



CORPORATE INFORMATION

Board of Directors

Shri Sandip Jhunjhunwala
Managing Director

Shri A. Chatterjee
Director

Shri Manoj Mishra
Director

Dr. ING N.K. Gupta
Director

Shri K. D. Ghosh
Director

Company Secretary

Shri Subhash Kumar Burnwal

Statutory Auditor

P. K. Lilha & Co.
Chartered Accountants

Registered Office

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

Corporate Office

58A/1, Sainik Farm
New Delhi-110062

Registrar & Transfer Agent

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata-700001

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the Third Board Report of the Company together with the audited financial results for the financial year ended 31st March, 2010.

Summarised Financial Results:

(Rs. in Lacs)

| Particulars | 2009-2010 | 2008-2009 |
|---|-----------------|-----------------|
| Sales (Net) | 69089.84 | 83119.93 |
| Other Income | 9.19 | 39.71 |
| Total Income | 69099.03 | 83159.64 |
| Profit Before Depreciation, Interest & Tax (PBDIT) | 4846.70 | 4208.25 |
| Less: Interest | 6.56 | 6.15 |
| Profit Before Depreciation & Tax (PBDT) | 4840.14 | 4202.10 |
| Less: Depreciation | 785.61 | 678.47 |
| Profit Before Tax (PBT) | 4054.53 | 3523.63 |
| Less: | | |
| Provision for Current Taxation | 1430.00 | 963.00 |
| Provision for Fringe Benefit Tax | ----- | 28.50 |
| Provision for Deferred Tax | (43.56) | 272.45 |
| Income Tax paid for earlier years | 23.74 | ----- |
| Profit After Tax (PAT) | 2644.35 | 2259.68 |
| Amount Available for Appropriation | 3498.00 | 2689.74 |
| Less: | | |
| Proposed Dividend | 287.27 | 287.27 |
| Corporate Dividend Tax | 48.82 | 48.82 |
| Transfer to General Reserves | 2200.00 | 1500.00 |
| Balance Carried to Balance Sheet | 961.90 | 853.65 |

Sub-division / Split of Shares:

During the financial year under review, the Company has sub divided / split its equity shares from one equity share of face value Rs. 10/- each into five equity shares of Rs. 2/- each w.e.f. October 27, 2009 .

Issue / Allotment of Convertible Debentures to HT Media Ltd. and Writers & Publisher Pvt. Ltd.

During the financial year under review, the Company has issued on 29th December, 2009, 7,00,000 Fully Convertible Debentures of face value Rs.100/- each to HT Media Limited and 20,00,000 Fully Convertible Debentures of face value Rs.100/- each to Writers & Publisher Pvt.

Ltd. respectively for amount aggregating to Rs. 27 Crore (Rupees Twenty Seven Crore Only) on preferential basis. Debentures are convertible into equity shares at applicable price as computed according to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Due date of conversion of the said fully convertible debentures is 28th June, 2011.

Business / Financial Performance:

We are pleased to inform you that your Company has recorded the sales and profit of Rs.69090 Lakhs and Rs. 2644 Lakhs respectively during the financial year under



review. However, sales for the year under review were declined to Rs. 69090 Lakhs from preceding year sales of Rs.83120 Lakhs but PAT for financial year 2009-10 was Rs. 2644 Lakhs which is higher by Rs.384 Lakhs (approx.) from preceding year profit of Rs. 2260 Lakhs. The increase in net profit in terms of percentage is 17% (approx.). It is the result of reduction in costs particularly personnel and administrative costs. During the financial year under review, the Company has added 226 new franchisees and total franchised outlets are 310 across Delhi & NCR, Punjab, Jaipur, Mumbai, Kolkata, Nagpur, Ahmedabad and Baroda as compared to 84 as on March 31, 2009. Overall, the Company has delivered a good performance in terms of financial and operations amidst competitive retail market.

Dividends:

The Board of Directors have recommended a final dividend of Re.0.20/- per equity share (i.e.,10% of the face value of Rs.2/-each) for the financial year ended 31st March, 2010. Thus total payment for dividends comes to Rs. 287.27 Lakhs.

Management Discussion and Analysis

A report on management discussion and analysis is annexed hereto and forms part of this report.

Corporate Governance:

The Company has put in place the norms of Corporate Governance in compliance with the provisions of Clause 49 of the listing agreement. A report on Corporate Governance as stipulated under clause 49 of the Listing Agreement entered with the Stock Exchanges forms part of the Annual Report. A certificate to that effect has been obtained from Statutory Auditors of the Company and is annexed to this report.

Environmental aspects and Social Responsibility:

The Company is committed to improve all aspects of environment. We will pay attention to promote and improve better socio economic conditions of the society as we cannot exist without betterment of the society.

Directors:

Shri K.D.Ghosh and Dr. ING N.K. Gupta, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment. A brief resume of the Director seeking re-appointment, their expertise etc. is

given in the notice to the ensuing Annual General Meeting.

Auditors:

The statutory auditors of the Company M/s P.K. Lilha & Co., Chartered Accountants, Kolkata, retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment till the conclusion of the next Annual General Meeting. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be approved by the members of the company and their remuneration has to be fixed.

Auditors Report:

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

Director's Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- ▶ In preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards read with requirement set out under Schedule VI to the Companies Act, 1956, have been followed along with the proper explanations relating to the material departures, if any.
- ▶ The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the financial results of the Company as at 31st March, 2010.
- ▶ The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- ▶ The Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

Public Deposits:

The Company has neither invited nor accepted any Public Deposits during the year under review.

Particulars of Employees:

Particulars of employees as required to be furnished



pursuant to Section 217(2A) of the Companies Act, 1956, read with the rules thereunder, form part of this report. However, as per the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary.

Conservation of Energy & Technology Absorption and Foreign Exchange earnings and outgo:

As the Company being in retail sector, the provisions regarding giving details of conservation of energy is not applicable.

However there is no expenditure on Research & Development, Technology absorption, adoption &

innovation during the current financial year.

Your Company does not have any exports initiatives to report to members as the Company is fully concentrating on domestic market. There is no foreign exchange earnings and outgo.

Acknowledgment:

The Board would like to thank and also place on record their sincere appreciation to all consumers, bankers, vendors and other stakeholders for their continued support during the year under review. Your Directors are quite optimistic for support to be extended by all in the years to come.

For and on behalf of the Board

Sd/-

Manoj Mishra
Director

Sd/-

A. Chatterjee
Director



MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment - Retail Sector of the Indian Economy

The Retail sector of Indian economy is rapidly evolving and is going through a phase of tremendous transformation. It has been categorized into two segments viz. organized retail sector and unorganized retail sector. Unorganized retail sector constitutes small individual/family run single stores and contributes the larger share of retail sector. Market liberalization and changing consumer behaviour have sown the seeds of a retail transformation in India. Indian economy has transformed since liberalisation in year 1991. The consumers have shown a growing preference for the latest branded goods of national and international repute. India achieved 7.4% per cent GDP Growth Rate in 2010 significantly fueling consumption. It has been estimated that the Indian retail sector is around Rs. 9,00,000 crore. Organized sector accounts for a mere about 4 per cent of total retail business in India indicating a huge potential and market opportunity for organized retailer. There is a need for organized retail to adapt itself to the Indian retail scenario to fully encash on this opportunity.

No wonder that India has been rated as among the top Foreign Direct Investment (FDI) destinations and second most favoured retail destination in the World. This has been backed by the wide acceptance of India as the second fastest growing economy and the fourth largest economy in PPP terms after USA, China & Japan.

Retail industry in India

Modern Retailing in India is actively adapting to the Indian conditions and is all set to become the next booming industry. In recent years, the Indian consumer has rapidly evolved and accepting modern formats overwhelmingly. Large Indian corporate groups, foreign investors and private equity players are firming up plans for investment opportunities in the Indian retail sector. The quantum of investments is likely to increase which will create employment in the future as the industry evolves and gets more attractive.

The overall retail market is expected to grow from US\$262 billion to about US\$1065 billion by 2016, with organized retail at US\$165 billion (approximately 15.5% of total retail sales) as per outlook laid down by Investment Commission of India. It is expected that the retail sector will create 3.5 Mn job opportunities.

Indian food & grocery sector

Indian food & grocery sector is largest category in retail industry but mostly unorganized today and it is estimated that it is around two thirds of the total Indian retail market. The Indian food industry has been hailed by many as a sunshine industry of India.

The Indian retail industry is one of the most exciting in the world for various reasons: though the Indian retail market is the fifth largest in the world, a major part of it is unorganized compared to the developed world. This is particularly true of the food and grocery segment, the sixth largest in the world accounting for 70% of the total retail sales in India and currently valued at \$236 billion and it is expected to grow to \$482 billion in 2020 with overall growth rate of 104 percent. The unorganized segment still constitutes 99 per cent of the total food and grocery market, and is characterized by the traditional mom-and-pop kirana stores. Interestingly, size of the Indian retail is one of the reasons behind the excitement the other being the inevitable transition of this vast market from unorganized to organized

Food and grocery retail comprises 70 per cent of the total retail sales. Notwithstanding its growth, India's share in the exports of processed food in global trade is meager 1.5%; while the size of the global processed-food market is around US\$ 3.2 trillion. This indicates that both investors and exporters are yet to cash in on from the Indian food and processing industry.

Road Ahead- Industry's Growth Drivers

A large young working population, nuclear families in urban areas, increasing working-women population, brand profusion, and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in the country. Other growth drivers are Improving Demographics, Rising per capita income and rising consumerism.

Young Consumers: With the largest young generation population in the world - over 890 million people below 45 years of age, India is indeed a resplendent market. Its 300 million odd middle class, the "Real" consumers, catches the eye of the world. As the economy grows so does India's middle class. It is estimated that 70 million Indians earn a salary of over INR 800,000 (\$18,000) a year, a figure that is set to rise to 140 million by 2011. The number of effective consumers is expected to swell to over 600 million by 2010 - sufficient to establish India as one of the largest consumer markets of the world.

Brand Profusion: Consumerism and increased brand conscientiousness has led to increased number of brands today. Today every products is branded There is presence of almost all kinds of global brands in the present market situation. The launches of more and more brands into the market increased the demand of shelf space and hence demand for retail outlets. The young population is conscious of branded and quality product.

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

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

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

The Indian economy grew by 7.4 per cent in the previous fiscal 2009-10 despite weak global growth and it is expected to grow at 8.5 per cent in the current fiscal (2010-11) as per RBI's baseline projection and 8.5 per cent in the next fiscal (2011-12) as per the revised survey of professional forecasters released by the Reserve Bank of India (RBI).

The survey has revised India's real GDP growth from the 8.2 per cent projected in the last survey, on the basis of increased private final consumption expenditure growth, stronger industrial activity in the first quarter and further contribution of services in the subsequent quarters.

For the year 2010-11, the forecasters have assigned highest probability of 38.7 per cent to 8.0-8.4 per cent growth range for GDP. For 2011-12, they have assigned maximum probability of 28.6 per cent to 8.5-8.9 per cent growth range for GDP.

The forecast for agriculture, industry and services for the year 2011-12 are 3.0 per cent, 9.1 per cent and 9.5 per cent respectively.



For the year 2010-11, the forecast for agriculture has been revised marginally upwards from 4.0 per cent to 4.1 per cent. For the industry sector, the growth rate forecast is 9.0 per cent, same as in the last survey, whereas for service sector, the forecasts have been revised marginally upwards from 9.0 per cent to 9.1 per cent.

REI Six Ten's Business Strategy:

Indian retail market is largely unorganized and wastage of fruits and vegetables generally occurs during supply and storage. REI Six Ten Stores are developing the strategy of capitalizing on its closer reach to the farmers thereby establishing an efficient supply chain to improve efficiencies and reduce wastage of fruits and vegetables.

The Company has forayed into food & grocery items under its brand "6TEN" offering great value for money on daily need products. With so many choices in today's world, customers are looking for the retailers who are providing comfort, competitive price and quality products at their stores. 6TEN stores are aggressively delivering its promises for Comfort, competitive price and quality products.

6TEN is a chain of small neighbourhood convenience stores on franchises catering to the daily needs of the consumers. 6Ten is probably the only fully franchised model in this space. The 6Ten model is unique and has evolved specifically for the Indian retail space and aims to address the needs of the Indian consumer.

The company has consolidated in the financial year 2009-10 by making the model more efficient and scalable. The year has seen the introduction of the Franchisee and the master franchisee who have brought in an entrepreneurial approach in logistics and the stores.

The Company has consolidated its operations at existing locations in NCR, Jaipur, Chandigarh, Mohali, Amritsar, Ludhiana, Ambala, Panchkula, Baddi, Ahmedabad, Baroda, Mumbai, Nagpur and Kolkata. Currently, the company is operating 310 stores on franchisee basis at the existing locations and improving its infrastructure and comfort for the benefits of customers.

The Company now has a stronger focus on its strengths i.e. procurement, branding, IT infrastructure requirements which are the key to success for the modern retail. The stores are owned and operated by the franchisees. The franchisee as an entrepreneur has been able to connect with the customers in a much better way. We are innovating new ideas to reduce operational overheads to increase profitability without compromising with operational standards under this model. This business model has enabled us to reach large population of middle class of the Country. We have now introduced a Master franchisee who has brought an entrepreneur to the logistics and supply chain. The company has successfully transformed itself in the financial year 2009-10.

REPORT ON CORPORATE GOVERNANCE

A Good Corporate Governance involves principles of integrity, fairness, equity, transparency, accountability and commitment to values. It is an ongoing measure of company's objectives to translate into real opportunities. As stakeholders across the globe evince keen interest in the practices and performance of the companies, Corporate Governance has emerged on the centre stage.

Corporate Governance Monitoring and Review Process at REI Six Ten Retail Ltd. (Six Ten Retail):

Six Ten Retail periodically reviews its policies & practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and true spirit but also endeavours to implement the best practices of Corporate Governance, in the overall interest of all its stakeholders.

In accordance with Clause 49 of the Listing Agreement and some of the best practices followed on Corporate Governance, the report containing the details of governance systems and process at REI Six Ten Retail Limited is as under:

[A] COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy about good corporate governance is a key driver of sustainable corporate growth and long-term value creation of our stakeholders. Corporate Governance envisages several core values like adherence of principles, accountability, integrity, transparency and

compliance of all applicable statutes. We are committed to conduct business upholding these core values.

Our governance philosophy rests on five basic tenets, viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders, employees and customers as well as transparency and timely disclosure.

[B] BOARD COMPOSITION

The Board of Directors formulates strategies, policies and reviews its performance periodically in order to ensure the effective business decisions and the implementation of the same.

The Board of Directors comprises of five Directors, chaired by an Executive Director. Three of the Board members are independent Directors. The composition of the Board of Directors during the year is in conformity with the Clause 49 of the Listing Agreement, which stipulates that at least half of the Board should comprise of Independent Directors and if the Chairman is Non-Executive, one third of the Board should be independent.

The details of composition of Board, other Directorship and Committee Chairmanship / Membership of the Members of the Board and their attendance at the Board Meeting and Annual General Meeting of the Company are as under :-

| Name of the Director | Category | ** No. of other Directorship | No. of Membership /Chairmanship of other Board Committees | Attendance at last AGM of the Company |
|-------------------------|------------------------|------------------------------|---|---------------------------------------|
| Shri Sandip Jhunjunwala | Managing Director | 4 | NIL | Present |
| Shri A. Chatterjee | Independent Director | 8 | 3 | Present |
| Shri Manoj Mishra | Non-Executive Director | 3 | NIL | Absent |
| Shri K. D. Ghosh | Independent Director | 1 | 3 | Present |
| Dr. ING N.K. Gupta | Independent Director | 5 | 3 | Absent |

** Excluding Directorship in Private Companies and Companies defined under section 25 of the Companies Act, 1956.



During the Financial Year ended 31st March 2010, Board Meetings were held on 13/04/2009, 17/04/2009, 30/06/2009, 31/07/2009, 08/08/2009, 29/08/2009, 14/10/2009, 26/10/2009 and 30/01/2010 respectively. The details of Board Meeting attended by directors are as under:

| Name of Director | Board Meeting | |
|-------------------------|---------------|----------|
| | Held | Attended |
| Shri Sandip Jhunjunwala | 9 | 5 |
| Shri A. Chatterjee | 9 | 6 |
| Shri Manoj Mishra | 9 | 8 |
| Dr. ING N. K. Gupta | 9 | 7 |
| Shri K. D. Ghosh | 9 | Nil* |

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

[C] AUDIT COMMITTEE

The Audit Committee of the company comprises of three Independent Directors. The Audit Committee met four times during the year under review on June 30, 2009, July 31, 2009, October 26, 2009 and January 30, 2010. All these directors possess knowledge of corporate finance, accounts and company law. The Company Secretary of the Company acts as a Secretary to the Committee.

The Audit Committee of the Company assists the board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the company and its compliance with the legal and regulatory requirements. The committee oversees the company's accounting and financial reporting process; recommending the Board of Directors on the appointment, re-appointment and fixation of remuneration of the Statutory Auditors and internal auditors; reviewing the managements annual and quarterly financial statement before submission to the Board for approval; reviewing the management discussion and analysis of financial condition and result of operations, Statement of related party transactions, Internal audit report relating to internal control weaknesses and discussion with the statutory auditors about the nature and scope of audit.

The constitution and particulars of meetings attended by members of the Committees during the year ended 31st March, 2010 are given below:

| Sl. No. | Name of the Director | Status | No. of meetings attended |
|---------|-------------------------------|----------|--------------------------|
| 1. | Shri Ashoke Chatterjee | Chairman | 4 |
| 2. | Dr. ING Narpinder Kumar Gupta | Member | 4 |
| 3. | Shri Krishna Dayal Ghosh | Member | 0 |

[D] REMUNERATION OF DIRECTORS:

The Details of Remuneration paid to Directors for the year ended 31st March, 2010 is as follows:

| Name of the Director | Sitting fees | Salary & Perquisites | Commis- sion |
|-------------------------------|--------------|----------------------|--------------|
| Shri Sandip Jhunjunwala | 7500 | Nil | NIL |
| Shri Ashoke Chatterjee | 15000 | Nil | Nil |
| Shri Manoj Mishra | 12000 | Nil | Nil |
| Dr. ING Narpinder Kumar Gupta | 16500 | Nil | Nil |
| Shri Krishna Dayal Ghosh | Nil | Nil | Nil |

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

| Name of the Director | No. of shares held | Nominal value of shares |
|-------------------------------|--------------------|-------------------------|
| Shri Sandip Jhunjhunwala | 957645 | 1915290 |
| Shri Ashoke Chatterjee | NIL | NIL |
| Shri Manoj Mishra | 35000 | 70000 |
| Dr. ING Narpinder Kumar Gupta | NIL | NIL |
| Shri Krishna Dayal Ghosh | NIL | NIL |

[E] SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Company has constituted Shareholders / Investors Grievance Committee to look into and redressal of complaints from shareholders' and investors such as transfer of shares, non-receipt of shares, non-receipt of dividends, non-receipt of Balance Sheets, issue of duplicate shares etc. The committee comprises of Shri Krishna Dayal Ghosh (Chairman, Independent Director), Shri Ashoke Chatterjee (Member, Independent Director) and Dr. ING Narpinder Kumar Gupta (Member, Independent Director). During the year, four meetings were held on June 10, 2009, September 11, 2009, November 16, 2009 and February 15, 2010 respectively. Three complaints were received by the Company during the year and all were resolved within specified period in the investor's Grievance Committee Meeting.

[F] GENERAL BODY MEETINGS

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

| Venue | Financial Year | Date and time |
|--|----------------|------------------------------------|
| 46C, CHOWRINGHEE ROAD, EVEREST HOUSE, 15TH FLOOR, ROOM NO. 15B, KOLKATA-700071 | 2007-08 | 29th September, 2008 10.30 A.M. |
| INSTITUTION OF ENGINEERS (INDIA), SIR R. N. MUKHERJEE HALL, 8, GOKHALE ROAD, KOLKATA 700 020 | 2008-09 | 23rd September, 2009 11:30 A.M. |

During the last two financial years the Company has passed the following special resolution in its AGM / EGM.

Name and Designation of Compliance Officer (Contact Person):

Mr. Subhash Kumar Burnwal, Company Secretary
Address: Everest House, 46C, Chowringhee Road, 15th Floor, Room No. 15B, Kolkata-700 071 (West Bengal)

E mail id: cosec@rei6ten.com

Investor Grievance Email id:
investorgrievance@rei6ten.com

Share Transfer Committee and Share Transfer System

The Board of Directors of the company has constituted a Share Transfer Committee. The committee comprises of Mr. Krishna Dayal Ghosh (Chairman, Independent Director), Mr. Ashoke Chatterjee (Member, Independent Director) and Dr. ING Narpinder Kumar Gupta (Member, Independent Director).

Shareholders can also address their request for share transfer and duplicate share certificate to Company's RTA at the below mentioned address.

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata-700 001.

Phone no.: 033-22482248, 22435029/5089

Fax: 033-22484787

During the year, four meetings of Share Transfer Committee were held on 30th May, 2009, 15th July, 2009, 27th October, 2009 and 7th January, 2010 respectively.



| Date of Resolution | General Meeting | Subject matter of resolutions |
|---------------------------|--------------------------------|---|
| 6th September, 2008 | Extra Ordinary General Meeting | Alteration in Articles of Association as per listing agreement |
| 13th September, 2008 | Extra Ordinary General Meeting | Increase in authorised capital from Rs.7,05,00,000/- divided into 70,50,000 equity shares of Rs.10/- each to Rs. 35,69,00,000/- divided into 3,56,90,000 of Rs.10/- each. |
| 13th September, 2008 | Extra Ordinary General Meeting | Appointment of Shri Sandip Jhunjunwala as Managing Director of the Company |
| 23rd September, 2009 | Annual General Meeting | Increase in authorised capital from Rs. 35,69,00,000/- divided into 3,56,90,000 equity shares of Rs.10/- each to Rs.50,00,00,000/- divided into 5,00,00,000 equity shares of Rs.10/-each. |
| 23rd September, 2009 | Annual General Meeting | Sub-division of face value of one equity share of Rs. 10/- each into five equity shares of Rs. 2/- each |
| 23rd September, 2009 | Annual General Meeting | Issue of Debentures upto Rs. 100 Crore on preferential basis |
| 11th November, 2009 | Extra Ordinary General Meeting | Issue of Debentures / Share Warrants up to Rs. 100 Crore on preferential basis |

The Company has not passed any special resolution through postal ballot during the previous year.

[G] DISCLOSURES

(i) Related Party Transactions

During the year under review, there were no transactions of a material nature with the directors or the management or with the Company's subsidiary or relatives of the directors that could have potential conflict with the interests of the Company.

(ii) Accounting Treatment

During the year under review, the Company has, while preparing the Financial Statements, followed the Accounting Standard so as to give true and fair view of the profits and / or losses of the company.

(iii) Compliance by the Company

The Company has complied with all the provisions of the Listing Agreement including Clause 49, SEBI notification and other matters related to Capital Market and there is no instance of non-compliance by the Company. Further, no penalty, fine or strictures have been imposed on the Company by the SEBI, Stock Exchange (s) or any other statutory authorities.

(iv) Whistle Blower Policy

The Company has not put in place the Whistle Blower Policy as yet. However, during the year under review, no employee has been denied access to the audit Committee or the Management to report any kind of irregularity in the Company's functioning.

(v) Code of Conduct

The Board of Directors has adopted a Model Code of Conduct for its Directors and senior management / functional heads as required under Clause 49 of Listing Agreement. The Company has received affirmation from all the Board members and senior management personnel as to compliance with the Code of Conduct. A declaration to this effect signed by Managing Director is annexed and forms part of this Report.

(vi) Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.

[H] MEANS OF COMMUNICATION

The Company timely informs its investors and statutory authorities of all the price sensitive and critical information. Quarterly Results are sent to the Stock Exchanges on regular and timely basis and are also published in English leading Newspapers as well as Regional language Newspapers of the State where the Company is registered. All the key information provided to the Stock Exchanges are regularly published in the newspapers.

The shareholders are provided with the necessary information with notices sent to them for the Annual General Meeting / Extra Ordinary General Meeting. Any other information sought by shareholders is being provided on request. As per the requirement of Clause 47(f) of the Listing Agreement, the Company has notified e-mail ids (cosec@rei6ten.com & investorgrievance@rei6ten.com) for the purpose of investor grievance and other investors queries :

[I] GENERAL SHAREHOLDER'S INFORMATION

(i) AGM details

| | |
|-------------------|---|
| Date & Time | Monday, 27th September, 2010 3.30 p.m. |
| Venue | Sangit Kala Mandir Trust, Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 |
| Book Closure Date | 24th September, 2010 |

(ii) Registrar & Share Transfer Agents (RTA)

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata-700 001.
Phone no. 033-22482248,
033-22435029/5809
Fax: 033-22484787

(iii) Dividend

Pursuant to provisions of section 205A read with section 205C of the Companies Act, 1956, a dividend remains unpaid / unclaimed for a period of seven years from the date of its declaration, the same shall be transferred to "Investor Education & Protection Fund" established by the Central Government. Unpaid / Unclaimed dividend lying in the special bank account once transferred to "Investor Education & Protection Fund" cannot be claimed by the shareholder as he loses his right over it. Therefore, members are requested to claim their dividend within due period, if any.

(iv) Financial Calender

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

For the year ended March 31, 2010 Financial Results were announced on

| | | |
|------------------|---|-----------------------------------|
| July 31, 2009 | : | First Quarter |
| October 26, 2009 | : | Second Quarter & Half Yearly |
| January 30, 2010 | : | Third Quarter |
| May 29, 2010 | : | Fourth Quarter and Annual Audited |

For the year ending March 31, 2011, results will be announced on or before (Tentative)

| | | |
|-------------------|---|-----------------------------------|
| August 15, 2010 | : | First Quarter, |
| November 15, 2010 | : | Second Quarter & Half Yearly |
| February 15, 2011 | : | Third Quarter |
| May 30, 2011 | : | Fourth Quarter and Annual Audited |

(v) Listing at Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) w.e.f. April 27, 2009.

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

Scrip Code

BSE Code: 533065

NSE Code: REISIXTEN



(vi) Market price data

The Monthly High and Low prices of Equity Shares in Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the financial year 2009-10 are as follows :

| Month | BSE | | NSE | |
|--------------|---------------------|-----------------|----------------------|-----------------|
| | High Price (Rs.) | Low Price (Rs.) | High Price (Rs.) | Low Price (Rs.) |
| April'09 | 1180.00 | 595.00 | 1200.00 | 600.00 |
| May'09 | 1250.00 | 944.50 | 1253.50 | 981.00 |
| June'09 | 1320.00 | 1000.00 | 1319.65 | 1016.30 |
| July'09 | 1185.85 | 810.00 | 1140.00 | 755.50 |
| August'09 | 1000.00 | 685.10 | 1024.00 | 685.00 |
| September'09 | 860.15 | 740.15 | 845.00 | 740.00 |
| October'09 | 195.00*(i.e.,975/5) | 145.00* | 190.00* (i.e.,950/5) | 138.20* |
| November'09 | 167.00 | 113.35 | 159.90 | 115.80 |
| December'09 | 142.20 | 105.50 | 140.60 | 104.80 |
| January'10 | 137.85 | 103.00 | 137.75 | 102.00 |
| February'10 | 133.00 | 99.00 | 133.80 | 98.00 |
| March'10 | 106.00 | 70.10 | 105.00 | 72.10 |

*Face value of one equity share was sub-divided / split from Rs.10/- each to five equity shares of Rs.2/- each w.e.f. October 27, 2009.

(vii) Performance in Comparison to stock indices-

A Chart showing the performance of equity shares of the company in comparison to BSE (Sensex) and also with NSE (Nifty) during the year ended on March 31, 2010 is given under.

Chart 1 : Both BSE (Sensex) and REI Six Ten share prices are indexed to 100 based on closing prices of April, 2009

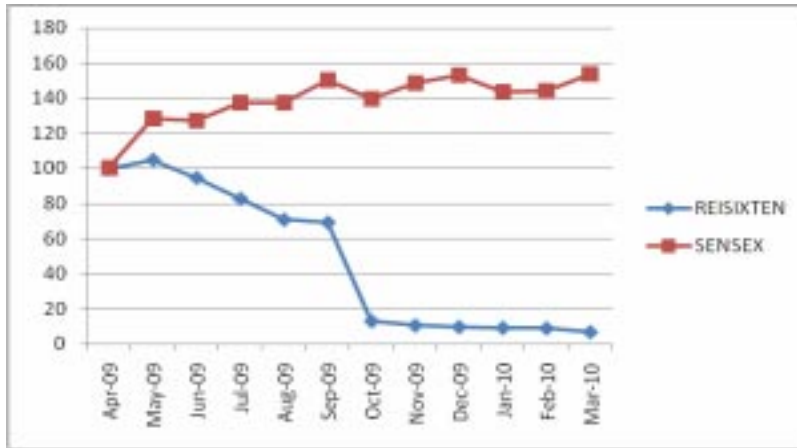
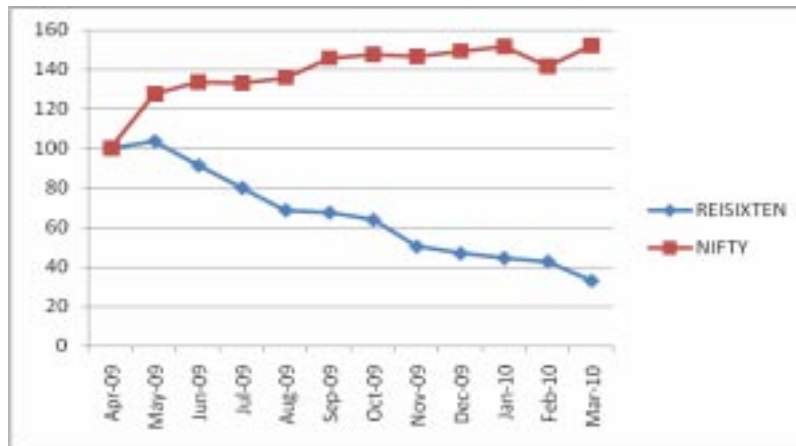


Chart 2 : Both NSE (Nifty) and REI Six Ten share prices are indexed to 100 based on closing prices of April, 2009



(viii) Distribution of shareholding

The Shareholding distribution of equity shares as on 31st March, 2010 is given below: -

| Sl. No. | No. of Equity Share held | No. of Shares | Percentage of Shareholding | No. of share holders | % of Share holders |
|---------|--------------------------|------------------|----------------------------|----------------------|--------------------|
| 1. | 1 to 500 | 294387 | 0.21 | 2948 | 86.76 |
| 2. | 501 to 1000 | 94434 | 0.07 | 129 | 3.80 |
| 3. | 1001 to 2000 | 110778 | 0.08 | 82 | 2.41 |
| 4. | 2001 to 3000 | 150574 | 0.10 | 64 | 1.88 |
| 5. | 3001 to 4000 | 27125 | 0.02 | 8 | 0.24 |
| 6. | 4001 to 5000 | 26923 | 0.02 | 6 | 0.18 |
| 7. | 5001 to 10000 | 121115 | 0.08 | 16 | 0.47 |
| 8. | 10001 & above | 142811054 | 99.42 | 145 | 4.26 |
| | Total | 143636390 | 100.00 | 3398 | 100 |

ix) Shareholding pattern of the Company as on 31st March, 2010

| Category | Category of shareholders | Number of shareholders | Total Number of Shares | Number of shares held in dematerialized from | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|------------|--|------------------------|------------------------|--|--|----------------------------|--|-----------------------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | No. of Shares (VIII) | As a % (IX)=(VIII)\(IV)*100 |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 7 | 2183150 | 2183150 | 1.52 | 1.52 | 0 | 0 |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Bodies Corporate | 9 | 76123565 | 41123565 | 53.00 | 53.00 | 175000 | 0.23 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any other (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (A)(1) | 16 | 78306715 | 43306715 | 54.52 | 54.52 | 175000 | 0.22 |
| (2) | Foreign | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Any other (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | 16 | 78306715 | 43306715 | 54.52 | 54.52 | 175000 | 0.22 |
| (B) | Public shareholding | | | | | | | |
| (1) | Institutions | | | | | | | |
| (a) | Mutual Funds/ UTI | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Financial Institutions/ Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Category | Category of shareholders | Number of shareholders | Total Number of Shares | Number of shares held in dematerialized from | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|------------|--|------------------------|------------------------|--|--|----------------------------|--|-------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | No. of Shares | As a % |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) |
| (d) | Venture capital funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Insurance companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) | Foreign Institutional Investors | 29 | 22949625 | 22949625 | 15.98 | 15.98 | 0 | 0 |
| (g) | Foreign venture Capital investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) | Any other (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (B)(1) | 29 | 22949625 | 22949625 | 15.98 | 15.98 | 0 | 0 |
| (2) | Non-institutions | | | | | | | |
| (a) | Bodies Corporate | 286 | 18582891 | 18582666 | 12.94 | 12.94 | 0 | 0 |
| (b) | Individuals - | | | | | | | |
| i. | Individual shareholders holding nominal share capital up to Rs. 1 lakh. | 3015 | 1999713 | 629588 | 1.39 | 1.39 | 0 | 0 |
| ii. | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 13 | 18992603 | 18587603 | 13.22 | 13.22 | 0 | 0 |
| (c) | Any other-NRIs | 39 | 2804843 | 151643 | 1.95 | 1.95 | 0 | 0 |
| | Sub-Total (B)(2) | 3353 | 42380050 | 37951500 | 29.50 | 29.50 | 0 | 0 |
| | Total public shareholding (B)= (B)(1)+(B)(2) | 3382 | 65329675 | 60901125 | 45.48 | 45.48 | 0 | 0 |
| | TOTAL (A)+(B) | 3398 | 143636390 | 104207840 | 100.00 | 100.00 | 0 | 0 |
| (C) | Shares held by custodians and against which depository receipts have been issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A)+(B)+(C) | 3398 | 143636390 | 104207840 | 100.000 | 100.000 | 175000 | 0.12 |



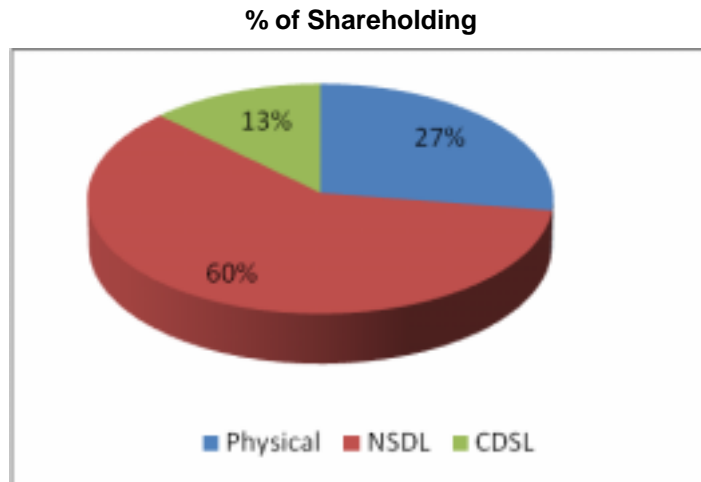
(x) Dematerialization of shares and liquidity:

The Shares of the company are compulsorily traded in dematerialized form and are available for trading under both the depository systems in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares under depository system is INE849J01021.

NSDL / CDSL / Physical summary report as on March 31, 2010

| Particulars | Holders | No. of Shares | % of shareholding |
|--------------|-------------|------------------|-------------------|
| Physical | 120 | 39428550 | 27.45 |
| NSDL | 2340 | 85978628 | 59.86 |
| CDSL | 938 | 18229212 | 12.69 |
| Total | 3398 | 143636390 | 100.00 |

The pictorial presentation of above data is as follows:



(xi) Outlet Locations:

The Company has 310 franchised outlets across India in various states, namely Delhi & NCR, Rajasthan, Punjab, Maharashtra, West Bengal and Gujarat.

(xii) Address for correspondence

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

Registered Office:

"Everest House",
46C, Chowringhee Road,
15th Floor R. No.15B,
Kolkata-700071

Corporate Office:

58A/1, Sainik Farm,
New Delhi-110062

Shareholders are hereby requested to notify immediately any changes in their address, bank mandate and nomination to the company.

Members holding shares in electronic form are requested to notify any changes in address and bank details, nominations etc. to the depository participants (DP) with whom they are having account for effecting necessary updations / changes. Any intimation made to the Company without effecting the necessary updations / changes with the depository participants will not be considered.

For and on behalf of the Board

Sd/-
Manoj Mishra
Director

Place: New Delhi

Date: August 26, 2010

Sd/-
A. Chatterjee
Director

ANNEXTURE TO

REPORT ON CORPORATE GOVERNANCE

CEO's Certification as to Compliance with Code of Conduct

The Company had adopted a model Code of Conduct that has been made effective from date of listing i.e., 27th April, 2009. The said Code of Conduct is applicable and binding on the Directors and Senior Management Personnel/ Functional Heads of the Company. During the year under review, all the Directors and Senior Management Personnel/ Functional Heads of the Company have affirmed as to compliance with the said Code.

For and on behalf of the Board of Directors

Sandip Jhunjunwala
Managing Director

CORPORATE GOVERNANCE CERTIFICATE

On Compliance of Clause 49 of the Listing Agreement

To,
The Members
REI SIX TEN RETAIL LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s REI SIX TEN RETAIL LIMITED ("the Company") for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement entered by the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit for an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month as at 31st March, 2010 against the Company.

We further state such Compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. K. Lilha & Co.
Chartered Accountants

Place : Kolkata
Dated : August 26, 2010

(P. K. Lilha)
Partner
M. No. 11092



CEO CERTIFICATION

I, undersigned do hereby certify to the Board that:

- a. I have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. I accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
- d. I have indicated to the Auditors and the Audit committee.
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Note: During the year under review, there have not been any significant changes in the accounting policies and also there are no instances of significant fraud which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: New Delhi

Date: August 26, 2010

Sandip Jhunjunwala

Managing Director



FINANCIAL SECTION



Auditors' Report

To the Members of

REI SIX TEN RETAIL LIMITED

1. We have audited the attached Balance Sheet of REI SIX TEN RETAIL LIMITED as at 31st March 2010 and Profit & Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanation given to us we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - 1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - 2) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P.K.LILHA & CO.
Chartered Accountants

(CA P.K. LILHA)

Partner

Place : Kolkata

Date : May 29, 2010

Membership No. 11092

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i) In respect of its Fixed Assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are being physically verified in the phased manner by the management in accordance with a program of verification covering all the fixed assets, which in our opinion provides for physical verification of all the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with the books of accounts.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year and therefore do not effect the going concern status of the Company.
- ii) In respect of its Inventories:
- (a) As explained to us the Inventories have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of Inventories as compared to the book records.
- iii) The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, accordingly the provisions of other sub - clauses are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.
- v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs have been entered during the year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other provisions of the Company Act 1956 and the Companies (Acceptance of Deposits) Rules 1975 framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) The provisions of Clause (viii) of Paragraph 4 of the order regarding maintenance of Cost Records prescribed U/s 209(1)(d) of the Act are not applicable to the company.
- ix) (a) According to the records of the Company, undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Wealth Tax, Service Tax, Sales tax, and any other material statutory dues have been generally regularly deposited with the appropriate authorities during the year.
- (b) No undisputed amounts payable were outstanding at the year end, for a period of more than six months from the date they became payable.
- x) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses during the current financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institution, or Bank, or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society, therefore the provisions of Clause (xiii) of Paragraph 4 of the order are not applicable to the company.
- xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.
- xv) According to the information and explanations given to us there is no guarantee given by the company for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanation given



to us, the term loans have been applied for the purpose for which they were raised.

- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, during the year, short term funds have not been used to finance Long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The company has not issued any secured debentures during the year; hence the question of charge does not arise.

xx) The Company has not raised any money by way of public issue during the year.

xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For P.K.LILHA & CO.
Chartered Accountants

(CA P.K. LILHA)
Partner

Place: Kolkata
Date: May 29, 2010

Membership No. 11092

BALANCE SHEET as at 31st March, 2010

(Amount in Rupees)

| Particulars | Schedules | As at 31.03.2010 | As at 31.03.2009 |
|--|-----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| SHARE CAPITAL | 1 | 287,272,780 | 287,272,780 |
| RESERVES & SURPLUS | 2 | 520,309,618 | 289,483,874 |
| SECURED LOAN | 3 | 7,614,373 | 5,017,850 |
| UNSECURED LOAN | 4 | 270,000,000 | - |
| DEFERRED TAX LIABILITY | | 37,914,757 | 42,270,315 |
| TOTAL | | 1,123,111,528 | 624,044,819 |
| APPLICATIONS OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 5 | 1,042,762,999 | 548,481,144 |
| SINCE ADDED | | 18,200,752 | 494,281,855 |
| DEDUCTIONS | | 5,614,882 | - |
| LESS: ACCUMULATED DEPRECIATION | | 1,055,348,869 | 1,042,762,999 |
| | | 204,021,916 | 77,136,913 |
| NET BLOCK | | 851,326,953 | 965,626,086 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| INVENTORIES | 6 | 396,788,489 | 976,220,980 |
| SUNDRY DEBTORS | 7 | 937,034,748 | 618,364,767 |
| CASH & BANK BALANCE | 8 | 95,370,256 | 82,687,029 |
| LOANS & ADVANCES | 9 | 343,367,865 | 155,989,068 |
| | | 1,772,561,358 | 1,833,261,844 |
| LESS : CURRENT LIABILITIES & PROVISIONS | 10 | | |
| LIABILITIES | | 1,323,273,755 | 2,024,254,739 |
| PROVISIONS | | 178,615,688 | 152,083,912 |
| | | 1,501,889,443 | 2,176,338,651 |
| NET CURRENT ASSETS | | 270,671,915 | (343,076,807) |
| MISCELLANEOUS EXPENDITURE | 11 | 1,112,660 | 1,495,540 |
| TOTAL | | 1,123,111,528 | 624,044,819 |
| SIGNIFICANT ACCOUNTING POLICIES | 20 | | |
| NOTES ON ACCOUNTS | 21 | | |

**SIGNED FOR IDENTIFICATION
FOR P.K.LILHA & CO.
CHARTERED ACCOUNTANTS**

For and on behalf of the Board

**CA P. K. Lilha
Partner
Membership No. 11092**
**Manoj Mishra
Director**
**A. Chatterjee
Director**
**Subhash Kr. Burnwal
Company Secretary**
**Place : Kolkata
Dated : May 29, 2010**

Profit and Loss Account for the year ended 31st March 2010

(Amount in Rupees)

| Particulars | Schedules | Year ended 31.03.2010 | Year ended 31.03.2009 |
|---|-----------|--------------------------|--------------------------|
| INCOME | | | |
| SALES | 12 | 6,908,984,128 | 8,311,992,624 |
| OTHER INCOME | 13 | 918,893 | 3,971,095 |
| TOTAL | | 6,909,903,021 | 8,315,963,719 |
| EXPENDITURE | | | |
| PURCHASE OF GOODS | 14 | 5,315,326,249 | 7,503,294,567 |
| (INCREASE) / DECREASE IN INVENTORY | 15 | 578,896,011 | (681,548,564) |
| PERSONNEL COST | 16 | 112,292,934 | 418,457,938 |
| ADMINISTRATIVE, SELLING & OTHER EXPENSES | 17 | 369,729,166 | 654,934,354 |
| INTEREST | 18 | 656,108 | 614,824 |
| DEPRECIATION | | 78,561,026 | 67,847,628 |
| IMPAIRMENT LOSS | | 48,988,000 | - |
| TOTAL | | 6,504,449,494 | 7,963,600,747 |
| PROFIT/(LOSS) BEFORE TAXATION | | 405,453,527 | 352,362,972 |
| PROVISION FOR INCOME TAX | | 143,000,000 | 96,300,000 |
| PROVISION FOR FRINGE BENEFIT TAX | | - | 2,850,000 |
| PROVISION FOR DEFERRED TAX | | (4,355,558) | 27,245,177 |
| INCOME TAX PAYMENT FOR EARLIER YEARS | | 2,373,862 | - |
| PROFIT/(LOSS) AFTER TAXATION | | 264,435,223 | 225,967,795 |
| ADD- BALANCE BROUGHT FORWARD | | 85,364,694 | 43,006,378 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 349,799,917 | 268,974,173 |
| LESS: PROPOSED DIVIDEND | | 28,727,278 | 28,727,278 |
| LESS: DIVIDEND TAX | | 4,882,201 | 4,882,201 |
| LESS: TRANSFER TO GENERAL RESERVE | | 220,000,000 | 150,000,000 |
| BALANCE CARRIED TO THE BALANCE SHEET | | 96,190,438 | 85,364,694 |
| EARNING PER SHARE | 19 | | |
| ~ BASIC | | 1.84 | 1.72 |
| ~ DILUTED | | 1.84 | 1.72 |
| SIGNIFICANT ACCOUNTING POLICIES | 20 | | |
| NOTES ON ACCOUNTS | 21 | | |

**SIGNED FOR IDENTIFICATION
FOR P.K.LILHA & CO.
CHARTERED ACCOUNTANTS**
For and on behalf of the Board
**CA P. K. Lilha
Partner
Membership No. 11092**
**Manoj Mishra
Director**
**A. Chatterjee
Director**
**Subhash Kr. Burnwal
Company Secretary**
**Place : Kolkata
Dated : May 29, 2010**

Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|---|----------------------|----------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit for the year before Income Tax | 405,453,527 | 352,362,972 |
| Adjustments: | | |
| Depreciation | 78,561,026 | 67,847,628 |
| Impairment Loss | 48,988,000 | - |
| Preliminary Expenses W/o | 382,880 | 382,880 |
| Interest expense | 656,108 | 614,824 |
| Interest Income | (99,054) | - |
| Loss on sale of Fixed Assets | 2,934,324 | - |
| Operating profit before changes in working capital | 536,876,811 | 421,208,304 |
| Changes in: | | |
| Inventories | 579,432,491 | (677,569,934) |
| Sundry Debtors | (318,669,981) | (319,085,705) |
| Loans & Advances | (148,396,659) | (6,420,363) |
| Sundry Creditors | (707,544,208) | 1,042,393,549 |
| Deferred revenue Expenses paid | - | (1,734,500) |
| Cash generated from operations | (58,301,547) | 458,791,351 |
| Income Tax / FBT Paid | (151,261,000) | (61,800,000) |
| Net Cash from Operating Activities (A) | (209,562,547) | 396,991,351 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets / Transfer | (18,200,752) | (494,281,855) |
| Decrease in Capital Work in Progress | - | 77,745,136 |
| Sale of Fixed Assets | 2,016,535 | - |
| Interest Income | 99,054 | - |
| Net Cash from Investing Activities (B) | (16,085,163) | (416,536,719) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital | - | 70,000,000 |
| Proceeds from Vehicle Loans | 2,596,523 | - |
| Proceeds from Fully Convertible Debentures | 270,000,000 | (1,706,036) |
| Interest on Loan | (656,108) | (614,824) |
| Dividend & Dividend Tax Paid | (33,609,479) | - |
| Net Cash from Financing Activities (C) | 238,330,936 | 67,679,140 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) | 12,683,227 | 48,133,772 |
| CASH AND CASH EQUIVALENTS (Opening Balance) | 82,687,029 | 34,553,257 |
| CASH AND CASH EQUIVALENTS (Closing Balance) | 95,370,256 | 82,687,029 |

Notes :

- 1) The above Cash Flow Statement has been prepared using the Indirect Methods set out in Accounting Standard (AS - 3) on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 2) Figures in Bracket indicate Cash outflows.
- 3) Previous Year's figures have been reclassified to conform with current year's presentation.

In terms of our attached report of even date
**For P. K. Lilha & Co.
Chartered Accountants**
For and on behalf of the Board
**CA P. K. Lilha
Partner
Membership No. 11092**
**Manoj Mishra
Director**
**A. Chatterjee
Director**
**Subhash Kr. Burnwal
Company Secretary**
**Place : Kolkata
Dated : May 29, 2010**

**SCHEDULES FORMING PART OF ACCOUNTS** as at 31st March, 2010

(Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|--|--------------------|--------------------|
| SCHEDULE - 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 25,00,00,000(3,56,90,000 of Rs. 10/-) | | |
| Equity Shares of Rs.2/- each fully paid up (Refer Note No. 1 of Schedule No.21) | 500,000,000 | 356,900,000 |
| | 500,000,000 | 356,900,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 14,36,36,390 (2,87,27,278 of Rs. 10/-) | | |
| Equity Shares of Rs.2/- each fully paid up [of the above (10,83,86,390 Equity shares of Rs.2/-) each were allotted to the shareholders of REI Agro Ltd for consideration other than cash] | 287,272,780 | 287,272,780 |
| | 287,272,780 | 287,272,780 |
| SCHEDULE - 2 | | |
| RESERVES & SURPLUS | | |
| General Reserve | | |
| As per last account | 204,119,180 | 54,119,180 |
| Add: Transfer from Profit and Loss Account | 220,000,000 | 150,000,000 |
| | 424,119,180 | 204,119,180 |
| Surplus | | |
| As per Annexed Profit and Loss Account | 96,190,438 | 85,364,694 |
| | 520,309,618 | 289,483,874 |
| SCHEDULE - 3 | | |
| SECURED LOAN | | |
| <u>Vehicles Loans</u> | | |
| From Banks (Secured against hypothecation of vehicles) Amount due within One year Rs. 34.46 Lacs (Previous Year Rs. 17.06 Lacs) | 7,614,373 | 5,017,850 |
| | 7,614,373 | 5,017,850 |
| SCHEDULE - 4 | | |
| UNSECURED LOAN | | |
| Zero % Fully Convertible Debentures | 270,000,000 | - |
| | 270,000,000 | - |

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

**SCHEDULE - 5
FIXED ASSETS**

| Particulars | Rate | Gross Block | | | | Depreciation | | | | | Net Block | |
|------------------------|--------|----------------------|-------------------|------------------|----------------------|--------------------|-------------------|-------------------------|----------------|--------------------|---------------------|---------------------|
| | | As on 01.04.2009 | Since Added | Deduction | As on 31.03.2010 | Upto 31.03.2009 | For the Year | Impairment (Loss (*) | Deductions | Upto 31.03.2010 | As on 31.03.2010 | As on 31.03.2009 |
| Computer & Accessories | 16.21% | 124,676,992 | 6,724,487 | 142,272 | 131,259,207 | 20,223,482 | 20,840,614 | 3,330,000 | 28,875 | 44,365,221 | 86,893,986 | 104,453,510 |
| Plant & Machinery | 5.28% | 50,387,133 | 178,216 | 3,620,190 | 46,945,159 | 2,692,442 | 2,648,033 | 1,258,000 | 475,841 | 6,122,634 | 40,822,525 | 47,694,691 |
| Office Equipments | 4.75% | 35,318,366 | 520,672 | - | 35,839,038 | 1,794,782 | 1,696,015 | - | - | 3,490,797 | 32,348,241 | 33,523,584 |
| Furnitures & Fixtures | 6.33% | 822,865,121 | 4,698,971 | 1,852,420 | 825,711,672 | 51,272,151 | 52,153,878 | 44,400,000 | 159,307 | 147,666,722 | 678,044,950 | 771,592,970 |
| Vehicles | 9.50% | 9,515,387 | 6,078,406 | - | 15,593,793 | 1,154,056 | 1,222,486 | - | - | 2,376,542 | 13,217,251 | 8,361,331 |
| Total | | 1,042,762,999 | 18,200,752 | 5,614,882 | 1,055,348,869 | 77,136,913 | 78,561,026 | 48,988,000 | 664,023 | 204,021,915 | 851,326,953 | 965,626,086 |
| Previous Years Figures | | 548,481,144 | 494,281,855 | - | 1,042,762,999 | 9,289,285 | 67,847,628 | - | - | 77,136,913 | 965,626,086 | - |

* Note : See Note 3 of Schedule 21

(Amount in Rupees)

As at 31.03.2010

As at 31.03.2009

SCHEDULE - 6
INVENTORIES

(As taken, valued & Certified by the Management)

| | | |
|-------------------|--------------------|--------------------|
| Traded Goods | 396,788,489 | 975,684,500 |
| Packing Materials | - | 536,480 |
| | 396,788,489 | 976,220,980 |

SCHEDULE - 7
SUNDRY DEBTORS

(Unsecured, Considered Good)

| | | |
|---|--------------------|--------------------|
| Debts Due for a period exceeding six months | 2,879,158 | - |
| Others debts | 934,155,590 | 618,364,767 |
| | 937,034,748 | 618,364,767 |

SCHEDULE - 8
CASH & BANK BALANCES

| | | |
|-----------------------------|-----------|------------|
| Cash in Hand (as certified) | 1,344,611 | 40,152,990 |
|-----------------------------|-----------|------------|

BALANCE WITH SCHEDULED BANKS

| | | |
|-----------------------------|-------------------|-------------------|
| ~ In Current Accounts | 90,844,313 | 40,527,707 |
| ~ In Fixed Deposit Accounts | 3,181,332 | 2,006,332 |
| | 95,370,256 | 82,687,029 |

**SCHEDULES FORMING PART OF THE ACCOUNTS** as at 31st March, 2010

(Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|--|----------------------|----------------------|
| SCHEDULE - 9 | | |
| LOANS & ADVANCES | | |
| (Unsecured, Considered Good) | | |
| Advances to suppliers & others | 197,721,224 | 14,413,622 |
| Vat receivable | - | 26,698,643 |
| Income Tax /FBT Payments | 100,012,707 | 61,800,000 |
| Income Tax /FBT Refundable | 827,126 | - |
| Deposits | 44,561,102 | 52,917,922 |
| Interest accrued but not due on Fixed Deposit | 245,706 | 158,881 |
| | 343,367,865 | 155,989,068 |
| SCHEDULE - 10 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| (A) CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| For Goods supplied and Services | 1,271,480,439 | 1,842,393,798 |
| HDFC Bank (Due to Reconciliation) | - | 32,508,342 |
| For Capital Expenditure | 14,002,747 | 97,589,715 |
| For Other Liability | 3,435,903 | 51,762,884 |
| For Security Deposits | 34,354,666 | - |
| | 1,323,273,755 | 2,024,254,739 |
| (B) PROVISIONS | | |
| For Income Tax | 143,000,000 | 106,300,000 |
| For Fringe Benefit Tax | - | 3,605,000 |
| For Gratuity & Leave Encashment | 2,006,209 | 8,569,433 |
| For Dividend | 28,727,278 | 28,727,278 |
| For Dividend Tax | 4,882,201 | 4,882,201 |
| | 178,615,688 | 152,083,912 |
| SCHEDULE - 11 | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off and/or adjusted) | | |
| Deferred Revenue Expenditure | 1,387,600 | 1,734,500 |
| Less:Written off | 346,900 | 346,900 |
| | 1,040,700 | 1,387,600 |
| Preliminary Expenses | 107,940 | 143,920 |
| Less:Written off | 35,980 | 35,980 |
| | 71,960 | 107,940 |
| Total | 1,112,660 | 1,495,540 |

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

(Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|---|----------------------|----------------------|
| SCHEDULE - 12 | | |
| SALES | 6,908,984,128 | 8,311,992,624 |
| | 6,908,984,128 | 8,311,992,624 |
| SCHEDULE - 13 | | |
| OTHER INCOME | | |
| Scrap Sales | - | 1,065,581 |
| Interest on Fixed Deposits | 99,054 | 158,881 |
| Miscellaneous Income | 819,839 | 2,746,633 |
| | 918,893 | 3,971,095 |
| SCHEDULE - 14 | | |
| PURCHASE OF GOODS | | |
| ~ Purchases | 5,224,844,801 | 7,278,276,910 |
| ~ Other Direct Expenses | 90,481,448 | 225,017,657 |
| | 5,315,326,249 | 7,503,294,567 |
| SCHEDULE - 15 | | |
| (INCREASE)/ DECREASE IN INVENTORY | | |
| Opening Stock | 975,684,500 | 294,135,936 |
| Closing Stock | 396,788,489 | 975,684,500 |
| (Increase) / Decrease in Inventory | 578,896,011 | (681,548,564) |
| SCHEDULE - 16 | | |
| PERSONNEL COSTS | | |
| ~ Salary, Bonus, Allowances & Gratuity | 103,356,921 | 368,572,106 |
| ~ Contribution to provident fund and other funds | 6,743,264 | 38,977,302 |
| ~ Staff welfare | 2,192,749 | 10,908,530 |
| | 112,292,934 | 418,457,938 |
| SCHEDULE - 17 | | |
| ADMINISTRATIVE, SELLING & OTHER EXPENSES | | |
| ~ Rent | 100,735,667 | 247,819,304 |
| ~ Packing Material Consumed | 8,944,025 | 73,065,196 |
| ~ Security Charges | 11,742,949 | 94,867,793 |
| ~ Electricity Expenses | 26,751,051 | 87,317,522 |
| ~ Postage & Telephone | 16,428,832 | 25,950,513 |
| ~ Printing & Stationery | 2,477,540 | 14,353,722 |
| ~ Rates & Taxes | 942,857 | 3,093,882 |
| ~ Insurance | 180,910 | 1,757,093 |
| ~ Auditors' Remuneration | 720,299 | 565,027 |
| ~ Repair & Maintenance | | |
| a) Plant & Machinery (Generator etc) | 458,307 | 8,328,681 |
| b) Others | 8,042,172 | 27,018,112 |
| ~ Travelling & Conveyance | 10,432,942 | 11,071,083 |
| ~ Bank Charges | 13,002,721 | 15,715,714 |
| ~ Legal & Professional Expenses | 4,175,849 | 4,203,197 |
| ~ Sales Promotion | 56,151,358 | 11,543,581 |
| ~ General Expenses | 4,471,408 | 11,214,939 |
| ~ Brokerage & Commission | 269,000 | 1,511,051 |
| ~ House Keeping Charges | 661,747 | 15,072,085 |

**SCHEDULES FORMING PART OF THE ACCOUNTS** as at 31st March, 2010

(Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|--------------------------------|--------------------|--------------------|
| ~ Director's Sitting Fees | 51,000 | 36,000 |
| ~ Preliminary Expenses | 382,880 | 382,880 |
| ~ Advertisement | 98,953,081 | 46,979 |
| ~ Loss on sale of Fixed Assets | 2,934,324 | - |
| ~ Debenture issue expenses | 818,247 | - |
| | 369,729,166 | 654,934,354 |

SCHEDULE - 18**INTEREST**

| | | |
|--|----------------|----------------|
| ~ Interest on Vehicles Loans To Banks | 656,108 | 614,824 |
| | 656,108 | 614,824 |

SCHEDULE - 19**Earning Per Share :**

| | AS AT 31-3-2010 (in Rs.) | AS AT 31-3-2009 (in Rs.) |
|---|--------------------------------|--------------------------------|
| Profit after Tax as per Profit & Loss A/c | 264,435,223 | 225,967,795 |

Total no. of shares are calculated as under:

| | No. of Shares | Effective No. of Shares | Effective No. of Shares |
|--|------------------------|----------------------------|----------------------------|
| 1) No. of Equity Share as on Opening Date | (A) | 143,636,390 | 250,000 |
| 2) Allotment of Equity Shares on Account of Demerger | (B) | - | 108,386,390 |
| 3) No. of Equity Shares Allotted as on 13.08.2008 | (C) | - | 22,630,135 |
| Total Weighted No. of Equity Shares (Basic) | (A)+(B)+(C) = (D) | 143,636,390 | 131,266,525 |
| Shares to be Issued on 0% Fully Convertible Debentures | (E) | 1,395,002 | 355,439 |
| Total Weighted No. of Equity Shares (Diluted) | (D) + (E) | 143,991,829 | 131,266,525 |
| Basic Earning Per Share | | 1.84 | 1.72 |
| Diluted Earning Per Share | | 1.84 | 1.72 |

SCHEDULE - 20**SIGNIFICANT ACCOUNTING POLICIES:****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting and comply with all mandatory accounting standards as specified in the Companies (Accounting Standard) Rules 2006 and the relevant provisions of Companies Act, 1956.

The preparation of financial statements is in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

2. FIXED ASSETS:

- Fixed Assets are recorded at cost of acquisition inclusive of freight, duty, taxes and incidental expenses related to acquisition.
- When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed asset and any

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

gain/loss resulting therefrom is reflected in profit & loss account.

3. DEPRECIATION:

Depreciation on Fixed Assets has been provided as per Straight Line Method (SLM) at rates specified in Schedule XIV of the Companies Act, 1956.

4. INVENTORIES:

Inventories are valued as under:

- a) Inventories are valued at cost or net realizable value whichever is lower.
- b) Packing Material etc, if any, are valued at cost less VAT where applicable.

5. REVENUE RECOGNITION:

- a) Sales are recognized when goods are supplied to customers and are recorded net of trade discounts, rebates, VAT etc.
- b) 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.
- c) Interest on Fixed Deposits is booked on time proportion basis taking into account the amount invested and rate of interest.

6. IMPAIRMENT OF ASSETS:

The company tests on annual basis the carrying amount of the asset for impairment so as to determine -

- a) The provision for impairment loss if any, or
- b) The reversal, if any, required on account of impairment loss recognized in previous periods.

7. EMPLOYEE BENEFITS:**a) Short Term Employees Benefits:**

The undiscounted amount of short term employee benefits, expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee remain under the service. This benefit includes salary, wages, short term compensatory absences and bonus.

b) Long Term Employee Benefits:

- i. Defined Contribution Scheme- This benefit includes contribution to Employee's State Insurance Corporation and Provident Fund scheme. The contribution is recognized during the 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.

8. TAXES ON INCOME:

- a) Current Tax is determined as the amount of tax payable as per Income Tax Act, 1961.
- b) Deferred Tax liability if any is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference in one year and are capable of reversal in one or more subsequent years.
- c) Fringe Benefit Tax is provided in the accounts as per applicable rules.

9. PROPOSED DIVIDEND:

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

10. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:

- a) The Company creates a provision when there is present obligation as a result of past events that probably require an outflow of resources and a reliable estimate can be made of the amount of obligation.
- b) Contingent Liability is disclosed when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. But where the likelihood of the outflow of resources is remote, no disclosure is made.

**SCHEDULES FORMING PART OF THE ACCOUNTS** as at 31st March, 2010

c) Contingent Assets are neither recognized nor disclosed in financial statements.

11. EARNING PER SHARE

Basic earning per share is computed by dividing, the net profit/loss 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.

SCHEDULE - 21**NOTES ON ACCOUNTS:****1) Share Capital:**

Authorized Share Capital of the Company has since been increased to Rs. 50,00,00,000 divided into 25,00,00,000 equity shares of Rs.2 each.

2) Fully Convertible Debentures:

The company has issued 27,00,000, Zero % Fully Convertible Debentures of Rs 100/- each on Preferential basis to other than Promoters and is convertible into 13,95,002 Equity Shares of Rs 2/- each on conversion.

3) Impairment of Fixed Assets:

During the year impairment loss on Fixed Assets (Gross - Rs. 489.88 Lacs, net of deferred taxes Rs. 323.37 Lacs) relates to various items of Fixed Assets that have been brought down to their recoverable values upon evaluation of future economic benefits from their use.

4) Disclosure under the Micro, Small & Medium Enterprises Development Act 2006:

Based on the information available with the company there is no dues payable to Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act 2006.

5) Disclosures pursuant to Accounting Standard-15 (Revised) 'Employees Benefits':**a) Defined Contribution Plans**

In accordance with the Accounting Standard 15 on employee benefits issued by The Institute of Chartered Accountants of India, employer- established provident fund trust are treated as defined benefits plans.

b) Defined Benefit Plans

In keeping with the company Gratuity scheme (Defined Benefit Plan) eligible employees are entitled to gratuity benefits at one and half month's eligible salary for each completed year of service on Retirement / Death / Termination. Vesting occurs upon completion of 5 years of service subject to the payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the 'projected unit credit method'. Obligation for the leave encashment is recognised in the same manner as Gratuity.

Following are the further particulars with respect to Gratuity and Leave Encashment for the year ended 31.3.2010:-

| | | As at 31/03/10 (In Lacs) | | As at 31/03/09 (In Lacs) | |
|------------|--|--------------------------|------------------|--------------------------|------------------|
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| i) | Changes in Defined Benefit Obligation | | | | |
| | Present value of obligation at the beginning of the year | 46.78 | 38.91 | 22.43 | 23.83 |
| | Service Cost | 8.35 | 0.19 | 43.05 | 30.03 |
| | Interest Cost | 2.46 | 1.77 | 2.76 | 2.51 |
| | Actuarial (Gain)/Loss | (42.95) | (34.90) | (21.46) | (16.91) |
| | Benefit Paid | - | (0.55) | - | (0.55) |
| | Present Value of obligation at the end of the year | 14.64 | 5.42 | 46.78 | 38.91 |
| ii) | Change in Plan Assets | | | | |
| | Plan Assets at the beginning of the year | - | - | - | - |
| | Actual return on plan Assets | - | - | - | - |
| | Contribution by the Company | - | 0.55 | - | 0.55 |
| | Actual Benefits paid | - | (0.55) | - | (0.55) |
| | Actuarial (Gain)/ Loss | - | - | - | - |

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

| | | As at 31/03/10 (In Lacs) | | As at 31/03/09 (In Lacs) | |
|-------------|---|--------------------------|------------------|--------------------------|------------------|
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | Plan Asset at the end of year | - | - | - | - |
| iii) | Reconciliation of the present value of defined obligation and fair value of planned Assets | | | | |
| | Present value of the obligation at the end of the year | 14.64 | 5.42 | 46.78 | 38.91 |
| | Fair value of plan Assets at the end of the year | - | - | - | - |
| | Liability / (Asset) recognized in the Balance Sheet | 14.64 | 5.42 | 46.78 | 38.91 |
| iv) | Expenses Charged to profit & loss Account: | | | | |
| | Current Service Cost | 8.35 | 0.19 | 43.05 | 30.03 |
| | Interest Cost | 2.46 | 1.77 | 2.76 | 2.51 |
| | Expected return on Plan Assets | - | - | - | - |
| | Actuarial (Gain) / Loss (See note below) | (42.95) | (34.90) | (21.46) | (16.91) |
| | Total Expenses charged/(to be charged) in Profit & Loss A/c on accrual (See note below) | (32.14) | (32.94) | 24.35 | 15.63 |
| v) | Actuarial Assumption | | | | |
| | Discount rate Per Annum compound | 8.00% | 8.00% | 8.00% | 8.00% |
| | Rate of Increase in Salary | 5.00% | 5.00% | 5.00% | 5.00% |
| | Rate of Return on Plan Assets | 0.00% | 0.00% | 0.00% | 0.00% |

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

Note: - Since the Company has changed from own retail outlets to Franchisee outlets hence number of employees has considerably been reduced resulting in reversal of Provision in Gratuity and Leave Encashment by Rs 65,08,300/- which has been adjusted under the head Salary, Bonus, Allowances and Gratuity during the year.

6) The company is engaged in Retail business which constitutes single business segment. The company's operation is only in India. In view of this Primary and Secondary reporting disclosures for business and geographical segment as envisaged in Accounting Standard - 17 issued by 'ICAI' are not applicable to the company.

7) Auditors Remuneration includes: (Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|------------------------------|------------------|------------------|
| (a) For Statutory Audit Fees | 6,50,000 | 5,00,000 |
| (b) For Service Tax | 68,071 | 53,560 |
| (c) For Expenses | 2,228 | 11,467 |
| TOTAL | 7,20,299 | 5,65,027 |

8) Deferred Taxation: (Amount in Rupees)

| | As at 31.03.2010 | As at 31.03.2009 |
|----------------------------------|--------------------|--------------------|
| a) Deferred Tax Liabilities | | |
| - On Depreciation | 3,85,96,667 | 4,51,83,065 |
| b) Deferred Tax Assets | | |
| - On Gratuity & Leave Encashment | 6,81,910 | 29,12,750 |
| Net Liability | 3,79,14,757 | 4,22,70,315 |



SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

9) Related party disclosures:

In accordance with Accounting Standard 18 on Related Party Disclosure issued by the Institute of Chartered Accountants of India, are given below (where transaction exists):

(I) List of related parties with whom transaction have taken place during the year:

a) Name of the Companies where control exists (either individually or with others)

- i. REI Agro Limited
- ii. Aspective Vanijya Pvt. Ltd.
- iii. Jagadhatri Tracon Pvt. Ltd.
- iv. REI Steel & Timber Pvt. Ltd.
- v. Snehpusph Barter Pvt. Ltd.
- vi. Subhchintak Vancom Pvt. Ltd.
- vii. Shree Krishna Gyanodaya Flour Mills Pvt. Ltd.
- viii. Dr. ING N.K.Gupta Technical Consultants Pvt. Ltd.

b) Key Management Personnel: -

Mr. Sandip Jhunjunwala Managing Director

c) Director's Relatives: -

- i. Mr. Kailash Chandra Jhunjunwala
- ii. Mrs. Koushalya Devi Jhunjunwala
- iii. Mr.Sanjay Jhunjunwala
- iv. Mrs. Sangita Jhunjunwala
- v. Mrs. Suruchi Jhunjunwala

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2010

(II) Transactions with Related party:

| | As at 31.03.2010 | As at 31.03.2009 |
|---|-------------------------------------|-------------------------|
| a) Purchase of Goods: - ~ REI Agro Ltd. | 3,41,52,19,155 | 2,12,01,84,532 |
| b) Amount payable ~ REI Agro Ltd. | 1,22,85,10,192 | 1,73,07,31,256 |
| c) Preferential Allotment of Equity Shares ~ REI Agro Ltd. | - | 7,00,00,000 |
| d) Dividend paid during the year ~ Control Exist ~ Key Management Personnel (KMP) ~ Relatives of KMP | 1,52,24,713 1,91,529 2,45,101 | - - - |

10) Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

Opening Stock / Purchase / Sales / Closing Stock

| Particulars | As at 31.03.2010 | | As at 31.03.2009 | |
|------------------------|-------------------------|----------------|-------------------------|----------------|
| | Qty* | Amount (Rs) | Qty* | Amount (Rs) |
| Retail-Household Items | | | | |
| i) Opening Stock | | 97,56,84,500 | | 29,41,35,936 |
| ii) Purchase | | 5,31,53,26,249 | | 7,50,32,94,567 |
| iii) Sales | | 6,90,89,84,128 | | 8,31,19,92,624 |
| iv) Closing Stock | | 39,67,88,489 | | 97,56,84,500 |

* Since the company is dealing in large number of household items, therefore quantitative informations in respect of each item have not been possible.

11) Previous year's figures have been regrouped/re-arranged wherever considered necessary.

Signature of Schedule 1 to 21

**In terms of our attached report of even date
For P. K. Lilha & Co.
Chartered Accountants**

For and on behalf of the Board

**CA P. K. Lilha
Partner
Membership No. 11092
Place : Kolkata
Dated : May 29, 2010**

**Manoj Mishra
Director**

**A. Chatterjee
Director**

**Subhash Kr. Burnwal
Company Secretary**

**Balance Sheet Abstract****Balance Sheet Abstract and Company's Business Profile****I. Registration Details**

| | | | |
|--------------------|-------------------------------|------------|-------|
| Registration No. | 1 1 7 9 2 6 | State Code | 2 1 |
| Balance Sheet Date | 3 1 0 3 2 0 1 0 | | |

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

| | | | |
|--------------|-----------|-------------------|-----------|
| Public Issue | N I L | Right Issue | N I L |
| Bonus Issue | N I L | Private Placement | N I L |

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

| | | | |
|--------------------|---------------------------|----------------------|---------------------------|
| Total Liabilities | 1 1 2 3 1 1 2 | Total Assets | 1 1 2 3 1 1 2 |
| Sources of Funds | | Application of Funds | |
| Paid-up Capital | 2 8 7 2 7 3 | Net Fixed Assets | 8 5 1 3 2 7 |
| Reserves & Surplus | 5 2 0 3 0 9 | Net Current Assets | 2 7 0 6 7 2 |
| Secured Loans | 7 6 1 4 | Investments | N I L |
| Unsecured Loans | 2 7 0 0 0 0 | Misc. Expenditure | 1 1 1 3 |
| Deferred Tax | 3 7 9 1 5 | Accumulated Losses | N I L |

IV Performance of Company (Rs. in Thousands)

| | | | |
|----------------------------|---------------------------|-------------------------|---------------------------|
| Turnover | 6 9 0 9 9 0 3 | Total Expenditure | 6 5 0 4 4 4 9 |
| Profit/(Loss) Before Tax | 4 0 5 4 5 4 | Profit/(Loss) After Tax | 2 6 4 4 3 5 |
| Earning per Share in (Rs.) | 1 . 8 4 | Dividend Rate | 1 0 % |

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

| | |
|-------------------------|---------------|
| Item Code No.(ITC Code) | - - - - |
| Product Description | Retail |

For and on behalf of the Board

Place : Kolkata

Manoj Mishra
DirectorA. Chatterjee
DirectorSubhash Kr. Burnwal
Company Secretary

Date : May 29, 2010