would entitle the relevant lenders to various remedies available under their respective Financing Agreements which inter-alia include (i) pre-mature repayment of the amount of outstanding loans, (ii) imposition of penal interest, (iii) right of the relevant lender to appoint a nominee Director and/or remove any existing Director of our Company and/or otherwise reconstitute the management of our Company, and/or (iv) cancellation of the existing credit facilities extended to our Company.

As of June 30, 2009, the total amounts outstanding under the financing documents with IREDA, IDFC and ICICI Bank Limited, Hong Kong Branch were Rs. 385.3 million, Rs. 636.4 million and Rs. 324.2 million, respectively. In the event the aforesaid banks enforce any of the remedies available to them in connection with the aforementioned breaches, our operations and financial condition would be adversely affected, the value of which currently cannot presently be exactly quantified.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary permissions/approvals/no-objections/certifications/registrations, (collectively “**Authorisations**”), from GoI and various governmental agencies required for our present business and except as disclosed in this Letter of Offer no further approvals are required for carrying on our present business. The objects clause of the Memorandum of Association enables our Company to undertake its existing activities.

A. Approvals in relation to the Issue

- The Board of Directors has, pursuant to a resolution passed at its meeting held on September 9, 2009 authorized the Issue.
- Our Company has obtained in-principle listing approvals dated October 9, 2009 and November 10, 2009 from the BSE and the NSE, respectively.

B. Authorisations for our Operations:

1. **Authorisations obtained by our Company:** The following Authorisations have been obtained by our Company and are subsisting as on the date of this Letter of Offer:

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	License to Import and store Petroleum in Installation	Importation of 40 K.L petroleum of the class B in bulk and storage there of at 95KM STONE, NH-8, Vill. Jaliavas Rewari, AMBALA, Haryana License No: P/NC/HN/15/1349(P90337)	Joint Chief Controller of Explosives, Faridabad	September 21, 2007	December 31, 2012
2.	Factory License	For the factory premises situated at 691-696, HSIDC G.C., Milestone, Bawal, REWARI License Registration No: RWR/R/27/11874	Chief Inspector of Factories, Haryana	February 11, 2007	December 31, 2011
3.	Factory License	For the factory premises situated at Plot No – 180 D to J & 181 A, Sec-3 HSIDC, Bawal Growth (Rewari) License Registration No: MOH/R/33	Chief Inspector of Factories, Haryana	February 25, 2009	December 31, 2013
4.	Certificate for the use of a Boiler	For the use of the Boiler(water tube) at the maximum pressure of 51 kg/cm square situated at Banipur Chowk; Industrial Growth Centre, Bawal	Chief inspector of Boilers, Haryana	October 09, 2009	October 8,2010

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
		(Rewari) Registration No: CBBT-480			
5.	Certificate for the use of a Boiler	For the use of the Boiler at the maximum pressure of 11.25 kg/cm square situated at Banipur Chowk; Industrial Growth Centre, Bawal (Rewari) Registration No: HA-1010	Chief inspector of Boilers, Haryana	August 27, 2009	August 25, 2010
6.	Certificate of Registration under Contract Labour (Regulation & Abolition) Act,1970	For the registration of the establishment situated at Plot No 180-D to J & 181-A, Bawal Growth Centre-Rewari, Haryana containing particulars of contractors and contract labour. Registration No: RG-1867/2,006/410/RWR/I-78/NI-12	Joint Labour Commissioner	January 30,2007	December 31,2011
7.	Certificate of Registration under Contract Labour (Regulation & Abolition) Act,1970	For the registration of the establishment situated at Plot No- 691, Bawal Growth Centre Vill, Jaliawas, Rewari, Haryana containing particulars of contractors and contract labour. Registration No: CLA/DLC II-GGn/LO-WWB No.43	Deputy Labour Commissioner and Registering officer	January 30, 2008	December 31, 2010
8.	No Objection Certificate (Fire services)	Purpose: To confirm that the satisfactory fire safety arrangements has been made by the establishment situated at Plot No 180-D to J & 181-A, Sector 3 GC, District Bawal, Rewari, Haryana, along with the trained staff and fire fighting system and the authority certifying it has no objections to it. Reference No: FSR-192	Fire Station Officer (Rewari)	June 03, 2010	June 02, 2011
9.	No Objection Certificate (Fire services)	To confirm that satisfactory fire safety arrangements has been made by the establishment situated at Plot No- 691, Sector -2 GC, District Bawal, Rewari, Haryana, along with the	Fire Station Officer (Rewari)	June 03, 2010	June 02, 2011

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
		<p>trained staff and fire fighting system and the authority certifying it has no objections to it.</p> <p>Reference No: FSR-193</p>			
10.	Certificate of Registration under Rule 35 of the Standards of Weights and Measures (Packaged commodities) Rules, 1977	<p>Certification that the name and address of our Company is registered in the Department of Consumer Affairs and certification regarding the manufacturing/packing units of our Company situated at Delhi Jaipur Road, Bawal Growth Centre Vill, Jaliawas, Rewari, Haryana</p> <p>Registration No- WB/1741/1999</p>	Director of Legal Metrology, Department of Consumer Affairs	April 28, 1999	N/A
11.	Certificate of Registration for Quality Management System	<p>For the purpose of Company operating a quality management system which complies with the requirements of ISO 9001:2000 for the milling of paddy & processing of rice for domestic & international market.</p> <p>Certificate No: FM 94130</p>	Managing Director, BSI Management Systems	August 22, 2008	June 15, 2011
12.	Grant of consent for emission under Air (Prevention and control of Pollution) Act, 1981	<p>Grant of consent under Air (Prevention and control of Pollution) Act, 1981 in connection with emission of air pollution out of the factory premises of Company at Plot No 691-696, Bawal Growth Centre, Vill- Jaliawas, District Rewari</p> <p>Reference No: Regd. Ad No. HSPCB/Air Consent/ 2345</p>	Scientist 'C'- III (HQ), Haryana State Pollution Control Board	November 10, 2009	March 31, 2011
13.	Grant of consent for discharge of effluent under Water (Prevention and control of Pollution) Act, 1974	<p>Grant of consent under Water (Prevention and control of Pollution) Act, 1974 in connection with discharge of domestic effluent into sewer and trade effluent into sewer arising out of the factory premises of Company at Plot No 691-696, Bawal Growth Centre, Vill- Jaliawas,</p>	Scientist 'C'- III (HQ), Haryana State Pollution Control Board	November 10, 2009	March 31, 2011

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
		District Rewari Reference No: HSPCB/Water Consent/ 2343			
14.	No Objection Certificate (Pollution control of Water and Air)	Consent to establish is accorded for the purposes of setting up of a factory of Company at Plot No 180-D to J & 181-A, Bawal Growth Centre- Rewari, Haryana for the production of rice with installed capacity of 162800 M.T./annum Reference No: HSPCB/DHR/NOC/09/1711	Regional officer, Haryana State Pollution Control Board	August 11, 2009	August 10, 2011

MATERIAL DEVELOPMENTS

Save as disclosed hereinafter, there have been no developments since March 31, 2010 which effect the operations, or financial condition of our Company:

Our Company has allotted 990, 11.75% Non Convertible Debentures of Rs 10 Lac each divided into 9,900 Separately Transferable Redeemable Principle Parts (“**STRPPs**”) of Rs 1 Lac each on June 8, 2010 which are redeemable at par at the end of 3.5, 4.0, 4.5 and 5th year in the ratio of 20:20:30:30 respectively.

On June 9, 2010 Aspective Vanijya Private Limited has pledged 6,000,000 additional Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited. Further, on June 10, 2010 Jagdhatri Tracon Private Limited has pledged 4,000,000 Equity Shares with SICOM as additional security against loan taken by Shree Krishna Gyanodaya Flours Mills Pvt. Limited

STATUTORY AND OTHER INFORMATION

Authority for the Issue

The Board of Directors of our Company has pursuant to a resolution passed at their meeting held on September 9, 2009, authorised this offer of Rights Equity Shares on a rights basis.

Our Company confirms that none of its Directors are associated with the securities market in any manner and except as disclosed in this Letter of Offer, SEBI has not initiated any action against our Company or its Directors.

Our Company, our Promoters, our Promoter Group, Group Entities, the relatives (as per Companies Act) of thereof have not been named by the RBI or any other statutory/regulatory authority as willful defaulters.

Our Company has complied with the requirements of Part E of Schedule VIII of the SEBI Regulations, to the applicable extent, in terms of the disclosures made in this Letter of Offer.

Eligibility for the Issue

Our Company has complied with the provisions of Regulation 4 of the SEBI Regulations in connection with the general eligibility requirements for the Issue and confirms that:

1. Our Company, nor our Promoters, our Promoter Group, our Group Entities, Directors or person(s) in control of our Promoter have not been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
2. None of our Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
3. Our Company, our Directors, our Promoters, our Promoter Group, our Group Entities and the relatives (as per Companies Act) of our Directors and our Promoters, have not been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by us in the past, and except as disclosed herein, no such proceedings are pending against them for alleged violation of securities laws;
4. Our Company is an existing company registered under the Companies Act, whose Equity Shares are listed on the Stock Exchanges, namely BSE and NSE and we have received in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated October 9, 2009 and November 10, 2009, respectively, and have chosen BSE to be the Designated Stock Exchange for the purposes of this Issue. We will make applications to the Stock Exchanges for permission to deal in and for an official quotation in respect of the Rights Equity Shares being offered in terms of this Letter of Offer.
5. All existing partly paid-up Equity Shares of our Company have either been fully paid up or forfeited and as on the date of this Letter of Offer, there are no outstanding partly paid-up Equity Shares of our Company;
6. The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue and our Company's internal accruals / other sources as mentioned in the section entitled "Objects of the Issue" beginning on page 35 of this Letter of Offer. Thus, provisions of Regulation 4 (g) of the SEBI Regulations for firm arrangements of finance through verifiable means towards

75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and internal accruals/ other sources, does not apply to our Company as our Company do not proposes to avail any borrowed funds for part financing the Object of the Issue.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER(S), SBI CAPITAL MARKETS LIMITED, AXIS BANK LIMITED, FORTUNE FINANCIAL SERVICES (INDIA) LIMITED, AND IDBI CAPITAL MARKET SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUANCE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER(S) ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER(S), SBI CAPITAL MARKETS LIMITED, AXIS BANK LIMITED, FORTUNE FINANCIAL SERVICES (INDIA) LIMITED, AND IDBI CAPITAL MARKET SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2009 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THIS LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - A. THIS LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE SEBI REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - C. THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH**

- DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUANCE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
 4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOT APPLICABLE
 5. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
 6. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER THE BASIS OF ALLOTMENT HAS BEEN FINALISED IN CONSULTATION WITH THE STOCK EXCHANGES AND IN ACCORDANCE WITH THE CONTENTS OF THIS LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE.
 7. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE.
 8. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
 9. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS LETTER OF OFFER:
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME
 10. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

11. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.**
12. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

The filing of this Letter of Offer does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager(s) any irregularities or lapses in this Letter of Offer.

Disclaimer Statement from our Company and the Lead Managers:

OUR COMPANY AND THE LEAD MANAGER(S), NAMELY SBI CAPITAL MARKETS LIMITED, AXIS BANK LIMITED, FORTUNE FINANCIAL SERVICES (INDIA) LIMITED, AND IDBI CAPITAL MARKET SERVICES LIMITED ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS LETTER OF OFFER OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE BEEN REPRESENTED BY OUR COMPANY AND THE LEAD MANAGER(S) AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Selling Restrictions

The distribution of this Letter of Offer and the issue of our Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares on a rights basis to its Eligible Equity Shareholders/ the Depository on behalf of holder's of GDR's and will dispatch the Letter of Offer and Composite Application Form ("CAF") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such

jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

For further details please refer to the section entitled "Overseas Shareholders" beginning on page 16 of this Letter of Offer.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be BSE.

Disclaimer Clause of the BSE

BSE has given vide its letter dated October 09, 2009, permission to our Company to use the name of the BSE in this Letter of Offer as one of the Stock Exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The BSE does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii) warrant that the Company's securities will be listed or continue to be listed on the BSE; or
- iii) take any responsibility for the financial or other soundness of our Company, the Promoters, the management of our Company or any scheme or project of our Company; and

it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

NSE has given vide its letter reference no. NSE/LIST/122539-7 dated November 10, 2009, permission to our Company to use the name of the NSE in this Letter of Offer as one of the Stock Exchanges on which the Company's securities are proposed to be listed. The NSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management of our Company or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing with SEBI

The Draft Letter of Offer has been filed with SEBI, Plot No. C 4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India, for its observations. SEBI has given its observation vide letter dated April 08, 2010 which have been duly incorporated in this Letter of Offer. After SEBI gave its observations, this Letter of Offer has been filed with the Stock Exchanges as per the provisions of the Companies Act.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

Expert Opinion, if any

Except in the sections titled “Financial Statements” and “Statement of Tax Benefits” beginning on page 81 and 45 of this Letter of Offer, respectively, no expert opinion has been obtained by our Company in relation to this Letter of Offer.

Expenses of the Issue

The expenses of this Issue include, among others, lead management fees, printing and distribution expenses, legal fees, advertisement cost, registrar fees, depository charges and listing fees. The total Issue expenses are estimated to be approximately Rs. 223.80 million as per the following break-up:

Issue Expenses	Amount (Rs. in Millions)	% of Issue size	% of Issue expenses
Lead Management fees	206.0	1.65	92.05
Advertisement and Marketing expenses	11.0	0.09	4.92
Printing & Stationery (including courier and transportation charges)	1.8	0.02	0.80
Legal fees, Registrar's fees, Listing Charges etc.	3.5	0.03	1.56
Misc. Expenses	1.5	0.01	0.67
Total	223.8	1.80	100.00

Public or rights issues by our Company in last five years

Our Company has not undertaken any public or rights issues in the last five years.

Date of listing on the Stock Exchange

The Equity Shares of our Company were listed on BSE in w.e.f December 10, 1996 and subsequently the Equity Shares of our Company were listed on the NSE w.e.f October 11, 2004.

Previous issues in the last three years

On July 27, 2009 our Company allotted 2,99,45,550 Equity Shares to Qualified Institutional Buyers (as defined in the rescinded SEBI (Disclosure and Investor Protection) Guidelines, 2000), pursuant to provisions of Chapter XIII-A of the rescinded SEBI (Disclosure and Investor Protection) Guidelines, 2000. The price at which the shares were allotted to QIBs was Rs. 61/- per Equity Share.

On November 13, 2009, our Company issued 105,000 foreign currency convertible bonds(5.5% convertible bonds due 2014) convertible into Equity Shares. As on June 8, 2010, 104,650 of the aforementioned foreign currency convertible bonds, are outstanding which would entitle the holders thereof to acquire further Equity Shares.

Option to Subscribe

Other than the present rights Issue, our Company has not given any person any option to subscribe to the Equity Shares of our Company.

Important

- This Issue is pursuant to the resolution passed by the Board of Directors at their meeting held on September 9, 2009.
- This Issue is applicable to those Eligible Equity Shareholders/GDR Holders whose names appear as Beneficial Owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of our Company at the close of business hours on the Record Date i.e. June 8, 2010, after giving effect to the valid share transfers lodged with our Company up to the Record Date.
- Your attention is drawn to the section entitled “Risk Factors” beginning on page xii of this Letter of Offer.
- Please ensure that you have received the CAF with the Abridged Letter of Offer.
- Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.
- All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager(s) and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.
- The Lead Manager(s) and our Company shall update this Letter of Offer and keep the public informed of any material changes until the listing and trading commences.

Issue Schedule

Issue Opening Date:	June 30, 2010
Last date for receiving requests for SAFs:	July 9, 2010
Issue Closing Date:	July 16, 2010

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

Our Company will issue and dispatch allotment advice / share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within eight days from the day our Company becomes liable to pay it, our Company shall pay that money with interest as stipulated under section 73 of the Companies Act.

Investors residing in the 72 cities specified by SEBI pursuant to its circular dated February 1, 2008, will get refunds through ECS only except where Investors are otherwise disclosed as applicable /eligible to get refunds through direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through certificate of posting intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under Section 113 of the Companies Act or other applicable provisions.

Refund orders exceeding Rs.1,500 would be sent by registered post / speed post to the sole / first Investors' registered address. Refund orders up to the value of Rs.1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Investor Grievances and Redressal System

Our Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. Our registrar and share transfer agent is handling the share transfer and dematerialization for our Company. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 15 days.

The contact details of the Registrar to the Issue are as follows:

Maheshwari Datamatics Private Limited

6, Mangoe Lane,
Kolkata – 700 001

Status of Complaints

Number of shareholders complaints outstanding as of June 8, 2010: NIL

Total number of complaints received during the FY March 31, 2010: 5

Total number of complaints received during current Financial Year (up to June 8, 2010): NIL

Status of the complaints as on June 8, 2010: No Complaints pending

Time normally taken by it for disposal of various types of Investor grievances: Within 15 days

Investor Grievances arising out of this Issue

Our Company's Investor grievances arising out of the Issue will be handled by Mr. Mandan Mishra, Compliance Officer and Company Secretary and Maheshwari Datamatics Private Limited, who are the Registrars to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / warrant / refund order to enable the Registrar to redress grievances of the Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Company Secretary in case of any pre-Issue/ post - Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc. His address is as follows:

Mr. Mandan Mishra, Company Secretary

REI Agro Limited

58A/1, Sainik Farm,

New Delhi 110 062,

India

Tel: + 91 11 32905030/3290 6030

Fax No: + 91 11 2955 2403

Email: rightsissue@reiagro.com

Changes in Auditors during the last three years

There has been no change in the Auditor's of our Company during the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalized any of its reserves or profits for the last five years.

Revaluation of Fixed Assets

There has been no revaluation of our Company's fixed assets for the last five years.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue on the Issue Closing Date, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period as prescribed under subsection (2) and (2A) of Section 73 of the Companies Act.

Additional Subscription by the Promoters

Our Promoters/Promoter Group, have confirmed, vide their letters dated September 29, 2009 that they intend to subscribe to the full extent of their entitlement of Rights Equity Shares in the Issue. Our Promoters/Promoter Group reserve their right to subscribe to their entitlement and/or apply for additional Rights Equity Shares in the Issue, either by themselves or a combination of entities controlled by them, including subscribing for renunciation, if any, made by other Eligible Equity Shareholders. Our Promoter/Promoter Group has also, by their above letter confirmed that in addition to the subscription to the Rights Equity Shares as stated above, our Promoter/Promoter Group shall subscribe to, and/or make arrangements for the subscription of, additional Rights Equity Shares in the Issue to the extent of any unsubscribed portion of the Issue as per the relevant provisions of law. As a result of subscription to their entitlement and any unsubscribed portion and consequent allotment, our Promoters/Promoter Group may acquire Rights Equity Shares over and above their entitlement in the Issue, which may result in an increase of our Promoter's/Promoter Group's shareholding in our Company. Such subscription and acquisition of such additional Rights Equity Shares by our Promoters/Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on "Objects of the Issue" beginning on page 35 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to our Promoters/Promoter Group, in this Issue, their shareholding in our Company exceeds their current shareholding. Allotment to our Promoters/Promoter Group of any unsubscribed portion of the Rights Equity Shares, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. Our Company hereby confirms that, in case the Issue is completed with our Promoters/Promoter Group subscribing to Rights Equity Shares over and above their entitlement, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in the listing conditions or listing agreement.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the enclosed CAF, the provisions of the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, FEMA, SEBI Regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to a resolution passed by the Board of Directors of our Company under section 81(1) of the Companies Act at their meeting held on September 9, 2009. Pursuant to a meeting of the Board of Directors of our Company held on May 26, 2010, the Board of Directors determined a price of Rs. 19.50 per Rights Equity Shares as the Issue Price and a Rights Entitlement of two Rights Equity Shares for every one fully paid-up Equity Shares held on the Record Date, i.e. on June 8, 2010.

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares. The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Rights Equity Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance until the moneys have become payable.

Mode of Payment of Dividend

We shall pay dividend to our Equity Shareholders as per the provisions of the Companies Act.

Listing and trading of Rights Equity Shares proposed to be issued

Our Company's existing Equity Shares are currently trade on the Stock Exchanges under the ISIN Code INE385B01031. The fully paid up Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven working days from the finalisation of basis of allotment. Our Company has received for "in-principle" approvals for listing of the Rights Equity Shares in accordance with clause 24(a) of the Listing Agreement from the BSE and NSE through their letters dated October 9, 2009 and November 10, 2009, respectively.

Rights of the Eligible Equity Shareholder

The Rights Equity Shares allotted in this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Eligible Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared.
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy. However, the voting rights in a poll shall be in proportion to the paid-up value of the Rights Equity Shares held;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Listing Agreement and Memorandum and Articles of Association.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of the Equity Shares held in physical form at the close of business hours on June 8, 2010 (the “**Record Date**”), fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as beneficial owner in respect of the Equity Shares held in the Electronic Form or appears in the Register of Members as an Eligible Equity Shareholder, you are entitled to the number of Rights Equity Shares shown in Block I of Part A of the enclosed CAF.

The Eligible Equity Shareholders are entitled to two Rights Equity Shares for every one Equity Shares held on the Record Date.

Offer to Non-Resident Equity Shareholders/Applicants

Applications received from NRIs for allotment of Rights Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Rights Equity Shares, issue of letter of allotment/share certificates, payment of interest, dividends, etc. The Rights Equity Shares purchased by NRIs shall be subject to the same conditions including restrictions in regard to the reparability as are applicable to the original shares against which Rights Equity Shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. The circular stipulates that an OCB shall not be eligible to purchase equity or preference shares or convertible debentures offered on right basis by an Indian company, and no Indian company shall offer equity or preference shares or convertible debentures on right basis to an OCB. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Bank at its registered office, the OCB shall receive this Letter of Offer and the CAF.

Applications received from the NRIs for the allotment of Rights Equity Shares shall, among other things, be subject to conditions as may be imposed, from time to time, by the RBI, in the matter of refund of application moneys, allotment of Rights Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

In case of change of status of holders i.e. from resident to non-resident, a new demat account shall be opened for the purpose.

Principal Terms of the Issue

Face Value

Each Rights Equity Share will have the face value of Re. 1.

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of Rs. 19.50 for cash at a premium of Rs. 18.50 per Equity Share.

Entitlement Ratio

The Rights Equity Shares are being offered to the existing Eligible Equity Shareholders in the ratio of two Rights Equity Shares for every one Equity Share held on the Record Date i.e. June 8, 2010.

Global Depositary Receipts

The GDRs are issued by Citibank N.A. as depositary (the “**Depositary**”) are currently listed on the London Stock Exchange and are subject to the terms and conditions of the Regulation S Deposit Agreement Dated November 17, 2005 (the “**Regulation S Deposit Agreement**”).

Our Company and the Depositary have agreed in the Regulation S Deposit Agreement that in the event our Company offers or causes to be offered to any GDR holders, any rights to subscribe for Equity Shares or any rights of any other nature, the Depositary, after consultation with our Company, shall have the discretion as to the procedure to be followed in making such rights available to the GDR holders or in disposing of such rights on behalf of such GDR holders and making the net proceeds available in cash to such GDR holders. Notwithstanding the foregoing, if by the terms of such rights offering or by reason of applicable law the Depositary may neither make such rights available to such GDR holders nor dispose of such rights and make the net proceeds available to such GDR holders, then the Depositary shall allow the rights to lapse. As on June 8, 2010, 11,327,000 GDRs each representing 1 Equity Share were outstanding.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one (1) Equity Share. In case of holding of Equity Shares in physical form, our Company would issue to the allottees one (1) certificate for the Rights Equity Shares allotted to each folio (“**Consolidated Certificate**”). In respect of consolidated certificates, our Company will upon receipt of a request from the respective Eligible Equity Shareholder, split such consolidated certificates into smaller denominations within six weeks time from the receipt of the request in respect thereof.

Joint Holders

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available for Rights Equity Shares. The Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Eligible Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Rights Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered and Corporate Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one Regional Newspaper will be Bengali national daily with wide circulation, will be sent by ordinary post/registered post/speed post to the registered holders of the Equity Shares from time to time.

Additional Subscription by our Promoters and Promoter Group

Our Promoters and Promoter Group, have confirmed, vide their letters dated September 29, 2009 that they intend to subscribe to the full extent of their entitlement of Rights Equity Shares in the Issue. Our Promoters and Promoter Group reserve their right to subscribe to their entitlement and/or apply for additional Rights Equity Shares in the Issue, either by themselves or a combination of entities controlled by them, including subscribing for renunciation, if any, made by other Eligible Equity Shareholders. Our Promoter and Promoter Group has also, by their above letter confirmed that in addition to the subscription to the Eligible Equity Shares as stated above, our Promoter and Promoter Group shall subscribe to, and/or make arrangements for the subscription of, additional Eligible Equity Shares in the Issue to the extent of any unsubscribed portion of the Issue as per the relevant provisions of law. As a result of subscription to their entitlement and any unsubscribed portion and consequent allotment, our Promoters and Promoter Group may acquire Eligible Equity Shares over and above their entitlement in the Issue, which may result in an increase of our Promoter’s and Promoter Group’s shareholding in our Company. Such subscription and acquisition of such additional Eligible Equity Shares by our Promoters and Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” beginning on page 35 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to our Promoters and Promoter Group, in this Issue, their shareholding in our Company exceeds their current shareholding. Allotment to our Promoters and Promoter Group of any unsubscribed portion of

the Eligible Equity Shares, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. Presently our Company is complying with Clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid up equity capital.

Our Company hereby confirms that, in case the Issue is completed with our Promoters and Promoter Group subscribing to Rights Equity Shares over and above their entitlement, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in the listing conditions or listing agreement.

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription amount shall be refunded to the Investors within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act

PROCEDURE FOR APPLICATION

For Eligible Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “*Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process*” beginning on page 152 of this Letter of Offer.

Application by Resident Eligible Equity Shareholders

Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For details see “Application on Plain Paper” beginning on page 150 of this Letter of Offer. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. The CAF for Rights Equity Shares would be printed in black ink for all Eligible Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not agree with the specimen registered with our Company, the application is liable to be rejected.

Applications will not be accepted by the Lead Manager(s) or by the Registrar to the Issue or by the Bank at any offices except in the case of postal applications as per instructions given in this Letter of Offer.

The CAF consists of four parts:

Part A: Form for accepting the Rights Equity Shares offered and for applying for additional Rights Equity Shares

Part B: Form for renunciation

Part C: Form for application for Renouncees

Part D: Form for request for split application forms

Applications by Non-resident Eligible Equity Shareholders

Applications received from the Non-Resident Eligible Equity Shareholders for the allotment of Rights Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Rights Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc. The Letter of offer and CAF shall be despatched to non-resident Eligible Equity Shareholders at their Indian address only.”

Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Applications by investors in the United States and U.S. Persons

See the section titled "Overseas Shareholders-Notice to Investors in the United States and U.S. Persons" beginning on page 18 of this Letter of Offer.

Applications by Non Resident Indians

1. CAFs have been made available for eligible NRIs at our Registered Office and with the Lead Manager(s).
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Acceptance of the Issue

You may accept the Offer and apply for the Rights Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Kolkata /demand draft payable at Kolkata to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Options available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement of the Rights Equity Shares in full.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in

consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 151 of this Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares, where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF(s), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Any renunciation from resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/Renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

‘Part A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (‘Part B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the Renouncees applying for Rights Equity Shares in ‘Part C’ of the CAF to receive allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. ‘Part A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in ‘Part A’, in whole, please complete ‘Part B’ of the CAF. In case of joint holding, all joint holders must sign ‘Part B’ of the CAF. The person in whose favour renunciation has been made should complete and sign ‘Part C’ of the CAF. In case of joint Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms (“SAFs”) in the space provided for this purpose in ‘Part D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign ‘Part C’ of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. A Renounee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for allotment from the Renounee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Rights Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign</i>)
3. Renounce your Rights Entitlement in full to one person (<i>Joint Renounees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (<i>All joint Renounees must sign</i>)
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renounee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights

Option Available	Action Required
	Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Rights Equity Shares held in electronic form.

Please note that:

- ‘Part A’ of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- A Request by the Investor for the SAF should reach our Company on or before July 9, 2010.
- Only the Eligible Equity Shareholders to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Investor’s risk.

Investors must write their CAF Number at the back of the cheque/demand draft

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with Demand Draft, net of bank and postal charges payable at Kolkata which should be drawn in favor of the “*REI Agro Limited- Rights Issue*” or “*REI Agro Limited- Rights Issue-NR*” and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. The envelope should be superscribed “*REI Agro Rights Issue*” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being REI Agro Limited;

- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Payment method opted for and the total amount paid at the rate of Rs. 19.50 per Rights Securities;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; and
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Investor without any interest thereon.

Last date of Application

The last date for submission of the duly filled in CAF is June 16, 2010. The Issue will be kept open for 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the section entitled “Terms of the Issue – Basis of Allotment” beginning on page 151 of this Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The

- allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (c) Allotment to Renounees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a) and (b) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
 - (d) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a),(b) and (c) above.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (b), (c) and (d) above.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Our Promoters and Promoter Group have provided an undertaking dated September 29, 2009 to our Company to apply for additional Rights Equity Shares in the Issue, to the extent of the unsubscribed portion of the Issue. Our Promoter and Promoter Group has also, by their above letter confirmed that in addition to the subscription to the Eligible Equity Shares as stated above, our Promoter and Promoter Group shall subscribe to, and/or make arrangements for the subscription of, additional Eligible Equity Shares in the Issue to the extent of any unsubscribed portion of the Issue as per the relevant provisions of law. As a result of this subscription and consequent allotment, our Promoters and Promoter Group may acquire Rights Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the Rights Entitlement of Rights Equity Shares under the Issue. This subscription and acquisition of additional Rights Equity Shares by the Promoters and Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in "Objects of the Issue" on page 35), there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to the Promoters and Promoter Group entities, in this Issue, the Promoter's and Promoter Group's shareholding in our Company exceeds their current shareholding. In the event of oversubscription, allotment will be made within the overall size of the Issue. Allotment to the Promoters and Promoter Group of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription amount shall be refunded to the Investors within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process

SEBI, by its circular dated August 20, 2009, introduced in rights issue application supported by blocked amount wherein the application money remains in the ASBA Account until allotment. Mode of payment through ASBA in Rights Issue became effective on August 20, 2009. Since this is a new mode of payment in Rights Issues, set forth below is the procedure for applying under the ASBA procedure, for the benefit of the shareholders.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety.

Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for by such Eligible Equity Shareholders do not exceed the applicable limits under laws or regulations.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to Eligible Equity Shareholders of our Company on the Record Date and who:

- are holding the Rights Equity Shares in dematerialised form as on the Record Date and have applied towards
- his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with one of the SCSBs.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only or in plain paper application and indicate that they wish to apply through the ASBA payment mechanism. On submission of the CAF after selecting the ASBA Option in Part A or plain paper applications indicating application through the ASBA payment mechanism, the Eligible Equity Shareholders are deemed to have authorized (i) the SCSB to do all acts as are necessary to make the CAF in the Issue, including blocking or unblocking of funds in the bank account maintained with the SCSB specified in the CAF or the plain paper, transfer of funds to the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, on receipt of instruction from the Registrar to the Issue after finalization of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the CAF or plain paper, upon finalization of the basis of Allotment and to transfer the requisite funds to the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act.

Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/ plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. However, no more than five (5) applications (including CAF and plain paper application) can be submitted per bank account in the Issue. In case of withdrawal / failure of the Issue, the

Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the Equity Shareholder applying through ASBA within one (1) day from the day of receipt of such notification.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrars. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Eligible Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF or (ii) more than five (5) applications (including CAF and plain paper application) are submitted per account held with the SCSB in the Issue. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign</i>)

The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that (i) you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” beginning on page 151 of this Letter of Offer.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

Renounees cannot participate in the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders applying on the basis of a plain paper application are required to indicate their choice of applying under the ASBA Process.

The envelope should be super scribed “REI Agro Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the Designated Branch / corporate branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being REI Agro Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. 19.50 per Equity Share;
- Particulars of cheque/draft;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Authorizing such SCSB to block an amount equivalent to the amount payable on the application in such bank account maintained with the same SCSB;
- A representation that the Equity Shareholder is not a “U.S. Person” (as defined in Regulation S under the Securities Act); and
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE BEING HELD ON RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

- a. Please read the instructions printed on the respective CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- c. The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Managers to the Issue.
- d. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government and the officials appointed by the courts, CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected.
- e. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.
- g. In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h. All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i. Only the person or persons to whom the Rights Equity Shares have been offered and not renouneece(s) shall be eligible to participate under the ASBA process.

Do's:

- a. Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper indicating application through the ASBA payment mechanism with all necessary details as indicated under the section entitled "Terms of the Issue – Application on Plain Paper" beginning on page 150 of this Letter of Offer.
- b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that the CAFs / plain paper applications are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- e. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- f. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.

- g. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF /plain paper application in physical form or electronic mode.
- h. Except for applications on behalf of the Central or State Government and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- i. Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF / plain paper application is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.
- j. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- b. Do not pay the amount payable on application in cash, by money order or by postal order.
- c. Do not send your physical CAFs / plain paper applications to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- d. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- e. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejection” beginning on page 163 of this Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

- a) Application for Rights Entitlements or additional shares in physical form.
- b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- c) Sending CAF / plain paper application to the Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d) Renouncee applying under the ASBA Process.
- e) Insufficient funds are available with the SCSB for blocking the amount.
- f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- h) Submitting the GIR number instead of the PAN.
- i) Application on split form

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE

DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Eligible Equity Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs / plain paper applications, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF / plain paper application and not the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Eligible Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Transfer of Funds

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA bank accounts for (i) transfer of requisite funds to the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, (ii) rejected / unsuccessful ASBAs.

In case of failure or withdrawal of the Issue, on receipt of appropriate instructions from the Lead Manager through the Registrar to the Issue, the SCSBs shall unblock the bank accounts latest by the next day of receipt of such information.

Underwriting

This Issue is not being underwritten.

Allotment / Refund

Our Company will issue and dispatch allotment advice/ share certificates/debenture certificates/demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier), our Company shall pay that money with interest for the delayed period as stipulated under Section 73 of the Companies Act.

Investors residing in the 68 cities specified by SEBI pursuant to its circular dated February 1, 2008, (centers where clearing houses are managed by the RBI) will get refund through ECS only except where the Investors are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through Certificate of posting intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share/debenture certificates under section 113 of the Companies Act or other applicable provisions if any. Any refund order exceeding Rs. 1,500 will be despatched by registered post/ speed post to the sole/ first Investor's registered address. Refund orders up to the value of Rs. 1,500 would be sent under the certificate of posting. Such cheques or pay orders will be payable at par at all places where the applications were originally accepted and will be marked 'Account Payee only' and would be drawn in the name of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS – Payment of refund would be done through ECS for Investors having an account at any of the 72 centres. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at any of the abovementioned 72 centres, except where the Investor, being eligible, opts to receive refund through National Electronic Fund Transfer (“NEFT”), direct credit or RTGS.
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Managers may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.

3. Direct Credit – Investors having bank accounts with the existing bankers of our Company shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – Investors having a bank account at any of the abovementioned 72 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be despatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days from the Issue Closing Date. In case our Company issues allotment advice, the relative share certificates will be despatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Rights Equity Shares in Dematerialized Form

Investors to the Rights Equity Shares of our Company issued through this Issue shall be allotted the Rights Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company signed a tripartite agreement dated April 25, 2000 with NSDL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. Our Company has also signed a tripartite agreement dated August 23, 2000 with CDSL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and/or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical form.

Investors may please note that the Rights Equity Shares of our Company can be traded on the Stock Exchanges only in dematerialized form.

Procedure for availing the facility for allotment of Rights Equity Shares in this Issue in the electronic form is as under:

- (i) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account (s) need not adhere to this step.*
- (ii) For Eligible Equity Shareholders already holding Rights Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Rights Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.
- (iii) Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.
- (iv) If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Rights Equity Shares in physical form.
- (v) Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- (vi) Rights Equity Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- (vii) Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- (viii) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (ix) The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account.
- (x) It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.

- (xi) Dividend or other benefits with respect to the Rights Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for Investors

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For details see “Application on Plain Paper” beginning on page 150 of this Letter of Offer. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.
- c) The CAF together with cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager(s) to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Kolkata of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- d) Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue.
- e) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of our Company with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.
- f) All payments should be made by cheque/DD only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- i) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- j) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k) SAFs cannot be re-split.
- l) Only the person or persons to whom Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain SAFs.
- m) Investors must write their CAF number at the back of the cheque /demand draft.
- n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (e) above).
- p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;

- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number not given for application of any value;
- Submit the GIR number instead of the PAN;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing Eligible Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- Applications not duly signed by the sole/joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- For applications by Investors that are located outside of the United States and that are not U.S. persons, such applications that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;
- For applications by Investors that are U.S. persons or which have evidence of being executed in/despached from the U.S., such applications by Investors that have not provided to our Company a duly executed Investor Representation Letter that our Company has accepted;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- Multiple Applications;
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.
- Applications by renouces who are persons not contempt to contract under the Indian Contract Act, 1872, including minors; and
- Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Mode of payment for Resident Eligible Equity Shareholders / Investors

- All cheques / demand drafts accompanying the CAFs should be crossed 'A/c Payee only' and drawn in favour of '**REI Agro Limited-Rights Issue**'.
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount, net of bank and postal charges crossed 'A/c Payee only' and drawn in favour of '**REI Agro Limited-Rights Issue**' payable at Kolkata directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Eligible Equity Shareholders / Investors

As regards the application by non-resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Kolkata or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques / demand drafts submitted by non-residents applying on repatriable basis should be drawn in favour of '**REI Agro Limited-Rights Issue - NR**' payable at Kolkata and crossed 'A/c Payee only' for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor's Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account

maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Kolkata. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of '**REI Agro Limited-Rights Issue**' payable at Kolkata and must be crossed 'A/c Payee only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from resident Indian to NRI.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Our Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renounees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Kolkata so that the same are received on or before the closure of the Issue.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs: The Issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Company. In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100% of our equity share capital.

Investments by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. NRI Investors should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided are liable to be rejected.

Payment by Stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application monies received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- (iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.

3. That the funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue;
4. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
5. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
6. That the certificates of the securities/ refund orders shall be despatched within the specified time.
7. Certificates of securities/refund orders of the Non-Resident/Non Resident Indians shall be despatched within the specified time subject to receipt of approval from RBI/FIPB, if required;
8. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts or the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable inquiries to ascertain such facts;
9. That no further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
10. All information shall be made available by the Lead Manager(s) and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed "**REI Agro Rights Issue**" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Maheshwari Datamatics Private Limited
6, Mangoe Lane,
Kolkata – 700 001

It is to be specifically noted that this Issue of Equity Shares is subject to the risks as detailed in the section entitled "Risk Factors" beginning on page xii of this Letter of Offer.

Issue to remain open for a minimum of 15 days and maximum of 30 days as may be determined by the Board.

SECTION IX –STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company situated at REI Agro Limited, Room No. 15B, Everest House, 46C Chowringhee Road, Kolkata-700 0071, West Bengal, India, from 10.00 a.m. to 5.00 p.m., from the date of this Letter of Offer until the Issue Closing Date, on working days. Please note that the corporate office of our Company is in Delhi.

(A) Material Contracts

1. Engagement letter dated September 10, 2009 appointing SBI Capital Markets Limited, Axis Bank Limited, Fortune Financial Services (India) Limited, and IDBI Capital Market Services Limited to act as Lead Manager(s) to the Issue.
2. Agreement dated September 30, 2009 between our Company and the Lead Manager(s) to the Issue.
3. Memorandum of Understanding dated September 29, 2009 between our Company and the Registrar to the Issue.
4. Letter dated June 1, 2010 appointing Axis Bank Limited as the Monitoring Agency in connection with the Issue.
5. Letter of consent dated June 02, 2010 issued by Axis Bank Limited to our Company in connection with inclusion of their name as bankers to the Issue in the Letter of Offer.
6. Letter of consent dated June 07, 2010 issued by IDBI Bank Limited to our Company in connection with inclusion of their name as bankers to the Issue in the Letter of Offer.
7. Escrow Agreement dated June 23, 2010 between our Company, the Lead Managers, Axis Bank Limited and IDBI Bank Limited.

(B) Documents

1. Certified true copy of the certificate of incorporation of our Company dated September 14, 1994.
2. Memorandum of Association and Articles of Association of our Company.
3. Shareholders' resolution passed at the AGM held on September 23, 2009 appointing M/s. P.K. Lilha & Co., Chartered Accountants as statutory auditors of our Company.
4. Copy of the Board resolution dated September 9, 2009 authorising this Issue.
5. Copy of the Board resolution dated June 30, 2008 appointing Mr. Sandip Jhunjunwala as the Vice Chairman and Managing Director of our Company.
6. Copy of the Board resolution dated May 26, 2010 approving the Issue Price and determining the Record Date.
7. Consents of the Directors, Company Secretary, Auditor, Lead Manager(s) to the Issue, Registrar to the Issue and the Legal Advisor to the Issue and to our Company, the Monitoring Agency to include their names in this Letter of Offer to act in their respective capacities.

8. Appointment of Company Secretary as Compliance Officer and consent thereto.
9. Letter dated June 8, 2010 from the Auditor of our Company confirming the Statement of Tax Benefits as disclosed in this Letter of Offer.
10. The Report of the Auditors dated June 8, 2010 as set out herein in relation to the audited financials of our Company for the FY 2010.
11. Audited financial statements of our Company for the last FY 2010.
12. In-principle listing approval dated October 9, 2009 and November 10, 2009 from the BSE and NSE, respectively.
13. SEBI Observation Letter No. CFD/DIL/ISSUES/SP/JAK/596/2010 dated April 8, 2010 issued by SEBI for the Issue.
14. Due Diligence Certificates dated September 30, 2009 and June 24, 2010 from the Lead Manager(s).
15. Certificate from the Chartered Accountant confirming that the loans have been utilized for the purpose for which these loans were raised.
16. Certificate dated June 10, 2010 issued by P.K. Lilha & Co, Chartered Accountants in connection with share application money brought in by Promoters and Promoter Group Entities for the Issue.
17. Certificate dated June 10, 2010 issued by P.K. Lilha & Co, Chartered Accountants in connection with deployment of funds towards the objects of the Issue.
18. Tripartite agreement with CDSL dated August 23, 2000 and with NSDL dated April 25, 2000.
19. Prospectus dated July 24, 1996 for the public issue of 72,50,000 equity shares of face value Rs. 10/- each of our Company.
20. Offering circular dated November 6, 2009 in connection with the issue of foreign currency convertible bonds and placement document dated July 23, 2009 in connection with the issue of qualified institutional placements.

DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said Issue as also the regulations, guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Letter of Offer are true and correct.

Signed by all the Directors of our Company

MR. SANJAY JHUNJHUNWALA
Non-Executive Chairman

MR. SANDIP JHUNJHUNWALA
Vice Chairman, Managing Director and Chief Financial Officer

DR. ING NARPINDER KUMAR GUPTA
Non-Executive Independent Director

MR. ASOKE CHATERJEE
Non-Executive Independent Director

MR. KRISHNA DAYAL GHOSH
Non-Executive Independent Director

MR. MANDAN MISHRA
Company Secretary

Date: June 24, 2010

Place: Kolkata