

## 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 September 30, 2010, Profit and Loss Account and Cash Flow Statement for the year 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 the case of the Balance Sheet of the state of affairs of the Company as at September 30, 2010.
- (ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
- (iii) in the case of Cash Flow Statement of the cash flows of the company for the year ended on that date.

For Ashok Kumar, Prabhaskar & Co.  
Chartered Accountants



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

**K. N. Prabhaskar**  
Partner  
Membership No. 19575  
Firm Reg No: 004982S

**Camp: Mumbai**  
**Date: December 18, 2010**

# Renuka Commodities DMCC, Dubai

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

## Balance Sheet as at September 30, 2010

All amounts in million Indian Rupees, unless otherwise stated

	Sch.No	30.09.2010	30.09.2009
<b>SOURCES OF FUND</b>			
Share Capital	1	4.97	4.97
Reserves & Surplus	2	4,809.37	2,311.04
Unsecured Loans (from Holding Co.)		-	1,947.86
Unsecured Loans (Associate Co.) Shree Renuka Global Ventures Ltd.		325.42	-
<b>TOTAL</b>		<b>5,139.76</b>	<b>4,263.87</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	20.48	17.67
Less : Depreciation		0.72	0.11
Net Block		<b>19.76</b>	<b>17.56</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Less: CURRENT LIABILITIES & PROVISIONS	5	349.35	0.54
<b>Net Current Assets</b>		<b>5,120.00</b>	<b>4,246.31</b>
<b>Total</b>		<b>5,139.76</b>	<b>4,263.87</b>

Significant Accounting Policies and Notes on Accounts

11


To be read with our report of even date  
For **Ashok Kumar, Prabhashankar & Co.**,  
Chartered Accountants

**K.N. Prabhashankar**  
Partner  
Membership No.19575  
Firm Regn.No : 004982S



For and on behalf of the Board

  
**Prashant Niranjn**  
Director

  
**Pratik Vora**  
Director

Place : Mumbai  
Date : December 18, 2010

# Renuka Commodities DMCC, Dubai

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

## Profit & Loss Account for the year ended September 30, 2010

All amounts in million Indian Rupees, unless otherwise stated

	Sch.No	30.09.2010	30.09.2009
<b>INCOME</b>			
Sales	6	11,164.09	3,391.90
Other Income	7	45.66	5.82
		<b>11,209.75</b>	<b>3,397.72</b>
<b>EXPENDITURE</b>			
Purchases		7,923.16	2,380.66
Direct Expenses	8	154.24	0.90
Administrative Expenses	9	478.74	73.86
Financial Expenses	10	154.62	94.12
Depreciation	3	0.66	0.05
		<b>8,711.42</b>	<b>2,549.59</b>
<b>Profit before tax</b>		<b>2,498.33</b>	<b>848.13</b>
Provision for Tax		-	-
<b>Profit after tax</b>		<b>2,498.33</b>	<b>848.13</b>
Balance brought forward from previous year		2,311.04	1,462.91
<b>Surplus carried to Balance Sheet</b>		<b>4,809.37</b>	<b>2,311.04</b>
<b>Earning per share (in Rupees)</b>		<b>62,458,284</b>	<b>21,203,250</b>

Significant Accounting Policies and Notes on Accounts

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For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants



K.N. Prabhashankar  
Partner  
Membership No.19575  
Firm Regn.No : 004982S



Place : Mumbai  
Date : December 18, 2010

For and on behalf of the Board



Prashant Niranjana  
Director



Pratik Vora  
Director



# Renuka Commodities DMCC, Dubai

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

## Cash Flow Statement for the year ended September 30, 2010

*All amounts in million Indian Rupees, unless otherwise stated*

	30.09.2010	30.09.2009
<b>Cash Flow From Operating Activities:</b>		
Profit Before Taxation	2,498.33	848.13
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities:</b>		
Depreciation	0.66	0.05
Loss/(Profit) on sale of fixed assets	0.08	-
Financial Expenses	154.62	94.12
<b>Operating profit before working capital changes</b>	<b>2,653.69</b>	<b>942.30</b>
<b>Changes in operating assets and liabilities:</b>		
Trade Receivables	65.09	817.50
Other Receivables	(3,932.73)	(865.47)
Trade and Other Payables	348.81	(22.19)
<b>Cash generated from operations</b>	<b>(865.14)</b>	<b>872.14</b>
Income-Tax Paid	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(865.14)</b>	<b>872.14</b>
<b>Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(2.94)	(17.29)
<b>Net Cash Flow From Investing Activities</b>	<b>(2.94)</b>	<b>(17.29)</b>
<b>Cash Flow From Financing Activities:</b>		
Proceeds from Short-Term Borrowings	325.42	1,947.86
Repayment of Short-Term Borrowings	(1,947.86)	-
Interest Paid	(154.62)	(94.12)
<b>Net Cash Flow From Financing Activities</b>	<b>(1,777.06)</b>	<b>1,853.74</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2645.14)</b>	<b>2708.59</b>
Opening cash and cash equivalents	2,738.35	29.76
<b>Closing cash and cash equivalents</b>	<b>93.21</b>	<b>2,738.35</b>

To be read with our report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants



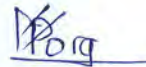
**K.N. Prabhashankar**  
Partner  
Membership No.19575  
Firm Regn.No : 004982S



For and on behalf of the Board



**Prashant Niranjana**  
Director



**Pratik Vora**  
Director

Place : Mumbai  
Date : December 18, 2010

# Renuka Commodities DMCC, Dubai

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

Schedules forming part of the Financial Statements for the year ended September 30, 2010

All amounts in million Indian Rupees, unless otherwise stated

## 1. SHARE CAPITAL

	30.09.2010	30.09.2009
<b>AUTHORISED, ISSUED, SUBSCRIBED &amp; PAID UP:</b>		
40 Shares of AED 10,000 each fully paid up	4.97	4.97
	<b>4.97</b>	<b>4.97</b>

## 2. RESERVES & SURPLUS

Profit & loss Account	4,809.37	2,311.04
	<b>4,809.37</b>	<b>2,311.04</b>

## 3. FIXED ASSETS

	October 1, 2009	Additions	Deductions/ Adjustments	30-Sep-10
<b>Gross Block</b>				
Office Building	17.23	-	-	17.23
Computer & Accessories	0.30	0.10	0.09	0.31
Office Equipments	0.04	-	0.04	-
Guest House Equipments	0.01	0.01	-	0.02
Furniture & Fixtures	0.09	1.76	-	1.85
Vehicle	-	1.07	-	1.07
<b>Total</b>	<b>17.67</b>	<b>2.94</b>	<b>0.13</b>	<b>20.48</b>
<b>Accumulated Depreciation</b>				
Office Building	-	0.23	-	0.23
Computer & Accessories	0.08	0.11	0.04	0.15
Office Equipments	0.01	-	0.01	-
Guest House Equipments	-	0.01	-	0.01
Furniture & Fixtures	0.02	0.22	-	0.24
Vehicles	-	0.09	-	0.09
<b>Total</b>	<b>0.11</b>	<b>0.66</b>	<b>0.05</b>	<b>0.72</b>
<b>Net Block</b>				
Office Building	17	-	-	17.00
Computer & Accessories	0.22	-	-	0.16
Office Equipments	0.03	-	-	-
Guest House Equipments	0.01	-	-	0.01
Furniture & Fixtures	0.07	-	-	1.61
Vehicle	-	-	-	0.98
<b>Total</b>	<b>17.56</b>			<b>19.76</b>



**4. CURRENT ASSETS, LOANS & ADVANCES**

	30.09.2010	30.09.2009
<b>A. CURRENT ASSETS</b>		
Sundry Debtors (Unsecured Considered Good)		
More than Six Months	-	-
Less Than Six Months	-	65.09
Cash & Bank Balance:		
On Hand	2.17	-
in Current Accounts	42.88	2,735.11
in Deposit Accounts	48.16	3.24
<b>B. LOANS &amp; ADVANCES</b>		
(Advances recoverable in cash or in kind or for value to be received) (Unsecured Considered Good)		
Interest Receivable	-	0.01
Advances to Others	2,613.25	1,439.22
Inter Corporate advances	2,762.89	4.18
	<b>5,469.35</b>	<b>4,246.85</b>

**5. CURRENT LIABILITIES & PROVISIONS**

<b>CURRENT LIABILITIES</b>		
Sundry Creditors	0.62	0.45
Provision for Expenses	348.73	0.09
	<b>349.35</b>	<b>0.54</b>

**7. NET SALES**

Sales	11,164.09	3,391.90
	<b>11,164.09</b>	<b>3,391.90</b>

**8. OTHER INCOME**

Miscellaneous Income	0.37	0.57
Gains or loss on Derivatives	45.29	-
Foreign Exchange Gain	-	5.25
	<b>45.66</b>	<b>5.82</b>

**9. DIRECT EXPENSES**

Rent	1.02	0.90
Freight	145.57	-
Commission & Brokerage	7.65	-
	<b>154.24</b>	<b>0.90</b>





**10. ADMINISTRATIVE EXPENSES**

	30.09.2010	30.09.2009
Telephone & Fax	0.59	0.15
Postage & Telegram	0.01	0.02
Printing & Stationery	0.05	0.01
Rates & Taxes	0.65	0.37
Insurance	0.04	0.04
Salary	12.05	-
Stipend	0.73	3.42
Audit Fees	0.61	0.52
Audit Expenses	0.02	0.01
Consultancy Charges	1.18	-
Advisory Services ICICI	265.25	68.80
Travelling & Conveyance Expenses	4.22	0.31
Lodging Boarding	0.62	0.03
Lease Rentals	0.40	-
Office Maintenance	0.74	0.11
Water & Electricity charges	-	0.01
Staff Welfare	0.01	-
Vehicle Maintenance, Running Expenses	0.03	-
Computer Maintenance	0.01	0.02
Entertainment Expenses	0.01	0.01
Staff Recruitment & Training	0.36	-
Membership Fees	0.12	-
News paper books & periodicals	0.01	-
Loss on scrap of Assets	0.08	-
Foreign Exchange Loss	190.53	-
Miscellaneous Expenses	0.42	0.03
	<b>478.74</b>	<b>73.86</b>

**11. FINANCIAL EXPENSES**

Interest Others	157.12	94.03
Bank Interest	(17.62)	(0.10)
Bank Charges	15.12	0.19
	<b>154.62</b>	<b>94.12</b>



## Schedule - 11

*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 upto 30 September, 2009 was provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. However, for the year ended 30 September, 2010 depreciation is provided based on the useful life of the 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.

*h. 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.

To be read with our report of even date  
For **Ashok Kumar, Prabhashankar & Co.,**  
Chartered Accountants



**K. N. Prabhashankar**  
Partner  
Membership No. – 19575  
Firm Regn.No : 004982S



Place: Mumbai  
Date: December 18, 2010

For and on behalf of the Board



Prashant Niranjana  
Director



**Pratik Vora**  
Director