



May 31, 2016

The General Manager Department of Corporate Services Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	The Manager (Listing), National Stock Exchange of India Ltd. Exchange Plaza Bandra Kurla Complex, Bandra (E) Mumbai – 400 051
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Sub: Outcome of the Board Meeting- REI Agro Limited

Dear Sir/Madam,

We would like to inform you that the Board of Directors of the Company in their meeting which is concluded today, 31st May, 2016 at its Corporate Office 58A/1, Sainik Farm, New Delhi-110062 had:

1. Approved and taken on records the Audited Financial Results of the Company for the financial year/quarter ended 31st March, 2016.

This is for your kind information and record.

Thanking you,
Yours faithfully,

For REI Agro Limited


Mandan Mishra
Company Secretary

New Delhi Office : 58A/1, Sainik Farm, New Delhi - 110 062
Tel.: 011-32905030, 32906030 Fax : 011 - 29552403 E-mail : info@reiagro.com
Registered Office : "Everest House" 46-C, Chowringee Road, 15th Floor, R.N. 15B, Kolkata-700 071
Tel.: 033-32925061, 32925062 Fax : 033-22882241
Factory : Plot No. 691, Sector - 2, Delhi - Jaipur Road, NH-8,
Bawal Growth Centre, Village Jaliavas, Dist-Rewari, Haryana
Tel.: 01284-264459, 264457 Fax : 01284-264463



REI AGRO LIMITED
CIN : L14200WB1994PLC104573
Regd Office : 46C Chowringhee Road, Everest House, R.N 15B, Kolkata 700 071
Phone : +91 33 329 25 061, 329 25 062 Fax : 033-22882241 Email : investorgrievance@reiagro.com

AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2016
(Amounts shown in Lacs in Indian Rupees, except share data and where otherwise stated)

PARTICULARS	STANDALONE				
	Three Months Ended (Un-Audited)			Year Ended (Audited)	
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
1) Net Sales/Income from Operations	7,332.69	11,139.61	32,942.65	52,179.67	185,576.61
Total	7,332.69	11,139.61	32,942.65	52,179.67	185,576.61
2) Expenditure					
A) Consumption of Raw Materials	8,609.21	15,957.32	172,905.56	93,562.66	384,152.40
B) Purchase of Traded Goods	288.23	1,064.81	104,500.07	24,702.05	263,031.45
C) (Increase)/Decrease in Stock in Trade	162.87	169.10	299.06	536.91	1,011.80
D) Employees Cost	2,609.28	2,638.50	7,387.63	10,496.71	10,501.39
E) Depreciation	5,641.22	565.31	14,119.68	8,080.41	17,414.56
F) Other Expenditure					
Total	17,310.81	20,395.04	299,212.00	137,378.74	676,111.60
3) Profit from Operations before other income, interest and exceptional items (1-2)	(9,978.12)	(9,255.43)	(266,269.35)	(85,199.07)	(490,534.99)
4) Other Income	3.29	76.92	(1,131.02)	85.71	44.15
5) Profit before interest and FEF and exceptional items (3+4)	(9,974.82)	(9,178.51)	(267,400.37)	(85,113.36)	(490,490.84)
6) Interest/Finance Cost	2,936.67	2,561.61	11,305.04	10,655.06	26,966.12
7) Loss/(Gain) on Foreign Exchange Fluctuation	48.07	1,816.14	(519.12)	7,884.40	4,532.76
8) Profit after interest and FEF but before exceptional items (5-6-7)	(12,956.22)	(13,556.25)	(278,186.29)	(103,652.82)	(521,989.72)
9) Exceptional Items	10,020.81	-	-	10,020.81	27,440.15
10) Profit/(Loss) from before tax (8-9)	(22,980.37)	(13,556.25)	(278,186.29)	(113,673.63)	(549,429.87)
11) Provision For Taxation					
- Current Tax	-	-	-	-	-
- For earlier years	(6,025.92)	(34.20)	-	(6,060.11)	-
12) Net Profit (+)/(Loss) for the Period / Year (10-11)	(16,954.45)	(13,522.05)	(278,186.29)	(107,613.52)	(549,429.87)
13) Paid Up Equity Share Capital (Face value Re 1/- per share)	9,579.85	9,579.85	9,579.85	9,579.85	9,579.85
14) 4% Non-Convertible Preference Share (Face value Rs. 100/- per share)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
15) Reserve Excluding Revaluation Reserve	-	-	-	(398,611.01)	(290,997.49)
16) Earning Per Share(EPS) Face value Re 1/- per share					
- Basic (Rs.)	(1.77)	(1.41)	(29.04)	(11.23)	(57.35)
- Diluted (Rs.)	(1.77)	(1.41)	(29.04)	(11.23)	(57.35)

PARTICULARS	STANDALONE				
	Three Months Ended			Year Ended	
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
A) Particulars of Shareholders :-					
1) Public Share Holding					
No of Shares	689,337,765	683,337,765	683,337,765	689,337,765	683,337,765
Percentage of Shareholding	71.96	71.33	71.33	71.96	71.33
2) Promoters and Promoter Group Shareholding					
A) Pledged/ Encumbered					
- Number Of Shares	22,580,043	28,580,043	28,580,043	22,580,043	28,580,043
- Percentage of Shares (As a % of total Shareholding of Promoter and Promoter Group)	8.41	10.41	10.41	8.41	10.41
- Percentage of Shares (As a % of total Equity Share Capital of the company)	2.35	2.98	2.98	2.35	2.98
B) Non - Encumbered					
- Number Of Shares	246,067,146	246,067,146	246,067,146	246,067,146	246,067,146
- Percentage of Shares (As a % of total Shareholding of Promoter and Promoter Group)	91.59	89.59	89.59	91.59	89.59
- Percentage of Shares (As a % of total Share Capital of the company)	25.69	25.69	25.69	25.69	25.69
B) Investors Complaints :-					
Balance as on 1st Jan 2016	NIL				
Received during the Quarter	NIL				
Disposed off during the Quarter ended	NIL				
Balance as on 31st Mar 2016	NIL				



PARTICULARS	(Rs in Lacs) Standalone (Audited)	
	As at March 31 '2016 (Audited)	As at March 31 '2015 (Audited)
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	13,579.85	13,579.85
Reserves and Surplus	(398,611.01)	(290,997.49)
Sub Total - Shareholders Fund	(385,031.16)	(277,417.64)
Non-current liabilities		
Long Term Borrowings	16.94	2,845.62
Deferred Tax Liabilities (net)	-	-
Long Term Provisions	89.13	108.55
Sub Total - Non-current Liabilities	106.07	2,954.18
Current liabilities		
Short Term Borrowings	419,707.13	419,534.90
Trade Payables	47,506.17	46,125.67
Other Current Liabilities	224,610.27	206,430.92
Short Term Provisions	-	6,026.06
Sub Total - Current Liabilities	691,823.57	678,117.55
TOTAL - EQUITY AND LIABILITIES	306,898.48	403,654.09
II. ASSETS		
Non current assets		
Fixed assets		
Tangible assets	232,459.09	242,955.79
Intangible assets	-	-
Capital work-in-progress	-	-
Non-current investments	38,692.39	38,692.39
Long term loans and advances	1,878.32	3,228.32
Sub Total - Non Current Assets	273,029.80	284,876.50
Current assets		
Inventories	712.12	26,185.37
Trade receivables	29,905.47	83,417.11
Cash and cash equivalents	249.84	6,665.28
Short term loans and advances	2,957.16	2,474.60
Other current assets	44.09	35.23
Sub Total - Current Assets	33,868.68	118,777.59
TOTAL - ASSETS	306,898.48	403,654.09

- 1) During the year due to sudden death of one of the Independent Director Mr. Asoke Chatterjee on 04.08.2015 and thereafter due to resignation of Dr. Ing Narpinder Kumar Gupta on 23.11.2015, there are only 2 Members left in the Board, who did not form a Competent Board in accordance to the Companies Act, 2013. However the Directors have finalized and approved the 3rd Quarterly Results with the existing directors and now submitting the yearly results which is again subject to final approval by the competent Board. As the company has filed "Misc. Application" with hon'ble BIFR to allow the Company to act with only two existing Directors till the Company is in BIFR.
- 2) Due to liquidity crunch being faced by the company it was not able to procure adequate quantity of Raw materials continuing partial shutdown of all its manufacturing units. This has resulted in lower turnover which negatively impacted the operating margin.
- 3) The company has made substantial losses during the quarter / year ended amounting to Rs. 169.54 Cr and Rs. 1,076.14 Cr respectively due to higher input costs, processing loss and poor realisations.
- 4) The net Worth of the company has entirely eroded due to the losses suffered by the company. It has already made reference to the Hon'ble BIFR which has been registered with them vide case no. 85/2015 for adopting measures for the revival and rehabilitation of the company.
- 5) During the Year ended 31.03.2016, the Company was primarily engaged in the business of processing / trading of food grains (Rice) which is single reportable segment as per Accounting Standard 17.
- 6) The company has not provided for interest on borrowings from Banks and financial institutions, etc amounting to Rs. 701.35 Cr (Previous Year Rs. 426.07 Cr) for the year ended 31st March, 2016 including Rs. 181.38 Cr for the fourth Quarter.
- 7) Figures for corresponding previous year/quarters have been regrouped/ rearranged wherever considered necessary.

Date : 31st May, 2016

Place : New Delhi



FOR AND BEHALF OF THE BOARD OF DIRECTORS

SANDIP DHUNJHUNWALA
MANAGING DIRECTOR





REI AGRO LIMITED

May 31, 2016

The General Manager Department of Corporate Services Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	The Manager (Listing), National Stock Exchange of India Ltd. Exchange Plaza Bandra Kurla Complex, Bandra (E) Mumbai – 400 051
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Sub: Declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016

Dear Sir/ Madam,

Please find enclosed herewith the Audit Report with unmodified opinion in respect of Emphasis of Matters and Statement on Impact of Audit Qualification in respect of Qualified Opinion as issued by the statutory auditors of the Company, i.e., M/s P.K Lilha & Co., Kolkata, Chartered Accountants (Firm Registration no.307008E) with respect to the audited annual financial statements of the Company for the year ended 31st March, 2016.

This is for your kind information and records.

Thanking you,
Yours faithfully,

For REI Agro Limited


Mandan Mishra
Company Secretary

New Delhi Office : 58A/1, Sainik Farm, New Delhi - 110 062
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INDEPENDENT AUDITOR'S REPORT

To the Members of
REI AGRO LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **REI AGRO LIMITED**, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then, ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our Audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified opinion:-

- 1) 1} During the year due to sudden death of one of the Independent Director Mr. Asoke Chatterjee on 04.08.2015 and subsequently due to resignation of Dr Ing Narpinder Kumar Gupta on 23.11.2015, Number of Directors on the Board of the Company has reduced to Two {2} only which is not a Competent Board. However, the Board have finalized and approved the 3rd Quarterly Results with the existing two directors and now submitting the yearly results which is again subject to final approval by the duly constituted Board. Meanwhile the company has communicated and appraised the facts to the Regulatory Authority and also sought certain waivers and reliefs from the Hon'ble BIFR. Company being a Net Worth eroded Company, is registered under Sick Industrial Companies (Special Provisions) Act, 1985.
- 2) The Company's Fixed Assets have been hypothecated / pledged with the Banks / Financial Institutions etc against various credit facilities availed by the Company and due to the accounts being classified as NPA, the Bankers / FIs have taken legal actions for recovery. Fixed Assets / Inventories are not insured.
- 3) The Company has not provided Interest on loans availed from Banks and Financial Institutions which has been classified as NPA. The Amount not so provided amounts to Rs.1127.42 Crore {including Rs 426.07 Crore for previous year} up to 31st March 2016.
- 4) Provision for Gratuity and Leave Encashment has been made on the basis of estimate and not as per the Actuarial Valuation, which is not in consonance with AS -15.
- 5) The Company had provided Corporate Guarantee to overseas lenders for the borrowings by its Subsidiary Company namely Ammalay Commodities JLT. The said subsidiary company defaulted in the repayment of the facilities provided by the lenders and the lenders to the subsidiary company had invoked the Corporate Guarantee of the Company provided to them amounting to Rs 3105.93 Crore against which no provision has been made till the year ended 31st March 2016.
- 6) No balance confirmation and / or Bank Statement of the outstanding loan could be obtained, in absence of which, we are unable to confirm the correctness of the balances appearing in the financial statement.
- 7) The Net Worth of the company has fully eroded and the company's reference filed before the Hon'ble BIFR was registered. The Company's ability to continue the business as going concern is significantly dependent upon the viability of the restructuring plan as may be approved by the Hon'ble BIFR.

Qualified Opinion:-

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the "basis for qualified opinion" paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India;

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016



b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to the following matters in the Notes to the financial Statements:

1. Note 29.1 to the financial statements that describe that due to liquidity crunch being faced by the Company, it was not able to procure adequate quantum of Raw Material for last two years, which has resulted in partly operational of one its unit only at the end of the year.

2. Note 29.2 to the financial statement that the Company has defaulted in payment of obligations in respect of all the Banks/ Financial Institutions / Non Convertible Debentures holders together with interest thereon on due dates. As a result thereof all the Working Capital Banks , Term Lenders and NCD Holders had initiated the Corrective Action Plan (CAP) through the Joint Lenders Forum (JLF) in accordance with the RBI's SMA Guidelines dated February 26,2014. But the same could not be approved. Some of the lender banks have initiated winding up proceedings against the Company for recovery of dues. Notices have been issued by the lenders U/s 13(4) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. This have adverse effect on the functioning of the Company on going forward basis.

3. Note No 29.5 to the financial statement indicates that the company has accumulated losses and its net worth is fully eroded. The Company has incurred net loss during the current year and previous years and Company's current liabilities exceeded its current assets as at the balance sheet date.

These Conditions along with other matters set out above indicates the existence of uncertainty that may cast doubt about the Company's ability to continue as Going Concern. However the financial statements of the company have been prepared by the management on Going Concern Basis.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

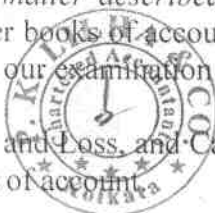
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

a) We have sought and obtained and *except for the matters described in the basis for Qualified Opinion paragraph*, all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) *Except for the possible effects of the matter described in the basis for Qualified Opinion Paragraph* above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) Except for the possible effects of the matter described in the basis for Qualified Opinion Paragraph, in our opinion, the aforesaid standalone financial statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The matter described in the basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) The Company has defaulted in redemption of Non Convertible Debenture {"NCD"} on due date and payment of interest due thereon and dividend on preference share and such default has continued for more the one year. In terms of Section 164 (2) of the Companies Act, 2013 the Directors of the Company are not eligible to be re-appointed as directors of the Company. As per the legal opinion obtained by the company, the existing directors of the company may continue to hold their position as Directors till their reappointment date
- g) With respect to the adequacy of Internal Financial Controls over Financial Reporting of the Company, and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note No. 28 & 29 to the financial statements.
 - ii) The Company did not have long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been some delay in transferring amounts required to be transferred to the Investor Education & Protection Fund by the Company.

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E



C.A. P. K. Lilha
~Partner
Membership No. : 011092
Place: Kolkata
Date: 31 MAY 2016



"ANNEXURE A" - TO THE AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2016,

We report that:

- i) In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) It has been confirmed by the Management that three Title Deeds in respect free hold land are not in the name of the company. The Gross Block / Net Block of these Freehold Land amounts to Rs. 177.01 Crore as on 31.03.2016.
 - c) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii) In respect of its Inventories:
 - a) As explained to us the Inventories have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
 - b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii) As informed to us, the Company during the year has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of sub clause (iii) (b) & (c) of the Companies (Auditors Report) order, 2013 (as amended) are not applicable.
- iv) In respect of loans, investments, guarantees and security, provisions of section 185 and 186 of the Companies Act 2013 have been complied with. However, the company during the year, has not given loan or provided guarantee or security to any person or other body corporate and not made any investment.
- v) The Company has not accepted any deposit from the public; therefore the provisions of clause (v) of the order are not applicable to the company.



- vi) We have broadly reviewed the Books of Accounts maintained by the company in respect of generation of electricity where pursuant to the rules made by the Central Government of India, the maintenance of Cost Records have been prescribed U/s 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii) In respect of Statutory Dues:-

- a) According to the information and explanations given to us and on the basis of examination of records of the Company, amount deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been regularly deposited with appropriate authorities during the year except Dividend Distribution Tax Payable as set out below. As explained to us the Company did not have any dues on account of Duty of Custom and Duty of Excise as they were not applicable.

<u>Particulars</u>	<u>Amount</u> {In Rs}
Dividend Distribution Tax Payable (DDT) (Inclusive of Interest)	
F.Y. 2011-12	114,026,220/-
F.Y. 2012-13	104,390,201/-
	<u>218,416,421/-</u>

- b) According to information and explanation given to us and records of the Company examined by us, the following disputed amount of statutory dues which have not been deposited.

Sl. No.	Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
1	PDIF Act	Local Tax	119.00	2008-09	Punjab & Haryana High Court
2	Sales Tax	Local Tax	144.00	2008-09	Punjab & Haryana High Court
3	Sales Tax	Local Tax	36.53	2011-12	***
4	Sales Tax	HVAT	118.33	2012-13	***
5	Sales Tax	CST	1462.01	2012-13	***

*** The Company is in process of filing appeal before the Competent Authority.



- viii) The company has defaulted in repayment of loans or borrowing to the financial institutions/ bank / Government and Debenture holder in respect of secured / unsecured loans. There loan have been classified as NPA, and therefore no statement of Accounts or Balance confirmation could be made available. The company has therefore not provided Interest of Rs. **1127.42 Crore**, computed on the basis of last available rates. The applicable details of defaults as at 31.03.2016 are as under, exclusive of interest thereon, as stated above:

a) To Banks

Rs. 4745.24 Crores

Sl. No.	Bank Names (Lender wise details)	Principal Outstanding (in Cr.)
1	Andhra Bank	84.34
2	Axis Bank	165.54
3	Bank of Baroda	321.40
4	Bank of Maharashtra	74.95
5	Central Bank of India	227.76
6	Corporation Bank	535.18
7	Dena Bank	114.00
8	Dhanlaxmi Bank	69.67
9	IDBI Bank	39.13
10	IFCI Ltd.	40.53
11	Indian Overseas Bank	426.30
12	Indusind Bank	132.92
13	ING Vysya Bank	80.14
14	Jammu & Kashmir Bank	237.68
15	Karur Vysya Bank	110.50
16	Lakshmi Vilas Bank	52.59
17	State Bank of Bikaner & Jaipur	337.08
18	State Bank of Patiala	283.17
19	State Bank of Travancore	75.29
20	UCO Bank	903.95
21	Union Bank of India	209.28
22	United Bank of India	223.84
TOTAL		4,745.24

b) To Debenture Holders

Rs. 524.35 Crores

c) To FCCB Holders

Rs. 667.20 Crores

- ix) The Company did not raise any money by way of Initial Public Offer or Further Public Offer (including debt instruments) and term loans during the year. Accordingly, Paragraph 3(ix) of the order is not applicable.
- x) According to the information and explanations given to us, no material fraud on or by the company by its officers or employees has been noticed or reported during the course of our audit.



- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly; paragraph 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) As per information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non cash transactions with the Directors or persons connected with him. Accordingly, Paragraph 3 (xv) of the order is not applicable.
- xvi) The Company is not required to be registered U/s 45-IA of the Reserve Bank of India Act, 1934.

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E



CA. P K Lilha
~Partner
Membership No. : 011092



Place : Kolkata

Date : 31 MAY 2016

"ANNEXURE B" - TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of **REI Agro Ltd.** ("the Company") as of **March 31, 2016** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls over financial reporting as at March 31st, 2016:

- i) *As required u/s 138 of the Companies Act, 2013, Internal Audit has not been conducted by the Company.*

A "material weakness" is a deficiency, or a combination of deficiencies, in Internal Financial Control over Financial Reporting, such that there is a reasonable possibility that a material



misstatement of the Company's Annual or Interim Financial Statements will not be prevented or detected on a timely basis.

Opinion

In our opinion, except for the possible effects of the material weakness described as above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate Internal Financial Controls over Financial Reporting and such Internal Financial control over financial reporting were operating effectively as of March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"(ICAI).

We have considered the material weakness identified and reported above in determining the nature, timing and extent of Audit tests applied in our Audit of the March 31, 2016 financial statements of the Company and the material weakness does not affect our opinion on the financial statements of the Company.

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E



CA. P K Lilha
~Partner
Mem. No. : 011092



Place : Kolkata

Date : 31 MAY 2016

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (In Crores)	Adjusted Figures (audited figures after adjusting for qualifications) (In Crores)
	1	Turnover / Total income	521.80	521.80
	2	Total Expenditure	1,559.18	5,366.46
	3	Net Profit/(Loss)	(1,076.14)	(4,883.41)
	4	Earnings Per Share	(11.23)	(50.98)
	5	Total Assets	3,068.98	(1,164.36)
	6	Total Liabilities	3,068.98	(1,164.36)
	7	Net Worth	(3,850.31)	(8,083.66)
	8	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	1) During the year due to sudden death of one of the Independent Director Mr. Asoke Chatterjee on 04.08.2015 and subsequently due to resignation of Dr Ing Narpinder Kumar Gupta on 23.11.2015, Number of Directors on the Board of the Company reduced to Two {2} Directors only, which is not a Competent Board. However the Board have finalized and approved the 3rd Quarterly Results with the existing two directors and now submitting the yearly results which is again subject to final approval by the duly constituted Board. Meanwhile the Company has communicated and appraised the facts to the Regulatory Authority and also sought certain waivers and reliefs from the Hon'ble BIFR. Company being a net worth eroded Company is registered under Sick Industrial Companies (Special Provisions) Act, 1985 2) The Company's Fixed Assets have been hypothecated / Pledged with the Banks / Financial Institutions etc against various credit facilities availed by the Company and due to accounts being classified as NPA the Bankers / FIs have taken legal action for recovery. Fixed Assets / Inventories are not insured. 3) The Company has not provided Interest on loans availed from Banks and Financial Institutions which have been classified as NPA. The amount not so			

	provided amounts to Rs 1127.42 Crores {including Rs 426.07 Crore for previous year} up to 31st March 2016. 4) Provision for Gratuity and Leave Encashment has been made on the basis of estimate and not as per the Actuarial Valuation, which is not in consonance with AS -15. 5) The Company had provided Corporate Guarantee to overseas lenders for the borrowings by its Subsidiary Company namely Ammalay Commodities JLT. The said subsidiary company defaulted in the repayment of the facilities provided by the lenders and the lenders to the subsidiary company had invoked the Corporate Guarantee of the Company provided to them amounting to Rs 3105.93 Crore against which no provision has been made till the year ended 31st March 2016. 6) No balance confirmation and /or Bank Statement of the outstanding loan could be obtained, in absence of which, we are unable to confirm the correctness of the balances appearing in the financial statement. 7) The net worth of the Company fully eroded and the Company's reference filed before the Hon'ble BIFR was registered. The Company's ability to continue the business as going concern is significantly dependent upon the viability of the restructuring plan as may be approved by the Hon'ble BIFR. <u>Qualified Opinion:-</u> In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the "basis for qualified opinion" paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India; a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2016 b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
	b. Type of Audit Qualification : Qualified Opinion /Disclaimer of Opinion/ Adverse Opinion
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing: Qualification no. 1, 2, 6 and 7 has appeared first time. However, qualification no. 3, 4 and 5 had appeared for the second time as the Company is facing liquidity

	crunch and failed to pay its obligations towards the lenders and NCD holders. Net worth of the Company has been completely eroded, Company had become a Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act 1985 (SICA). Accordingly, Company filed a Reference with the Board for Industrial and Financial Reconstruction (BIFR) which has since been registered as Case No. 85/2015 by the Hon'ble BIFR for adopting measures for the rehabilitation and revival of the Company.
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: 1. Reply for qualified opinion 3: Majority of the Loan accounts of the Company has turned NPA, As per banking regulations, banks are not charging any interest on NPA accounts hence the Company has not accounted the interest on said accounts, but qualified the same by way of Notes to reflect the present status. 2. Reply for qualified opinion 5: The company had provided Corporate Guarantee to the lenders for the borrowings by its wholly owned foreign Subsidiary Company, i.e. Ammalay Commodities JLT and has shown in the contingent liabilities in the financial statements of the Company and in case the lenders fail to recover the amount from subsidiary by realizing their assets, the Company will make suitable provision for the liabilities towards the corporate guarantees.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Reply for qualified opinion 1: During the year under review, Mr. Asoke Kumar Chatterjee one of the Independent Director of the Company expired on 04.08.2015 and subsequently another Independent Director Dr Ing Narpinder Kumar Gupta resigned on 23.11.2015. Thus the number of Directors on the Board of the Company reduced to Two {2} Directors only, which is not a Competent Board. Therefore, In this regard the Company has filed "Misc. Application" with Hon'ble BIFR seeking their approval to allow the Company to act with only two existing Directors till the Company is in BIFR or per the order of Hon'able BIFR. Further Company has also submitted that it will get review all the results as placed before two Directors will be placed before the competent Board as and When Constituted. Reply for qualified opinion 2:

Company has been facing financial crunch due to various reasons for the last two years and due to financial problems faced by the Company, it has failed to pay principal and interest due thereon to Banks / Financial Institutions on due dates, some of the Bankers thereafter have issued notices under provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further due to severe liquidity crunch faced by the Company, company has failed to get insurance to its assets.

Reply for qualified opinion 4:

Board of Directors submit that total strength of the employees of the Company has been reduced by more than 90% from the peak number of employees; therefore company used the estimation method for calculation for gratuity and leave encashment.

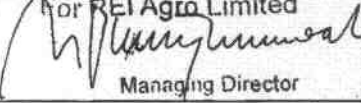
Reply for qualified opinion 6:

As majority of the loan accounts of the Company has turned NPA, no such balance confirmation and /or Bank Statement were provided by the banks to the Company, in absence of which, the Company has not been in position to provide such statements to the Auditors.

Reply for qualified opinion 7:

The net worth of the company has been fully eroded and the Company filed a reference in terms of the provisions of section 15(1) of SICA with the Board for Industrial and Financial Reconstruction (BIFR) on 28th April, 2015 to study the reasons of Sickness and determination of measures to be adopted for revival of the Company, which as accepted by Hon'ble BIFR vide its letter dated 3rd July, 2015 and same has been registered a case no. 85/2015 under the provisions of SICA. The revival and rehabilitation scheme for the Company is under process which outlines the measures for the revival and rehabilitation for continue the business of the Company as going concern.

	(i) Management's estimation on the impact of audit qualification: As pr management reply.
	(ii) If management is unable to estimate the impact, reasons for the same: NA
	(iii) Auditors' Comments on (i) or (ii) above: NA

III.	Signatories	
	CEO/Managing Director- Sh. Sandip Jhunjunwala	For REI Agro Limited  Managing Director
	Audit Committee Chairman- Sh. K. D Ghosh	
	Statutory Auditor- Sh. P.K Lilha	 P.K Lilha (mm 011092)
	Place: Delhi	
	Date: 31.05.2016	

