

ASHOK KUMAR, PRABHASHANKAR & CO.

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Board of Directors of
RENUKA COMMODITIES DMCC - DUBAI

We have audited the attached Balance Sheet of **RENUKA COMMODITIES DMCC - DUBAI** as at March 31, 2012, Profit and Loss Account and Cash Flow Statement for the 18 months period ended as on that date as per Indian GAAP, 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.

We conducted our audit in accordance with 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 mis-statement. An audit includes examining on a 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We further state that the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2012.
- (ii) in case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date.
- (iii) in case of the Cash Flow Statement, of the Cash flows of the company for the period ended on that date.

Camp: Mumbai
Date: May 28, 2012



for Ashok Kumar, Prabhaskar & Co.
Chartered Accountants
Firm Reg No: 004982S

A handwritten signature in black ink, appearing to read "K. N. Prabhaskar".

K. N. Prabhaskar
Partner
Membership No. 19575



Renuka Commodities DMCC, Dubai
Jumeirah Lake Towers, 24J, AU Gold Tower, Sheikh Zayed Road, Dubai, UAE.

Balance Sheet as at March 31, 2012

All amounts in million Indian Rupees, unless otherwise stated.

	Schedule No.	31-Mar-12	30-Sep-10
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	4.97	4.97
Reserves & Surplus	2	6,212.69	4,809.37
		6,217.66	4,814.34
Loan Funds			
Secured Loans	3	6,608.04	-
Unsecured Loans		-	325.42
		6,608.04	325.42
TOTAL		12,825.70	5,139.76
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	4	84.12	20.48
Less : Depreciation		4.89	0.72
Net Block		79.23	19.76
Investments	5	3,104.81	-
Current Assets, Loans & Advances			
Sundry Debtors	6	-	-
Cash and Bank Balances	7	102.38	93.21
Loans and Advances	8	17,038.90	5,376.14
Less : Current Liabilities & Provisions	9	7,499.62	349.35
Net Current Assets		9,641.66	5,120.00
TOTAL		12,825.70	5,139.76

Significant Accounting Policies & Notes to Accounts

16

To be read with our report of even date
For **Ashok Kumar, Prabhashankar & Co.**,
Chartered Accountants
Firm Regn.No. : 004982S

K.N. Prabhashankar

K.N. Prabhashankar
Partner
Membership No. : 19575

Place: Mumbai
Date : May 28, 2012



For and on behalf of the Board

Prashant Niranjana
Prashant Niranjana
Director

Pratik Vora
Pratik Vora
Director

Renuka Commodities DMCC, Dubai
Jumeirah Lake Towers, 24J, AU Gold Tower, Sheikh Zayed Road, Dubai, UAE.
Profit & Loss Account for the 18 months ended March 31, 2012

All amounts in million Indian Rupees, unless otherwise stated.

	Schedule No	18 Months Ended 31-Mar-2012	Year Ended 30-09-2010
INCOME			
Sales (net)		20,580.58	11,164.09
Other Income	10	947.23	(144.87)
		21,527.81	11,019.22
EXPENDITURE			
Purchases of Traded Goods		19,939.35	7,923.16
Selling and Distribution Expenses	11	29.33	153.22
Personnel Expenses	12	40.49	12.78
Administrative Expenses	13	21.07	276.45
Financial Expenses	14	91.64	154.62
Depreciation	4	4.12	0.66
Exceptional Items	15	(338.24)	-
		19,787.76	8,520.89
Profit before tax		1,740.05	2,498.33
Provision for Tax		-	-
Profit after tax		1,740.05	2,498.33
Balance brought forward from previous year		4,809.37	2,311.04
Surplus carried to Balance Sheet		6,549.42	4,809.37
Basic and diluted earnings per share (in rupees)		43,501,266	62,458,284
[Nominal value of shares AED 10,000/-each]			

Significant Accounting Policies & Notes to Accounts

16

To be read with our report of even date
For **Ashok Kumar, Prabhashankar & Co.**,
Chartered Accountants
Firm Regn.No. : 004982S



K.N. Prabhashankar
Partner
Membership No. : 19575

Place: Mumbai
Date : May 28, 2012



For and on behalf of the Board


Prashant Niranjana
Director


Pratik Vora
Director

Renuka Commodities DMCC, Dubai

Jumeirah Lake Towers, 24J, AU Gold Tower, Sheikh Zayed Road, Dubai, UAE.

Cash Flow Statement for the 18 months ended March 31, 2012

All amounts in million Indian Rupees, unless otherwise stated.

	18 Months Ended 31-Mar-2012	Year Ended 30-09-2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	1,740.05	2,498.33
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Depreciation and Amortisation	4.17	0.61
Financial Expenses	91.64	154.62
Foreign Exchange Fluctuation Reserve	(336.73)	-
Exchange Fluctuations (net)	(947.23)	145.24
Operating profit before working capital changes	551.90	2,798.80
Changes in operating assets and liabilities:		
Trade Receivables	(1,625.80)	65.09
Other Receivables	(10,036.96)	(3,932.73)
Trade and Other Payables	7,150.27	348.80
Net Cash Flow From Operating Activities	(3,960.59)	(720.04)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(63.64)	(2.81)
Purchase of Investments	(3,104.81)	-
Net Cash Flow From Investing Activities	(3,168.45)	(2.81)
CASH FLOW FROM FINANCING ACTIVITIES		
Exchange Fluctuations (net)	947.23	(145.24)
Proceeds from Long-Term Borrowings	35.69	-
Proceeds from Short-Term Borrowings	6,572.35	-
Repayment of Unsecured Loans	(325.42)	(1,622.44)
Interest Paid	(91.64)	(154.62)
Net Cash Flow From Financing Activities	7,138.21	(1,922.30)
Net increase in cash and cash equivalents	9.17	(2,645.15)
Opening cash and cash equivalents	93.21	2,738.35
Closing cash and cash equivalents	102.38	93.21

To be read with our report of even date
For **Ashok Kumar, Prabhashankar & Co.**,
Chartered Accountants
Firm Regn.No. : 004982S

K.N. Prabhashankar

K.N. Prabhashankar
Partner
Membership No. : 19575

Place: Mumbai
Date : May 28, 2012



For and on behalf of the Board

Prashant Niranjana
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Director

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Director

Renuka Commodities DMCC, Dubai
Jumeirah Lake Towers, 24J, AU Gold Tower, Sheikh Zayed Road, Dubai, UAE.
Schedules forming part of the Financial Statements as on March 31, 2012

1. Share Capital *All amounts in million Indian Rupees, unless otherwise stated.*

	31-Mar-12	30-Sep-10
AUTHORISED, ISSUED, SUBSCRIBED & PAID UP:		
40 Shares of AED 10,000 each fully paid up	4.97	4.97
	4.97	4.97

2. Reserve and Surplus

	31-Mar-12	30-Sep-10
Foreign Exchange Translation Reserve	(336.73)	-
Surplus in Profit & Loss Account	6,549.42	4,809.37
	6,212.69	4,809.37

3. Loan Funds

	31-Mar-12	30-Sep-10
Secured Loans		
Term Loan From Bank (Secured by the first pari passu charge on immovable assets of the company)	35.69	-
Working Capital Borrowings (Secured against corporate guarantees of Holding company)	6,572.35	-
Unsecured Loan		
Loan from Associate Company (payable within one year)	-	325.42
	6,608.04	325.42

Repayment due within one year in respect of term loan aggregate to Rs. 8.4 million (Previous Year Nil)

4. Fixed Assets

	October 1, 2010	Additions	March 31, 2012
Gross Block			
Office Building	17.23	57.11	74.34
Office Equipments	0.31	1.15	1.46
Furniture & Fixtures	1.87	4.52	6.39
Vehicle	1.07	0.86	1.93
Total	20.48	63.64	84.12
<i>Previous Year</i>	<i>17.67</i>	<i>2.81</i>	<i>20.48</i>
Accumulated Depreciation			
Office Building	0.23	2.37	2.60
Office Equipments	0.15	0.26	0.41
Furniture & Fixtures	0.25	1.04	1.29
Vehicle	0.09	0.50	0.59
Total	0.72	4.17	4.89
<i>Previous Year</i>	<i>0.11</i>	<i>0.61</i>	<i>0.72</i>
Net Block			
Office Building	17.00		71.74
Office Equipments	0.16		1.05
Furniture & Fixtures	1.62		5.10
Vehicle	0.98		1.34
Total	19.76		79.23
<i>Previous Year</i>	<i>17.56</i>		<i>19.76</i>



5. Investments

	31-Mar-12	30-Sep-10
Long Term Investments (At Cost)		
In Subsidiary of Holding Company fully paid-up (Unquoted)		
Shree Renuka Global Ventures Limited	3,104.81	-
61,050,000 Equity Share if US\$1 (Previous Year Nil)		
	3,104.81	-

6. Sundry Debtors

	31-Mar-12	30-Sep-10
Unsecured		
Debts over Six Months		
Considered Good	-	-
Others		
Considered Good	-	-
	-	-

7. Cash and Bank Balance

	31-Mar-12	30-Sep-10
Cash on Hand	0.01	2.17
Balances with Scheduled Banks		
on Current Accounts	46.53	42.88
on Deposit Accounts	55.84	48.16
	102.38	93.21

8. Loans and Advances

	31-Mar-12	30-Sep-10
Unsecured and Considered Good		
Advances recoverable in cash or in kind or for value to be received	1,625.80	-
Advance Paid for Purchase of Material	10,485.35	2,762.89
Advances Others	4,927.75	2,613.25
	17,038.90	5,376.14

9. Current Liabilities and Provisions

	31-Mar-12	30-Sep-10
Sundry Creditors		
Trade Payables	7,422.66	-
Other Payables	12.30	0.62
Other Liabilities	64.66	348.73
	7,499.62	349.35



Renuka Commodities DMCC, Dubai

Jumeirah Lake Towers, 24J, AU Gold Tower, Sheikh Zayed Road, Dubai, UAE

Schedules forming part of the Financial Statements For the 18 months period ended March 31, 2012

10. Other Income	<i>All amounts in million Indian Rupees, unless otherwise stated.</i>	
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Gains/Loss on Derivatives	274.92	45.29
Foreign Exchange Gain/(Loss)	672.31	(190.53)
Miscellaneous Income	-	0.37
	947.23	(144.87)
11. Selling and Distribution Expenses		
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Discount Allowed	1.26	-
Freight and Other Charges	28.07	153.22
	29.33	153.22
12. Personned Expenss		
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Salary, Wages and Bonus	38.50	12.78
Contribution to Gratuity	1.99	-
	40.49	12.78
13. Administrative Expenses		
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Rent, Rates and Taxes	5.00	2.07
Insurance	0.59	0.04
Travelling and Conveyance	3.71	4.84
Printing and Stationery	0.14	0.05
Communication Expenses	2.41	0.60
Legal and Professional Fees	61.77	266.43
Auditor's Remuneration	1.10	0.63
Repairs and Maintenance	4.53	0.78
Membership and Subscription	2.06	0.12
Water charges and Electricity	0.64	-
Brokerage and Recovery of Expenses	(61.81)	-
Other Miscellaneous Expenses	0.93	0.89
	21.07	276.45
14. Financial Expenses		
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Interest to Banks	279.63	(17.62)
Interest Income	(452.73)	-
Interest to Others	171.95	157.12
Bank Charges	92.79	15.12
	91.64	154.62
15. Exceptional Items		
	18 Months Ended	Year Ended
	31-03-2012	30-09-2010
Forex Loss/(gain)	(338.24)	-
	(338.24)	-



Schedule - 16

All amounts in millions of Indian Rupees, unless otherwise stated

1. Organization and Nature of Operations

Renuka Commodities DMCC (“DMCC” or the “Company”), a company, was incorporated in October 2004 and is presently engaged in the marketing and trading of sugar. Renuka Commodities, DMCC is incorporated in Dubai, UAE.

2. Significant Accounting Policies

a. Basis of presentation

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with accounting principles generally accepted in India (“Indian GAAP”).

The financial statements of the Company are prepared and presented in Indian Rupees, the Company’s reporting currency.

b. Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates. The management’s estimates for future obligations under employee benefit plans, the useful life of tangible assets and the realization of sundry debtors and loans and advances represent particularly sensitive estimates.

c. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

d. Depreciation

Depreciation is provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. As per estimates of management, these rates are representative of the economic useful life of these assets.

e. Leases

Operating lease payment are recognized as an expenses in the Profit and Loss Account on a straight-line basis over the lease term.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Profit/Loss on sale of investments is computed with reference to their average cost.



g. Inventories

Inventories are valued as follows:

Finished goods

Lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

b. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, taxes and duties.

i. Foreign currency translation

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate at the date of the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and investments in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise, except for loans denominated in foreign currencies utilised for acquisition of fixed assets until the date of capitalization where the exchange gains/losses are adjusted to the cost of such assets.

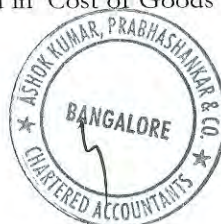
Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

The functional currency of Renuka Commodities, DMCC, a subsidiary in Dubai, UAE, is UAE Dirham ('AED').

j. Financial Derivatives & Commodity futures

Transactions in commodity futures and financial derivatives are accounted based on the mode of ultimate settlement. Transactions, which stipulate physical delivery of the goods and where the company intends to take such delivery, are recorded at gross, as purchases and sales as part of the company's trading activities (the Company enters into forward contracts for purchase and sale of raw/ processed sugar. Forward contracts which require settlement by way of physical delivery and contracts which management intends to settle by way of physical delivery are recorded at their gross values as Purchases and Sales and are included in 'Cost of Goods' and 'Sale of Sugar' respectively in the financial statements of the Company).



k. *Contingent liabilities*

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

l. *Earnings per share*

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3. Balances appearing under the head sundry creditors, sundry debtors and loans and advances are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.
4. The company deal with one single segment i.e., Trading and Futures in Sugar.
5. Previous year figures have been regrouped & rearranged wherever required.

As per our Report of even date.

For **Ashok Kumar, Prabhashankar & Co.,**
Chartered Accountants
Firm Registration No.: 004982S



K. N. Prabhashankar
Partner
Membership No.: 019575



Place: Mumbai
Date : May 28, 2012

For and on behalf of the Board



Prashant Niranjana
Director



Pratik Vora
Director