



Shree Renuka Sugars Limited
Annual Report 2010-12

Reinforcing Priorities. Countering Challenges.

Building Resilience.



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Forward looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



BUILDING TOMORROW BEGINS TODAY.

By prioritising our tasks and reinforcing our choices. By facing challenges head-on and overcoming them, and by building a business that is robust, resilient and sustainable. We are working passionately today towards building the resilient Shree Renuka Sugars of tomorrow.



18 months in retrospect

Despite the adverse macro-economic environment and the challenging industry scenario, we remained focused on implementing our long-term strategic plan.



12.02%

recovery in our Indian operations

RECORD RECOVERIES IN INDIA OPERATIONS

Achieved 12.02% recovery in our Indian operations in 2011-12 – the highest ever in the past one-and-a-half decades for the Company. Our dedicated cane development and procurement department followed a vigorous cart-wise monitoring programme which enabled us to improve the recovery.



Rated capacity of
Kandla sugar refinery

3000

tonnes per day

TRANSFORMING THE BUSINESS FROM SEASONAL TO ANNUAL

Commenced commercial production in our new sugar refinery on the West coast of India, near the port of Kandla, on 29th February 2012. Achieving year-round operations and expanding our reach internationally has been our strategic focus. Having been operating all through the year post the acquisitions of Brazilian assets, the commissioning of this refinery gives us access to the South Asian and Middle-east markets. The rated capacity of the Kandla sugar refinery is 3,000 tonnes per day (1 Million MT per year). We already operate a 2,000 tonnes per day sugar refinery on the East Coast of India near the port of Haldia.



Raw Sugar Warehouse,
Kandla Refinery, Gujarat



EXPANDING CANE PLANTATION IN BRAZIL

Undertook sugarcane plantation on 25,000 hectares of land in 2011 in Brazil. The increased availability of cane would improve productivity and reduce average age of the sugarcane and ensure working of the Brazilian plants at higher capacity in the future.

Undertook sugarcane plantation on

25,000

hectares of land in 2011





“The Company has been continuously challenged by the adverse weather conditions in Brazil”

Message from the Co-founder, Vice Chairman and Managing Director

There are moments in the life of an enterprise when various circumstances combine to provide a challenge that seems insurmountable. Yet, amidst these challenging times, we seek opportunity in adversity while learning the lessons of today and continue building for a better tomorrow.

In the past 18 months, the Company has been continuously challenged by the adverse weather conditions in Brazil and a grim global macro-economic environment.

The Company has reported consolidated net loss of ₹ 302 million for the 18-month period ended 31st March 2012. Our bigger Brazilian subsidiary, Renuka do Brasil S/A has reported operating EBITDA of ₹ 7,798 million but a net loss of ₹ 3,995 million for the 18-month period. The Indian Business, International Trading Business and the other Brazilian subsidiary, Renuka Vale do Ivaí remained profitable. Operationally, at a consolidated level, the Company has been profitable with consolidated EBITDA margin of 16.3% for the 18-month period as compared to 15.9% for the previous financial year.

SUBDUED PERFORMANCE IN BRAZIL

The Company fell short of its expectations in Brazil - specifically in Renuka do Brasil. Two successive years of drought in 2010 and 2011, followed by two instances of frost where the temperature went below 4 degree centigrade and flowering, had affected the productivity of sugarcane and thereby, availability of cane for crushing. The entire industry

The entire industry in Brazil, including Shree Renuka Sugars, fell victim to the effects of the drop in yields.

in Brazil, including Shree Renuka Sugars, fell victim to the effects of the drop in yields, which was higher than what most of us expected. Most companies are suffering a severe loss of cane due to the poor weather conditions in the last two years (2010 and 2011). The yields in the Sao Paulo State declined by 17%. Our third party cane suppliers too suffered a drop in yield, affecting total availability of cane. The cost per tonne of cane increased due to higher allocation of fixed costs, agriculture as well as industrial, over lesser cane crushed.

The net effect is that we have a loss for 18-months in Renuka do Brasil affecting the total performance of the group.

The 18-month period saw a turnaround of our other subsidiary in Brazil, Renuka Vale do Ivaí. With good operating performance and lesser impact of the adverse weather, Renuka Vale do Ivaí performed significantly well with EBITDA margins of 38% for the 18-month period.

We now focus to replicate the same success in Renuka do Brasil with combination of certain managerial and technical measures.

REMEDIAL MEASURES

As immediate measures, we effected several management changes in Renuka do Brasil, especially in the cane department, to strengthen our team and enhance our competencies to address the losses that resulted from our oversight, and to improve the estimation and control of our cane crop.

We also launched an extensive cane plantation program to improve productivity from available land and ensure better utilisation of our crushing assets. The Company is also working on a cost reduction exercise at Renuka do Brasil to improve our existing margins.



RECORD RECOVERY OF 12.02% FOR THE CRUSHING SEASON 2011-12 IN INDIA BUSINESS

In Renuka (India), our cost of production is one of the lowest in the country. In our Milling division, we witnessed the best recoveries we ever had in the history of this Company.

FAVOURABLE DEVELOPMENTS IN INDIA

Recent changes in Indian export policy augur well for the domestic business. Shree Renuka Sugars benefits from the new open export policy as its Refining and Milling assets are close to the port and are capable of producing high quality refined sugar for the discerning markets in the Middle-East and Asia Pacific.

The depreciation of the Brazilian Real and Indian Rupee has created volatility in the results and Balance Sheet in recent quarters. However, it has made both production locations more competitive in the world sugar market.

TAKING ADVANTAGE OF BETTER SEASON IN INDIA

The Indian Cane Milling division proved its expertise and had its best operating performance ever in this season, with record sugar recovery. The team is also constantly engaged in organising the harvesting programme for desired cane quality. The Company has also set up state-of-the-art testing laboratories and follows a vigorous cart-wise monitoring programme.

BUILDING RESILIENCE

While we continue to develop our India operations, the biggest challenge before us is achieving the planned turnaround of our Brazilian operations.

Our confidence to turn around the operations stems from our past experience and committed team, who not only share our vision but have also proven themselves in the past by turning around sick mills. Our steady growth over the years has demonstrated our ability to accomplish the extraordinary in the most difficult of situations. This has been possible by combining our domain expertise with courage and our ability to take calculated risks. As a Company, we believe that we have the appetite and the competencies to seize the opportunities that each day will present to create a more rewarding future.

We have just completed the consolidation and integration of our global operations and we believe that together, with your trust and confidence, we will surmount the challenges ahead of us. The future for Shree Renuka Sugars is still unwritten and we remain committed to building a resilient transnational and profitable global entity.

Yours Sincerely

Narendra Murkumbi



Shree Renuka Sugars benefits from the new open export policy as its Refining and Milling assets are close to the port

Molasses Centrifugal
Machines



Sugar Centrifugal
Machines



Reinforcing Priorities



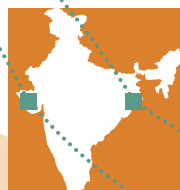
Our strategic initiatives in India and Brazil are geared to de-risk our operations and ensure the sustainability of our business. These initiatives include:

GROWTH THROUGH EXPORTS

While the recent depreciation of the Indian Rupee and Brazilian Real has ensured that exports remain remunerative, the change in the Indian export policy also bodes well for us in the long run.

From the 12th of May 2012, the Indian sugar exports are unrestricted and are subject only to the issuance of registration certificates without any limitations on the total quantity to be exported. At current Rupee levels, we expect Maharashtra and South India will continue to be competitive for exports in the next year. In Brazil, we have begun the new season in March/April and all four mills are currently operational.

In India, the sugar season has concluded and production has ended at the higher end of the estimate, at about 26 Million MT. The outlook for next year indicates lower planting in Southern India but higher planting in Uttar Pradesh. We expect the crop next season to be at approximately 25 Million MT, resulting in surplus stocks.



2 Port-based refineries

at Kandla and Haldia

ESTABLISHING A NEW PROFIT CENTRE WITH REFINING OPERATIONS

We have revolutionised the traditional Indian sugar industry by setting up two port-based refineries at Kandla and Haldia to produce high quality refined sugar from raw sugar which can be procured from both the domestic and global market. The locations of these refineries give us the opportunity to access markets in Asia and the Middle-East. The flexibility of procuring raw sugar from either the domestic or global market helps us benefit from the price differentials.

Given the favourable export market conditions, we expect refining to play a positive role in our future performance.



Automation Panel,
Renuka do Brasil S/A





Distillery Section,
Renuka do Brasil S/A

DEVELOPING THE ETHANOL BUSINESS

Our global distillery capacity for ethanol production is 6,240 KLPD. Our Indian distillery capacity stands at 930 KLPD and the Brazilian distillery capacity stands at 5,310 KLPD.

The Indian ethanol segment has benefitted from the ethanol blending programme, resulting in additional demand from Oil Marketing Companies (OMCs). This blending programme in India has entered into its second consecutive year. Till date, we have received purchase orders for the supply of 73 million litres to OMCs for the ensuing crushing season. We supplied 78 million litres of ethanol to OMCs during the 18-month period ended 31st March 2012 as compared to 51 million litres in the previous year.

Brazil has a large market for ethanol, which can be used as a substitute for gasoline in flex-fuel cars. The potential for ethanol usage in automobiles has grown by around 3.5 billion litres, even though the actual production of ethanol has declined year-on-year. The mandatory blending of anhydrous ethanol with gasoline provides consistent ethanol demand in Brazil. The usage of ethanol in Brazil, however, is relatively low due to the comparatively lower prices of gasoline. There is significant potential for increased demand of ethanol in case of ethanol prices going lower than the prevalent gasoline prices. Also, due to flexibility in shifting between ethanol and sugar production, we stand to benefit by producing either sugar or ethanol, whichever is the most remunerative.

A good latent demand for ethanol also exists in the rest of the world market. In a positive development in December 2011, the United States government ended its tariff on imported ethanol. The tariff on an ad valorem basis was equal to almost 17% of the price; i.e. \$ 46 cents per gallon of ethanol. Subsequently, the industry



6,240 KLPD

global distillery capacity for ethanol production

is witnessing substantial export demand from California, which consumes more than 10 billion litres of ethanol and, more importantly, does not use corn ethanol since it does not meet its criteria for sustainable bio-fuel in terms of its energy balance. Effectively, cane ethanol from Brazil is the only viable commercial source right now for blending in California.



Countering Challenges



Balancing execution with strategy has been our constant endeavour. While immediate circumstances call for tactical measures to strengthen the business, our long-term goals require us to think strategically to ensure sustainability and improved profitability.

Towards this end, we have taken both tactical and strategic steps to reinforce our priorities.

THE BRAZILIAN CHALLENGE

Our first priority lies in turning around our Brazilian operations and in optimally sweating our existing assets. Concurrently, we remain focussed on increasing the capacity utilisation of the plants for improving productivity. Lowering of operational costs is a virtuous goal that will help us boost our profitability. All of these will have a beneficial impact and help us get our Brazilian operations on track over the next two seasons.

Our foray into Brazil represented a continuation of our inorganic growth strategy, of acquiring distressed assets and turning them around. It presented us with a backward integration opportunity as we also acquired cultivable land of 110,000 hectares with these acquisitions. However, a combination of dry weather, followed by frost and flowering, resulted in a 30% decline in the yield of the sugarcane crop in the catchment area for our major subsidiary, Renuka Do Brasil in Sao Paulo.

The unpredictable weather has been one of the key reasons for the dramatically different results in our two Brazilian subsidiaries. At Renuka Vale do Ivaí, which is in Parana State, regular rain patterns led to better operating performance.

Equipav Mill,
Renuka do Brasil S/A





Mechanical Harvester,
Brazil

PARTICULARS

CROP SEASON

	2011	2010	2009
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RENUKA DO BRASIL S/A

Crushed ('000 tonne)	6,009*	8,872	7,527
ATR (kg/ tonnes)	129	131	114
Sugar ('000 tonne)	389	537	313

RENUKA VALE DO IVAI S/A

Sugarcane Crushed ('000 tonnes)	2,264	1,550	1,648
ATR (kg/ tonnes)	128	129	120
Sugar produced ('000 tonnes)	164	135	103

(*Low crushing in 2011 season due to adverse affects of drought, flowering and frost on cane plantation across Centre-South Brazil)

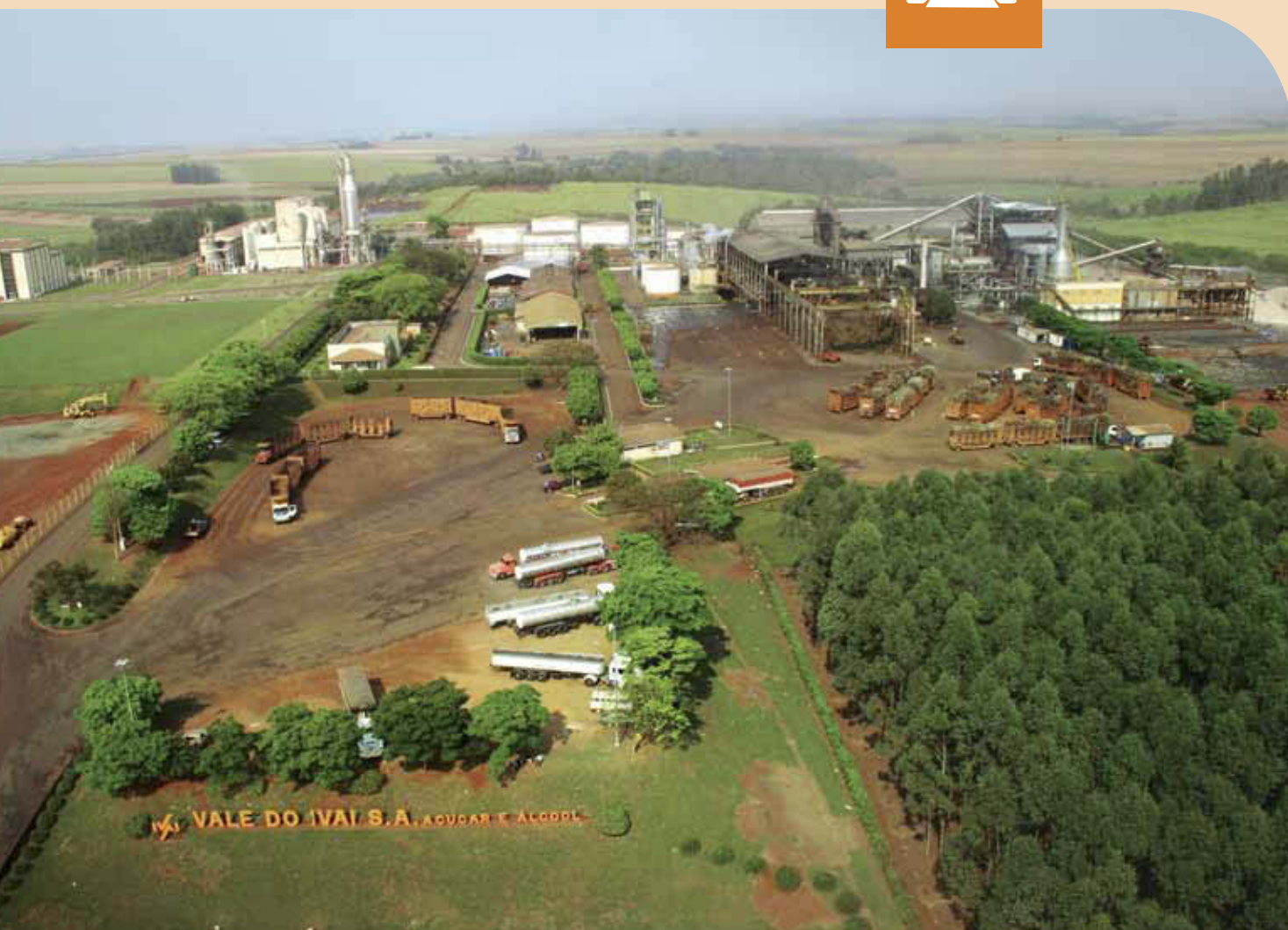
We have launched an extensive planting programme to achieve optimum capacity utilisation within two seasons. This is in line with the trend prevalent across Centre-South Brazil where most sugar and ethanol companies are suffering a severe loss of cane due to the poor weather over the last two years.

How do we propose to accomplish the turnaround?

SUSTAINING MOMENTUM WITH AGRICULTURAL AND MANAGEMENT EXPERTISE

Being an agro-industrial company, it is imperative to combine agricultural expertise with relevant management competencies to sustain momentum in the existing dynamic business environment. To achieve this dual task, we have strengthened our management team in Brazil and have brought in relevant domain expertise coupled with proven management skills and turnaround competencies.

Renuka Vale Do Ivaí S/A



Our priority

is to improve cane availability

ACCELERATED CANE PLANTATION PROGRAMME FOR HIGHER UTILISATION

To ensure that we run at optimum capacity, our priority is to improve cane availability. With two successive difficult seasons with lower cane output, both Renuka do Brasil and Renuka Vale Do Ivai have undertaken an accelerated cane plantation programme, cumulatively planting 25,000 hectares of land. This is relatively higher than the industry average in Brazil and we expect improved cane availability to lead to higher asset utilisation. Operational turnaround of Renuka do Brasil will require two seasons of assured cane availability.

REDUCING COSTS TO BOOST PROFITABILITY

We are implementing a comprehensive cost reduction programme in Renuka do Brasil to bring down overheads and costs, which in turn will improve our profitability.



Automated Trucks,
Brazil

Building Resilience

1998

Foundation of Shree Renuka Sugars with the acquisition of assets of Nizam Sugars Ltd. in Andhra Pradesh

2000

Commissioned a co-generation plant at Munoli, Karnataka

2001

Commissioned a 60 KLPD distillery at Munoli

2002

Established 250 tonnes per day sugar refinery at Munoli

2003

Leased first co-operative Mill

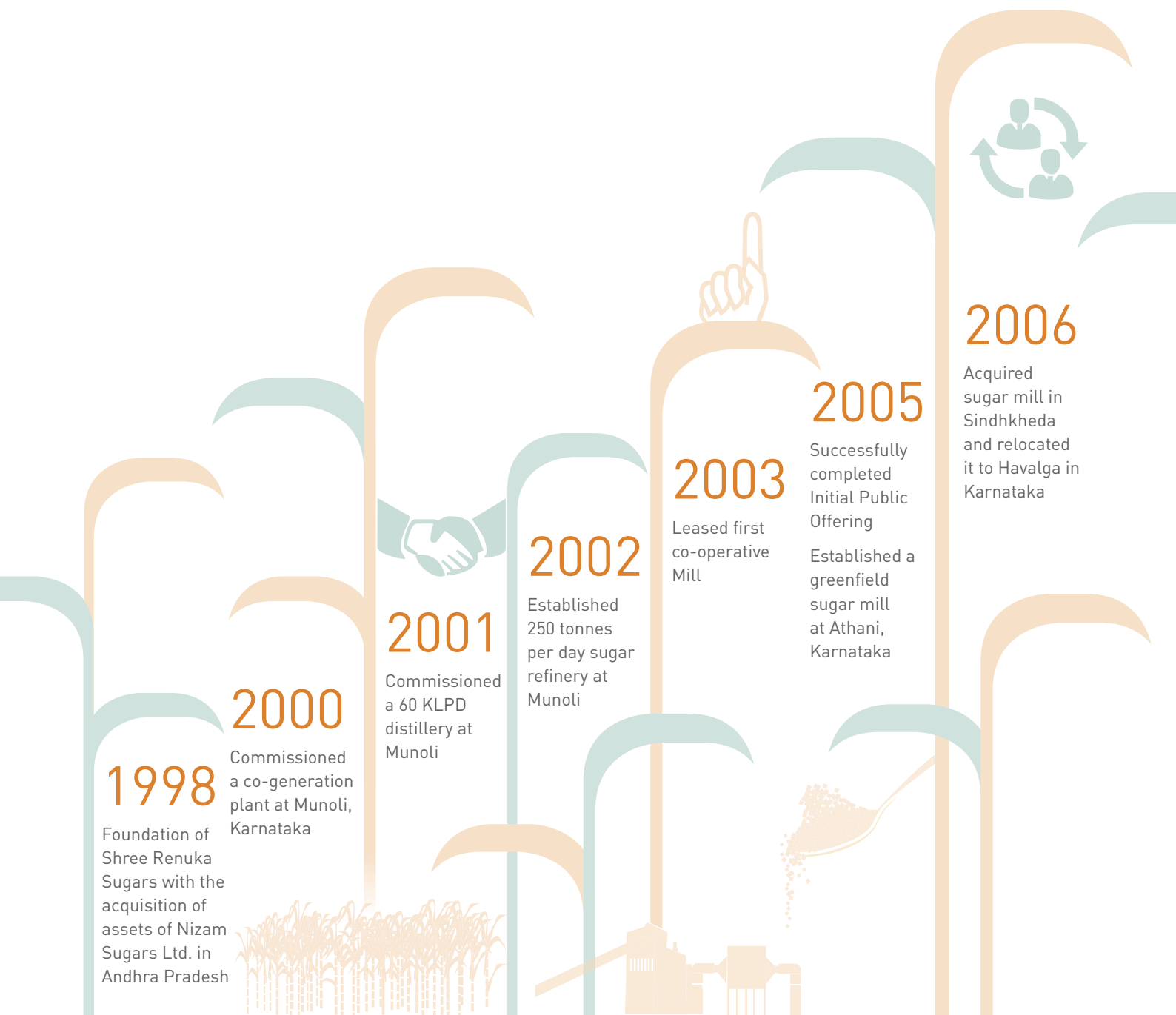
2005

Successfully completed Initial Public Offering

Established a greenfield sugar mill at Athani, Karnataka

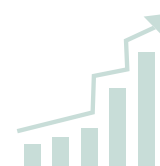
2006

Acquired sugar mill in Sindhkheda and relocated it to Havalga in Karnataka



2012

Increased stake in Renuka do Brazil S/A to 59.4% with a further investment of \$ 115 million.



2011

Commissioned a 3,000 tonnes per day port-based refinery in Gujarat (near Kandla)

2010

Acquired 100% stake in Renuka Vale do Ivai S/A and 50.34% stake in Renuka do Brasil S/A (Equipav)

2009

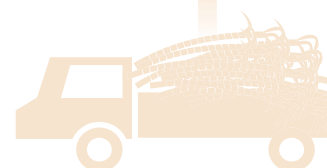
Commissioned co-generation plant in Panchganga Co-operative Sugar Mill on BOOT basis (Maharashtra)

2008

Commissioned a refinery of 2,000 tonnes per day at Haldia in West Bengal

2007

Acquired KBK Chem Engineering Pvt. Ltd., Maharashtra





Molasses Storage Tank,
Athani



Mill and Cane Fields,
Renuka Vale do Ivai S/A



▼
Distillery, Munoli

FROM ACQUISITIONS TO TURNAROUNDS

The story of Shree Renuka Sugars is one of acquisitions, turnarounds of distressed assets and building capacities to achieve economies of scale and synergies in operations.

We started as a manufacturer of sugar, then quickly entered into the business of co-generation of power. We combined acquisition of companies with greenfield projects and even acquired a company that specialised in the delivery of turnkey distillery, ethanol and bio-fuel plant solutions. We then entered into the business of refineries, turning a seasonal business into a year-round one. We built two refineries in the port towns of Haldia and Kandla. Our acquisitions in Brazil are a game changer and have made us one of the few companies in the world to have a presence in two of the most important sugar markets and have year-round crushing operations. The Brazilian acquisitions enabled us to complete our backward integration as we now have in possession land measuring 110,000 hectares for dedicated cane cultivation.

DRIVING GROWTH THROUGH INNOVATION

Innovation has been the driving force of our growth right from inception. Our journey began with raising capital innovatively by inducting farmers as shareholders in the Company. We pioneered the concept of operating sugar manufacturing assets in India on lease. We are running power projects at third party mills on BOOT basis. We are one of the first in the traditional Indian sugar industry to have ventured into the business of sugar refining. We have aligned our strategies to achieve synergies from our presence in Brazil (the largest sugar producer), India (the largest sugar consumer) and our extensive reach to the growing sugar markets in Asia.

BUILDING RESILIENCE

Our strategies, tactics, operational methodologies and outlook are geared towards making each of our businesses resilient in nature. We believe, 'When you build in resilience, results follow'. We are confident that our resilience will help us overcome the short-term challenges and emerge as a strong player in the long-run.

Sweet by another name – Madhur

Shree Renuka Sugars launched Madhur, a sugar brand for the retail markets, in November 2007.

Launched in 2007, Madhur, is the Company's well-established sugar brand which is manufactured using superior quality sugarcane. Special care is taken during cultivation, harvesting and onward processing and the Company's advanced sulphur-free manufacturing technology and mechanised processes guarantee the purity of the sugar, while giving the sugar crystals its optimum size.

Madhur has a significant presence in local kirana stores in Karnataka, Gujarat, Maharashtra and Rajasthan and it also finds a place of pride on the shelves of leading food malls and food chains. Looking at the increasing popularity of Madhur, plans are on the anvil to extend its retail presence pan-India. With the promise of premium quality, purity and hygiene (sugar that is untouched by hand), Madhur is one of the fastest growing sugar brand in the country enjoying leadership status.



Fostering sustainable growth with CSR initiatives

At Shree Renuka Sugars, our belief is that our work is not over when we report profitability to our shareholders. We believe we are equally responsible to contribute to the society within which we operate. To this end, we have sponsored a host of programmes that positively impacts the well being of the people and sections of the society that need intervention to better their prospects.

We believe that development of the communities in which we operate will result in the empowerment of not just the people in these communities but the nation at large.

Our CSR foundation has been built on two pillars focussing on Rural Health and Development as well as Education:

- Shree Renuka Institute for Rural Development & Research (SRIRDRI), a NGO sponsored by Shree Renuka Sugars Ltd. (SRSL) dedicated to serve the cause of Health and Rural Development
- Shree Renuka Sugars Development Foundation (SRSDFI), a registered Trust engaged in the promoting education to bring about the rural transformation and sustainable development

During FY12, the Company continued to make progress on its ongoing initiatives in the field of Education, Health Care and Community Development to contribute positively towards the upliftment of the communities within which it operates.



Mrs. Vidya Murkumbi
distributing discount cards to
farmer patients



EDUCATIONAL INITIATIVES -

From learning to earning

In a bid to improve the educational level of our staff families and the communities we operate in, we have tried to contribute by building a variety of educational institutions that educate, provide employability skills and help improve the standard of living of the people in these communities.

The Foundation runs three primary schools delivering CBSE education in remote and backward areas. These schools cater to 881 students. The two industrial training colleges set up by the Foundation operate in the Belgaum and Gulbarga districts and deliver employability skills. The Sugar Institute offers a Sugar Operator's course for employees of SRSL. The Polytechnic located in the Bavachi village of the Raibagh taluka offers diploma courses in Electrics and Electronic Engineering, Mechanical Engineering, Electronics and Communications Engineering, and Civil Engineering. The Polytechnic has enrolled 356 students. The Community Development Scheme is sponsored by the Ministry of Human Resources, Govt. of India, and it offers various training programmes in activities such as Cutting and Tailoring for women, Food processing and Pickle making, Mehendi rendering, Basket, Candle and Agarbatti making, Computer data entry, as well as toys and doll making.



HEALTHCARE INITIATIVES -

From health to well being

Our initiatives catering to the health and well being of the communities we operate in include Health Centers that offer OPDs delivering medical care in remote communities, Multi Diagnostic health camps, a Hi Tech Diagnostic centre with X ray, Sonography and ECG facilities etc., an Ambulance service and Shakar Shalas for children of cane harvesting staff which provides not only education but also nutritive food and regular health check-ups, along with sports and cultural activities.



Ambulance Facility,
Havalga Plant



COMMUNITY DEVELOPMENT SERVICES -

From better to positive living

Being a conscientious contributor to the well being of the communities around us, we contribute through a variety of programmes that positively impact the lives of the communities we serve.

349 Asare Homes had been built for the flood impacted people of Ramdurga taluka in the Belgaum district. We set up two Reverse Osmosis plants to deliver safe drinking water in villages of Gulburga and Belgaum districts and built an animal shelter that provides drinking water to domestic animals in the vicinity of our Havalga unit.

We contributed towards the building and setting up of a vegetable market for the farmers, a community hall for local gatherings, wedding and cultural activities and a shopping complex in Havalga. We facilitated setting up of Self Help Groups for wives of SRSL employees and local women, run local Rural Libraries and a Boys Hostel in Belgaum in the memory of Late Shri Madhusudan Murkumbi.

Apart from these initiatives, we also hold sports meets, yoga shivirs, sarva shikshan abhiyan programmes, van mahotsavs and street dramas.

Van Mahotsav,
Havalga



Corporate Information

BOARD OF DIRECTORS

Mrs. Vidya M. Murkumbi
Executive Chairperson

Mr. Narendra M. Murkumbi
Vice Chairman & Managing Director

Mr. S. K. Tuteja
Independent Director

Mr. Sanjay K. Asher
Independent Director

Mr. J.J. Bhagat
Independent Director

Mr. Robert Taylor
Independent Director

Mr. Jonathan Kingsman
Independent Director

Mr. Hrishikesh Parandekar
Independent Director

Mr. S.M. Kaluti
Non Executive Director

Mr. Nandan V. Yalgi
Executive Director

Mr. Vijendra Singh
Executive Director

AUDITORS:

M/s. Ashok Kumar,
Prabhashankar & Co.
Chartered Accountants,
Bangalore.

REGISTERED OFFICE:

BC 105, Havelock Road, Camp,
Belgaum-590 001.
Tel.: 91-831-2404000
Fax: 91-831-2404961

CORPORATE OFFICE:

7th Floor, Devchand House,
Shiv Sagar Estate,
Dr. Annie Besant Road, Worli,
Mumbai-400 018.
Tel: 91-22-2497 7744 / 4001 1400
Fax: 91-22-2497 7747

BANKERS:

ABN AMRO Bank N.V.
Axis Bank Ltd.
Deutsche Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
ING Vysya Bank Ltd.
State Bank of India
Standard Chartered Bank
Yes Bank Ltd.

Plant Locations (India)

Unit I - Munoli
Sugar, Distillery, Co-generation and
Sugar Refinery at,
Gavase, Taluka Saundatti,
District: Belgaum, Karnataka

Unit II - Arag (Leased)
Sugar & Co-Generation
Taluka Miraj,
District: Sangli, Maharashtra

Unit III - Athani
Sugar, Distillery, Co-Generation and
Sugar Refinery
Taluka Athani
District Belgaum, Karnataka

Unit IV - Havalga
Sugar, Distillery and Co-Generation
Taluka: Afzalpur,
Dist: Gulbarga, Karnataka

Unit V - Raibag (Leased)
Sugar
Taluka: Raibag,
Dist: Belgaum, Karnataka

Unit VI - Pathri
Sugar
Deonandra, Taluka: Pathri
Dist: Parbhani, Maharashtra

Plant Locations (Brazil)

Renuka do Brasil S/A
Unit I - Usina Equipav
Promissao, Sao Paulo
Brazil

Unit II - Usina Revati
Brejo Alegre, Sao Paulo
Brazil

Renuka Vale do Ivaí S/A
Unit I - Usina Sao Pedro do Ivaí
Sao Pedro do Ivaí, Parana
Brazil

Unit II - Usina Cambui
São Miguel do Cambuí, Parana
Brazil

Unit VII - Gokak
Sugar and Co-Generation
Kolavi, Taluka: Gokak
Dist: Belgaum, Karnataka

Unit E1 - Khopoli
Ethanol
Donvat, Taluka: Khalapur,
Maharashtra

Unit R1 - Haldia
Sugar Refinery
Kolkata, West Bengal

Unit R2 - Kandla
Sugar Refinery
Kandla, Gujarat

KBK Chem Engineering Pvt. Ltd.
Engineering, Procurement &
Construction of Distillery Plants
Taluka: Mulshi
District: Pune



MANAGEMENT DISCUSSION AND ANALYSIS

“Global sugar industry ended the production deficit scenario in 2010/11, when production rose by 5.3% to 161.6 Million MT, largely led by the top two sugar producing countries i.e. Brazil and India.”

GLOBAL SUGAR INDUSTRY

Industry facts

- ▶ Sugar is one of world's major agro-based industries and is also one of the most actively traded soft commodities on the exchanges
- ▶ More than 80% of sugar produced is from sugarcane while balance is from sugar beet
- ▶ Top 5 sugar producers in the world, namely Brazil, India, the EU, China and Thailand, account for over 60% of total production

Production and consumption

The global sugar production has seen an upside during the last two seasons, despite being hit by adverse weather

in the largest sugar producing country, Brazil. The global sugar industry ended its production deficit scenario in 2010/11, when production rose by 5.3% to 161.6 Million MT followed by further rise by 5.8% to 171 Million MT during the 2011/12 season, largely led by Brazil and India. While Brazil recorded a production growth of 15% to grow to 38 Million MT during the 2010/11 season, its sugar production fell to 35.9 Million MT during 2011/12 season. However, fall in sugar production in Brazil was offset by higher production in India, Thailand and EU resulting into higher sugar production for the season 2011/12. The rise in consumption, however, has not been so steep resulting into closing inventory levels for the 2010/11 and 2011/12 seasons at 30.6 Million MT and 31.6 Million MT respectively. The closing stock to consumption ratio at the end of 2012 season has been comfortable at 19.6%.

World sugar balance (Million MT, raw value)

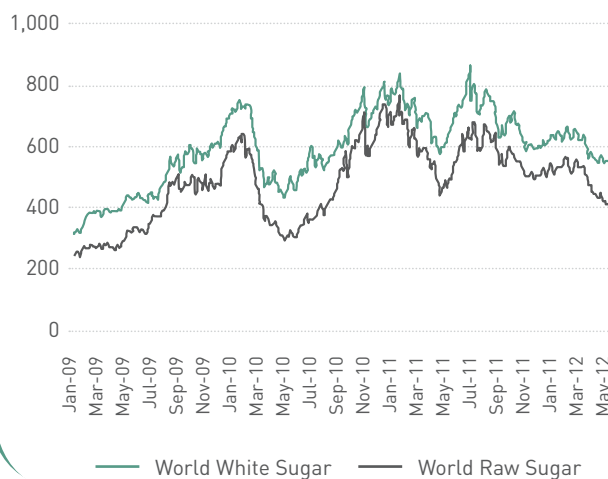
	2011/12	2010/11	Change (Million MT)	Change (%)
			2011/12	2011/12
Production	171.0	161.6	9.3	5.8
Consumption	161.0	156.8	4.2	2.7
Surplus/ deficit	10.0	4.9		
Import demand	48.9	51.9	(3.1)	(5.9)
Export availability	57.8	56.1	1.7	3.1
End Stocks	31.6	30.6	1.1	3.4
Stock/consumption ratio in %	19.6	19.5		

Source: USDA

Global sugar price trend

The global sugar prices have seen high level of volatility during the last 18-months. Raw sugar has traded at the high of above \$ 35 cents/lb during February 2011 due to a combination of robust international demand due to restocking of sugar by countries, limited supply and unfavourable climatic conditions in key sugar producing countries. However, as the news of better harvest in countries such as India, Thailand and EU gradually started surfacing, the prices started correcting itself and reached a low of \$ 21.4 cents/lbs by May 2011. While the factors such as weather issues and delay in shipments due to clogging of ports in Brazil contributed to keep pressure on the global sugar prices, the arrival of Indian sugar surplus seasons and higher sugar production in Thailand and EU pulled back the prices which had spiked up to above \$ 30 cents/lb between July and September 2011. Currently, with a good production scenario expected to continue in Asian countries i.e. India and Thailand, the sugar surplus is estimated to be about 10 Million MT in 2011/12. This along with depreciation of currencies of major sugar producing countries (INR and Real) against dollar has pushed the prices down to the levels of about \$ 20 cents/lb.

Trend in global sugar prices (\$/MT)



Source: ICE, Liffe

BRAZILIAN SUGAR INDUSTRY

Industry facts

- ▶ Largest producer and exporter and amongst the lowest-cost producers of sugar in the world
- ▶ Accounts for about 60% of the raw sugar global trade during 2011/12
- ▶ Sugarcane plantations largely concentrated in two regions i.e. Centre-South and North-Northeastern, where Central-South accounts for over 88% of the total sugarcane plantations
- ▶ Large cane fields facilitate the use of high level of mechanisation for agriculture

Sugarcane plantations in Brazil have increased from over 124 Million MT in 1980/81 to 620 Million MT in 2010/11, a CAGR of 8.4%, led by investments from the private sector, lower cost of production and favourable government policy of encouraging ethanol as a substitute for gasoline.

However, for the first time in a decade, Brazil suffered a setback due to unfavourable weather conditions arising due to two successive years of drought and unusual conditions of frost and flowering in the crop. The higher age of the cane crop and the climatic issues resulted in the drop in cane harvested in 2011/12 to 559 Million MT. Even the quality of the cane suffered which was evident in the lower ATR recovery from the cane. Sugarcane yields in the state of Sao Paulo, which accounts for 55% of the total sugarcane plantations in Brazil, declined by 17% to 73 MT/hectare in 2011/12, whereas the state of Parana witnessed yields decline by 7% to 66 MT/hectare. The drop in sugar production, however, was not intense as the drop in cane due to the effect on the diversion of cane to ethanol. Sugar production declined by 5% to 35.9 Million MT.

Lower sugar production also resulted in exports declining from 27.5 Million MT in 2010/11 to 24.9 Million MT in 2011/12.

Trend in sugarcane production in Brazil (Million MT)



Source: ICE, Liffe

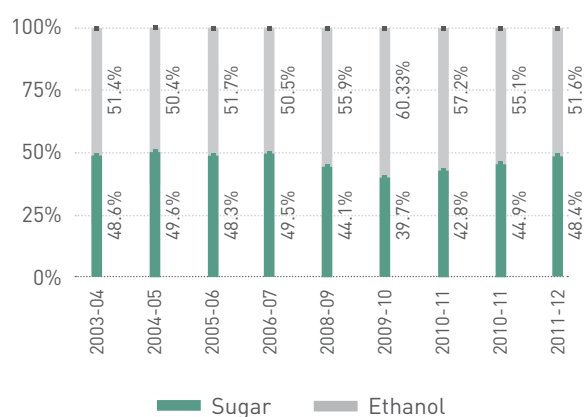
As per UNICA estimates, sugarcane availability in the Centre-South region is expected to improve by 3.2% to 509 Million MT as a result of 3% expansion in acreage in the 2012/13 season. With an improvement in the sugar mix to 48.75% from 48.43% in 2011/12, sugar production is expected to improve by 5.7% to 33.1 Million MT and export availability by 8.5% to 24 Million MT in the 2012/13 season.

Sugarcane data in Centre-South Brazil

	Unit	2010/11	2011/12	2012/13e
Sugarcane	Million MT	556.9	493.3	509.0
Production				
Sugar	Million MT	33.5	31.3	33.1
Anhydrous ethanol	Billion litres	7.4	7.5	7.0
Hydrous ethanol	Billion litres	18.0	13.1	14.5
Total ethanol	Billion litres	25.4	20.5	21.5
ATR	kg of sugar/MT of cane	140.5	137.5	140.0
Production share				
Sugar		44.9%	48.4%	48.8%
Ethanol		55.1%	51.6%	51.3%
Exports				
Sugar	Million MT	24.6	22.1	24.0
Ethanol	Billion litres	1.8	1.7	1.7

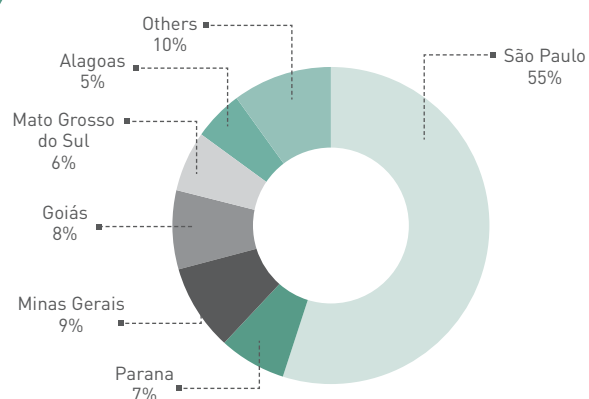
Source: UNICA (estimates released on 13 April 2012)

Sugar – Ethanol break-up in Centre-South Brazil

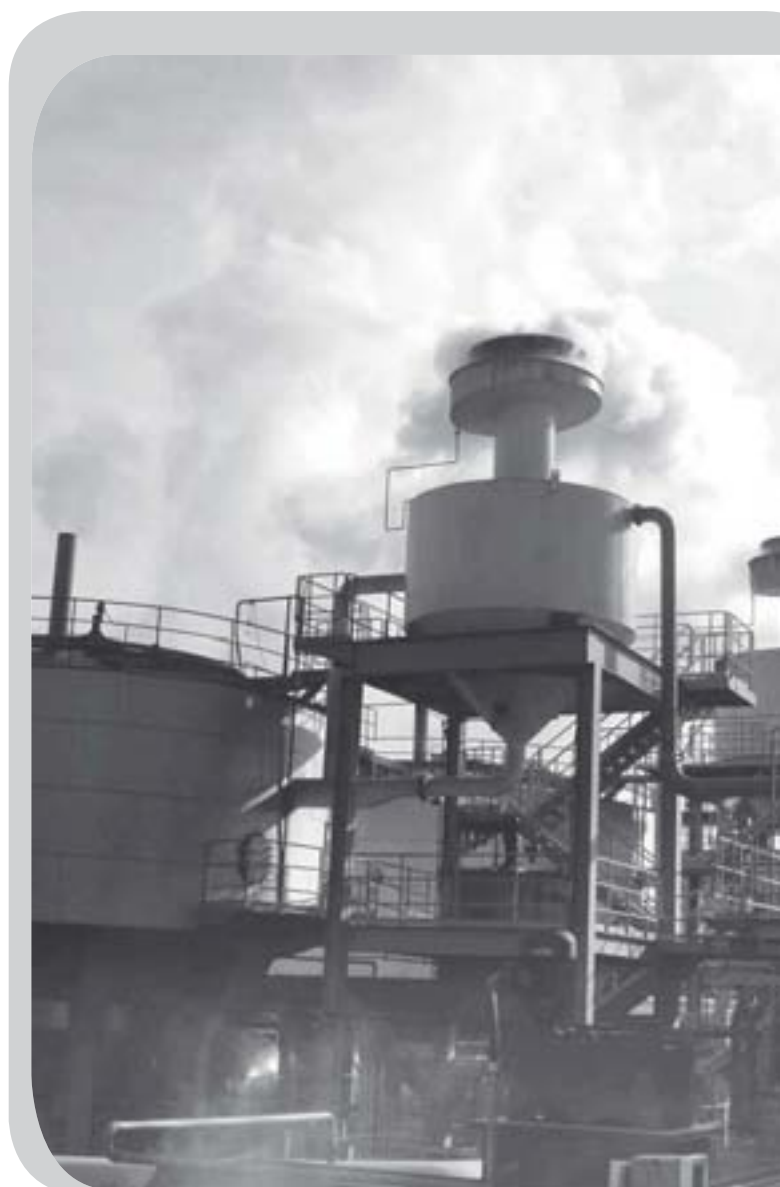


Source: UNICA

State-wise sugarcane plantation share in Brazil (2011/12)



Source: UNICA

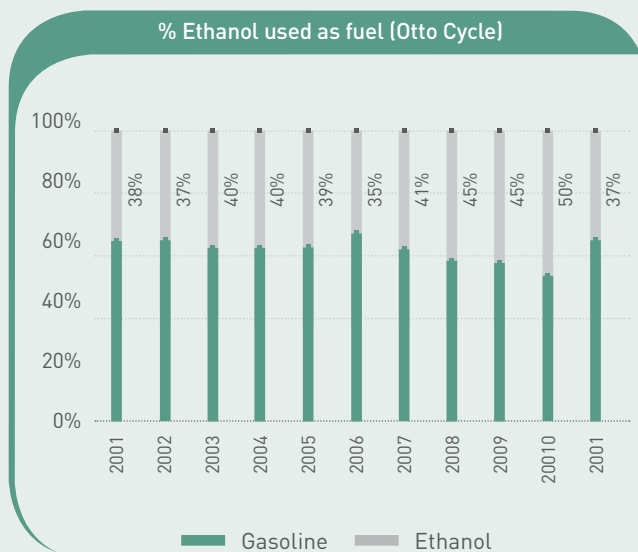


ETHANOL

Brazil is the second largest producer of ethanol globally after U.S. While U.S. produces ethanol from corn, Brazil manufactures ethanol from sugarcane.

Brazil has mandatory blending ratio of ethanol in gasoline ranging from 18% to 25%. The blend rate was as high as 25% before September 2011 and was reduced to 20% due to drop in cane output hence affecting the ethanol production. Currently, flex-fuel cars, which can use either ethanol or blended gasoline, in Brazil account for about 53% of the total car fleet and around 90% of the new vehicles' sales. The proportion of the flex-fuel cars are expected to cross 80% by 2020. Currently, the Brazilian light vehicle fleet has been increasing by 6.7% y-o-y since 2003 with currently 90% of the new vehicles being flex-fuel cars. Thus, there exists an increasing demand in Brazil for ethanol which is encouraging for the sugarcane industry.

In a major boost to the Brazilian ethanol industry, U.S. abolished the \$ 45 cents/gallon subsidy available to local corn based ethanol manufacturers and removed the \$ 54 cents/gallon import duty on ethanol imports from Brazil in June 2011. With the introduction of the new RFS2 standards for fuel in the US, which classifies sugarcane ethanol under cellulosic bio-fuel (corn ethanol is not classified as cellulosic ethanol) and has a fixed mandate to be blended with the gasoline. These developments have been encouraging for the Brazilian ethanol manufacturers and open up a new market for the Brazilian ethanol.



Source: UNICA

INDIAN SUGAR INDUSTRY

Industry facts

- ▶ Second largest producer and the largest consumer of sugar in the world
- ▶ Sugarcane cultivated in over 5 million acres in 2011/12, with Uttar Pradesh and Maharashtra accounting for a combined 63% of the total acreage
- ▶ 65% of sugar consumed by bulk consumers
- ▶ Low per capita consumption at 19 kgs against 35 kgs in EU, 40 kgs in Thailand and U.S. and 62 kgs in Brazil
- ▶ Second largest agro processing industry after cotton, involving over 50 million farmers and sugarcane payments of ₹ 550 billion without involvement of any middlemen
- ▶ Around 527 sugar factories operational in 2010/11, with an average crushing capacity of roughly 3,650 TCD

Production and consumption

- ▶ Sugar year 2010/11: Sugar production in India in 2010/11 rebounded sharply by 30% to 24.4 Million MT. Remunerative sugarcane price paid in the previous seasons led to 17% increase in acreage to 4.9 Million acres, and favourable weather led to improvement in yields. Higher availability of sugar led to India being turned into a net exporter of sugar in 2010/11 from being a net importer in 2009/10.
- ▶ Sugar year 2011/12: Sugar production is estimated to close at ~26 Million MT in 2011/12 from 24.4 Million MT in 2010/11, on account of higher sugar production in Uttar Pradesh, while production in Maharashtra and Karnataka is expected to remain same compared to the previous year. Consumption is estimated to be around 22.5 Million MT. The government had allowed quota based exports of 2 Million MT of sugar and subsequently removed the restriction on sugar exports to release the building of domestic inventory.

Indian Sugar Production, Supply and Distribution

(in Million MT)

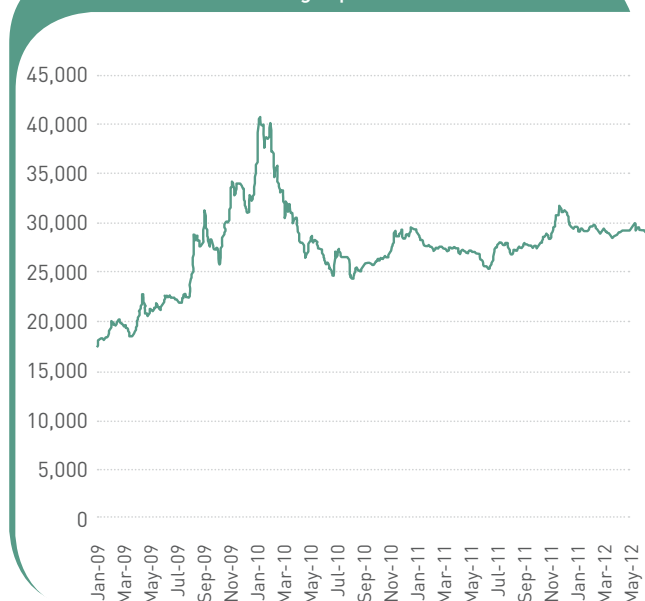
	08-09	09-10	10-11	11-12 (E)	12-13 (E)
Opening Stock as on 1st Oct	10.2	4.2	5.6	6.9	7.7
Production during the Season	14.6	18.8	24.4	25.8	25.5
Imports	2.6	4.1	0.3	-	-
Total Availability	27.4	27.1	30.3	32.7	33.2
Off-take					
I) Internal Consumption	23.0	21.2	20.5	22.5	23.4
II) Exports	0.2	0.3	2.9	3.5	3.5
Total off-take (I) + (II)	23.2	21.5	23.4	26.0	26.9
Closing Stock as on 30th Sept.	4.2	5.6	6.9	6.7	6.3
Months of Inventory	2.2	3.2	4.0	4.0	3.8

Source: ISMA, 2012-13 / Estimates are from media releases

Trend in domestic sugar prices

The domestic sugar prices for the period between October 2010 and March 2012 remained volatile, varying between the low of ₹ 25.5/kg reached in June 2011 and the high of ₹ 31.7/kg reached in November 2011. Sugar prices remained weak till March 2011 on account of excess supply. Downtrend in sugar prices continued post March due to lower than anticipated sugar exports coupled with high free sales quota and the domestic sugar prices touched the season low in June 2011. However, post June, sugar prices gradually started to pick up on account of the festive demand, delay in crushing season and the government's decision to allow exports. With commencement of the new Indian sugar season, the domestic sugar prices have stayed in the range of ₹ 28.5/kg to ₹ 30.0/kg in 2012.

Domestic sugar prices (₹/MT)

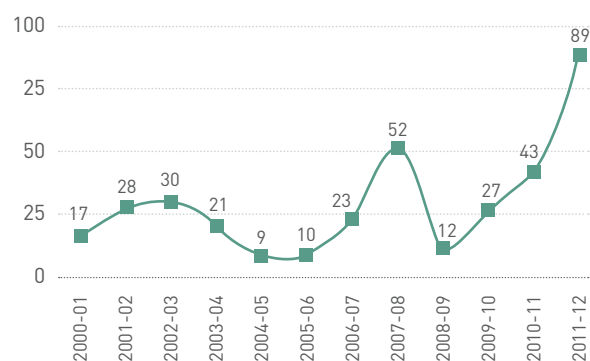


Source: NCDEX

Challenges before the industry

The industry is currently going through one of the most challenging periods witnessed in recent history, with sugarcane arrears to farmers being built up to record levels. As of March 2012, the total accumulative sugarcane arrears were ₹ 89 billion, of which Uttar Pradesh accounted for ₹ 47.3 billion and Maharashtra ₹ 5 billion.

Sugarcane price arrears (₹ in billion)



Source: ISMA



Policy initiatives taken

- ▶ The government has changed to open market sugar release mechanism from monthly basis to quarterly basis. This will give the mills a sufficient window period to plan their sugar sales and streamline their cash-flows.
- ▶ The government has removed company-wise quantitative restrictions on sugar exports. And is subject only to obtaining registration certificates. Although white sugar prices have decreased in the last few months, a depreciating ₹ vis-a-vis the \$ helped sustain sugar exports from India.
- ▶ The government has formed a committee headed by Mr. C Rangarajan (Chairman – PMEAC), which will give the recommendations after hearing all stakeholders' views on issues like levy obligation, release mechanism, unstable export policy among others. The industry believes that any positive development on this front would also benefit the farmer as he would be adequately remunerated on sugarcane sales.

ETHANOL AND CO-GENERATION IN INDIA

The ethanol blending programme is primarily based on indigenously produced ethanol from sugarcane molasses, which, besides augmenting fuel availability in the country, would also provide better returns for sugarcane farmers. The blending programme was re-introduced in 2009 and the total expression of interest (EOI) issued in the 2010/11 season was 1,013 million litres out of which 310 million litres were disallowed as it was not indigenous. Contracts to supply 607 million litres of ethanol were issued in 2011/12 to OMCs out of which the actual off-take stood at only ~300 million litres at a provisional price of ₹ 27/litre. Better prices of ENA and industrial alcohol compared to ethanol were the key reasons for lower ethanol off-take. A committee headed by Mr. Saumitra Chaudhuri, (Member – Planning Commission) and PMEAC has been formed to look into the pricing aspect and supply of ethanol on a sustainable basis.

Bagasse is used for captive generation of power or is sold to the paper industry. Supportive policies from State Electricity Regulatory Commissions (SERCs) in the form of healthy tariffs have helped companies with surplus power capacities to mitigate some pressure on profitability of core operations. Non-integrated mills too have benefited

from firm bagasse prices, which are ruling at around ₹ 1,500/MT in some key markets, as demand from the paper industry has remained buoyant.

Source: ICRA research report – March 2012 and CEA research report

COMPANY OVERVIEW

Shree Renuka Sugars is a global agribusiness and bio-energy corporation. The Company is one of the largest sugar producers in the world, the leading manufacturer of sugar in India, and one of the largest sugar refiners in the world.

Shree Renuka Sugars operates in three segments: Sugar, Trading and Power.

Snapshot

	India	Brazil	Total
Crushing capacity (TCD)	35,000	59,520	94,520
Annual crushing capacity (Million MT)	7.1	13.6	20.7
Ethanol production capacity (KLPD)	930	5,310	6,240
Sugar refining capacity (TPD)	9,000	----	9,000
Power generation capacity (MW)	242	313	555
Power exportable (MW)	135	221	356
Own cane plantation (in hectares)	---	110,000	110,000



Sugar: The Company operates eleven mills globally with a total crushing capacity of 20.7 million tonnes per annum (MTPA) or 94,520 tons crushed per day (TCD).

The Company operates seven sugar mills in India with a total crushing capacity of 7.1 MTPA or 35,000 TCD and two port based sugar refineries with capacity of 1.7 MTPA.

The Company also has significant presence in South Brazil, through acquisition of Renuka Vale do Ivaí on 19th March 2010 (100% owned) and Renuka do Brasil on 7th July 2010 (formerly Equipav Acucare Alcool - 50.34% stake for \$ 250 million). The Company has exercised its option to increase its stake to 59.4% at the same valuation by further investment of \$ 115 million. The combined crushing capacity of the Brazilian subsidiary companies is 13.6 MTPA.

Trading: Operates a trading hub in Dubai to capitalise on trade opportunities in the Asian region.

Power: Shree Renuka Sugars produces power from bagasse (a sugarcane byproduct) for captive consumption and sale to the state grids in India and Brazil.

Ethanol: Shree Renuka Sugars manufactures fuel grade ethanol that can be blended with petrol. Global distillery capacity is 6,240 KL per day (KLPD) with Indian distillery capacity at 930 KLPD (630 KLPD from molasses to ethanol and 300 KLPD from rectified spirit to ethanol) and Brazil distillery capacity at 5,310 KLPD.

The acquisition KBK Chem-Engineering (100% owned) facilitates turnkey distillery, ethanol and bio-fuel plant solutions.

Consolidated year-on-year performance

(₹ in million)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-12
Total Income	9,635	21,295	28,225	77,195	125,778
EBITDA	1,449	2,678	4,721	12,252	20,498
PBT	1,066	1,608	2,968	8,739	(671)
PAT	830	1,339	2,235	7,034	(310)
Pro-forma EPS*	3.35	4.85	7.05	10.75	(0.46)
Net worth	4,217	8,320	15,274	23,479	21,771
Net block	5,623	7,516	14,149	72,821	101,652

Key Ratios (%)

	18M ended 31st Mar '12	12M ended 30th Sep '10
EBITDA / Total income	16.30%	15.87%
PBT / Total income	(0.53)%	11.32%
PAT / Total income	(0.25)%	9.11%

Financial highlights

(₹ in million)

	18M ended 31st Mar '12	12M ended 30th Sep '10
Net Sales ¹	125,778	77,195
Operating EBITDA ²	20,498	12,252
% Margin	16.3%	15.9%
Foreign exchange gain/(loss)	(566)	1,321
Net Profit ³	(310)	7,034
% Margin	(0.2%)	9.1%
Basic EPS ⁴ (₹)	(0.46)	10.75
Diluted EPS ⁴ (₹)	(0.46)	10.33

Notes: 1 Net Sales excludes excise duties, foreign exchange gains and includes other income 2. Operating EBITDA defined as earnings before depreciation, interest, exceptional items and taxes; includes other income and excludes foreign exchange gain/loss 3. Net Profit is after minority interest and prior period adjustments 4. Non annualised

Segmental operational performance (India)

	2011/12* 7 months	2010/11# 12 months	2009/10 ^a 12 months
Sugar segment			
Sugarcane crushed (MT)	4,903,810	5,226,242	4,030,068
Raw Sugar processed (MT)	250,703	379,182	876,157
Sugar produced from cane (MT)	589,363	605,833	449,263
Sugar produced from raw sugar (MT)	242,846	359,041	829,000
Recovery (weighted average) (%)	12.0	11.6	11.2
Cogeneration plant			
Power generated (Million KWH)	455	609	634
Captive consumption (Million KWH)	221	237	237
Power exported (Million KWH)	234	372	397
Ethanol plant			
Total spirit produced (million litres)	74	111	77

Includes operational performance of Gokak Sugars. Note: * - October 2011 to April 2012. # - October 2010 to September 2011. ^a - October 2009 to September 2010

Segmental operational performance (Brazil)

	Crop season 2011		Crop season 2010		Crop season 2009	
	RDB	RVDI	RDB	RVDI	RDB	RVDI
Sugarcane crushed ('000 tonnes)	6,009	2,264	8,872	1,550	7,527	1,648
ATR (kg/MT of sugarcane)	129	128	131	129	114	120
Sugar produced ('000 tonnes)	389	164	537	135	313	103
Ethanol produced ('000 m ³)	221	67	368	39	327	57
Energy exported (MWh)	205	-	394	-	327	-
Sugar mix (%)	55	59	49	71	39	54

RDB – Renuka do Brasil S/A

RVDI – Renuka Vale do IVAI S/A

FINANCIAL REVIEW (STANDALONE)

The financial year 2010-12 consists of 18-months on account of change in the financial year ending to March which was September earlier.

Revenues

At SRSL, our total turnover (including total revenues net of excise duty and including other income) stood at ₹ 63,632 million for the financial year, compared to ₹ 55,979 million in FY10. The increment was the result of the following:

- Increase in sugar segmental sales to ₹ 38,851 million in the financial year from ₹ 36,683 million in the previous year.
- Enhanced segmental sale of power generation to ₹ 5,817 million from ₹ 3,944 million in the previous year
- Increase in trading revenues to ₹ 18,471 million from ₹ 16,646 million in the previous year

The segment sales of manufactured sugar increased to 1,375,317 MT from 1,251,688 MT in the previous year, with an average net realisation of ₹ 28,860 per MT for the year, compared to ₹ 28,608 per MT in the previous year. Co-generation revenue stood at ₹ 5,817 million, owing to a rise in power export to grid by 51% from 397 million units to 599 million units. There has been a marginal increase in net realisation from ₹ 4.78 to ₹ 4.89 per unit export of power.

Sales from Ethanol division during the year stood at 164,240 KL against 51,149 KL in the previous year. The average realisation marginally improved to ₹ 27,972 vis-a-vis ₹ 27,822 per KL in the previous year.

Production

A total of 4,798,148 MT of cane was crushed from October 2011 to March 2012 and a total of 5,226,242 MT was crushed from October 2010 to September 2011 across all the plants, as compared to 4,030,068 MT from October

2009 to September 2010. Sugar production from October 2011 to March 2012 was 571,991 MT and from October 2010 to September 2011 was 605,833 MT 195,196 as compared to 449,263 MT from October 2009 to September 2010. Sugar yield (recovery) per tonne of cane increased to 11.92% for the period from October 2011 to March 2012 and 11.59% for the period from October 2010 to September 2011 from 11.15% for the period from October 2009 to September 2010.

Total sugar produced in the refineries from raw sugar decreased from 829,000 MT for the period October 2009 to September 2010 to 242,846 MT for the period from October 2011 to March 2012 and 359,041 MT for the period from October 2010 to September 2011. Total sugar produced from October 2011 to March 2012 was 814,837 MT and from October 2010 to September 2011 was 964,924 MT vis-à-vis 1,278,263 MT in the previous year.

The closing sugar stock was recorded at 556,709 MT (including 533,207 MT of white sugar and 23,502 MT of raw sugar) as on 31st March, 2012. Inventory of ethanol and molasses was 33,139 KL and 174,882 MT, respectively.

Expenditure

The total expenditure (excluding provisions for tax, interest and depreciation) increased to ₹ 56,233 million for the financial year vis-a-vis ₹ 48,735 million in the previous year ending 30th September, 2010.

Raw materials

Cumulative raw material consumption touched ₹ 34,989 million for the financial year vis-à-vis previous year's ₹ 32,551 million. Raw material cost as a percentage to sales was 55% vs. 58% previous year.

Interest

The interest cost as a percentage of total revenues increased to 5.8% for the financial year from 1.5% in the previous year. The interest cost surged to ₹ 3,699 million from ₹ 825 million in the previous year.

Profit before tax

The profit before tax stood at ₹ 1,351 million for the financial year against ₹ 5,604 million in the previous year due to changes in various revenue and cost items discussed above.

Provision for income tax

Income tax provision stood at ₹ 510 million for the financial year against ₹ 1,504 million in the previous year due to a fall in taxable income.

Profit after tax

Profit after tax stood at ₹ 841 million for the financial year, down from ₹ 4,100 million in the previous year primarily due to the increase in our interest costs.

INTERNAL CONTROLS

The Internal Audit function has been outsourced to a firm of Independent Chartered Accountants who conduct audit on the basis of Annual Audit Plan, as approved by the Audit Committee of the Board, covering all the factories and locations of the Company. The objective of such audits is to ensure adequacy of internal control systems and processes, adherence to the Company's policies and guidelines and compliance with applicable statutes.

These audits also determine whether adequate controls are in place to mitigate risks. Internal Audit has a follow-up process in place to verify the implementation of recommendations made. Special audits are also conducted as directed by the Management/Audit Committee.

The Audit Committee of the Board of Directors inter-alia reviews the observations made by the internal auditors on the control mechanism and the adequacy of the internal control system, recommendations for corrective actions and implementation thereof, compliance related matters, operations of the Company, adherence to the laid down processes and guidelines.

The Company has implemented SAP at all its units to ensure effective IT security and systems, thus ensuring real time availability of information at various locations.

RISKS AND CONCERNS

Risks are both internal and external, some of which could be largely anticipated, whereas others could not. Risks are an integral part of any business and the risk profile, to a great extent, depends on the economic and business conditions and the markets and customers we serve.

The Company has adopted a 'Risk Management Policy' which is reviewed on a periodic basis in order to recognise and reduce exposure to risks wherever possible. The Company's Forex policy offers a natural hedge to currency exposure. The Company's risk management policies are based on the philosophy of achieving substantial growth while mitigating and managing the risks involved. Some of the risks associated with our businesses are enumerated below:

- ▶ Fluctuations in demand and price for finished products viz. sugar, ethanol and power
- ▶ Fluctuations in the price and availability of key raw materials, including sugarcane, raw sugar, energy prices
- ▶ Increase in interest rates
- ▶ Adverse fluctuations in the exchange rate of the Rupee against major international currencies
- ▶ Increasing transportation costs
- ▶ Strikes or work stoppages
- ▶ Changes in government policies affecting the sugar industry in India or globally
- ▶ Accidents, natural disasters or outbreaks of disease

HUMAN RESOURCES

People play an important role in the building and functioning of the Company's operations. The Company's thrust has been on bringing together the best available global talent at the key management level.

With its activities requiring various skills on the agricultural, technical and managerial fronts, the Company continues to hire, nurture and retain young professionals at various levels. A stringent screening process ensures that the Company has a highly qualified talent pool of professionals. The 18-month period under review saw the smooth integration of the operations and businesses in India and Brazil. The Company remained focused on developing and ensuring that best HR policies and practices are adopted across both the countries. The Company has a robust system of employee development and enhancement, which the top leadership leverages on a regular basis to ensure the growth from one level to another as the individual progresses.

In terms of employee relations, the 18-month period from 2010-12 was yet another period of industrial and employee harmony and peace. As at the end of the year ended 31st March 2012, there were 12,624 employees on the Company's rolls in India and Brazil.





The Members of
Shree Renuka Sugars Limited

The Board of Directors is pleased to present the Sixteenth Annual Report of your Company together with the audited financial statements for the year (18 months period) ended March 31, 2012.

FINANCIAL RESULTS

Particulars	₹ in Million	
	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
Revenues	63,632	55,979
Profit before financial expenses and depreciation	7,399	7,246
Financial expenses	3,699	825
Depreciation and amortization	1,455	815
Profit before provision for tax	2,244	5,606
Exceptional Items	894	-
Provision for taxation :		
- Current	265	943
- Deferred Tax	244	560
- Wealth Tax	1	1
Net Profit before prior period adjustments	841	4,102
Less: Prior period adjustments	-	2
Net Profit	841	4,100
Profit brought forward from the previous year	3,289	1,090
Profit available for appropriation	4,130	5,191
Transfer to General Reserves	85	1,000
Transfer to Debenture Redemption Reserve	423	120
Dividend on equity shares	671	670
Dividend tax	109	111
Retained in the Profit & Loss Account	2,841	3,289

DIRECTORS' REPORT

“The Board of Directors is pleased to present the Sixteenth Annual Report of your Company together with the audited financial statements for the 18 months period ended March 31, 2012.”

OPERATING HIGHLIGHTS

The Company has changed its accounting year from October-September to April-March and accordingly the figures for the period under review is for a period of 18 months ended March 31, 2012 and hence not comparable with last year's figures.

The Company achieved turnover of ₹ 63,632 million for the year (18 months period) ended March 31, 2012 as against ₹ 55,979 million of the previous year (12 months). The EBITDA for the year under review stood at ₹ 7,399 million compared to ₹ 7,246 million of the previous year while the Net profit slipped to ₹ 841 million from ₹ 4,100 million of the previous year. Analysis of operating performance is covered under “Management Discussion and Analysis” which forms part of this Report.

DIVIDEND

The Board of Directors at its meeting held on September 29, 2011 declared interim dividend @ ₹ 1/- per equity share (100%) of face value of ₹ 1/- each, which was paid to all shareholders on October 12, 2011. The total dividend payout for the financial year ended March 31, 2012 (including dividend distribution tax) was ₹ 780,217,507/-. Your Directors have taken a decision to treat the interim dividend as final dividend for the financial year 2010-12.

TRANSFER TO RESERVES

The Company has transferred ₹ 85 million to the General Reserves and an amount of ₹ 423.33 million to the Debenture Redemption Reserve out of the amount available for appropriation. An amount of ₹ 2,841.27 million is proposed to be retained in the Profit & Loss Account.

FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act, 1956 ("the Act").

EQUITY SHARE CAPITAL OF THE COMPANY

During the period under review the Company had issued and allotted 937,650 equity shares of ₹ 1/- each at a price of ₹ 29.55 per share (including premium of ₹ 28.55 per share) on exercise of 937,650 options under the Employee Stock Option Scheme by its employees, in accordance with SEBI guidelines.

NON CONVERTIBLE DEBENTURES (NCDs)

The Company has issued and allotted 4,000 Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 4,000 million and 1,500 Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 1,500 million on a private placement basis on October 07, 2011 and April 03, 2012, respectively.

Further, the NCDs allotted on October 07, 2011 aggregating to ₹ 4,000 million are listed on the Wholesale Debt Market segment of Bombay Stock Exchange Limited (BSE) and NCDs aggregating to ₹ 1,500 million is in the process of being listed with the said Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

The Management Discussion and Analysis Report on the business and operations of the Company is attached to this report.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India on Consolidated Financial Statements, attached are the Consolidated Financial Statements, which forms part of this Annual Report. These Consolidated Financial Statements provide financial information about your Company and its subsidiaries after elimination of minority interest, as a single entity.

As per the provisions of Section 212 of the Act, the holding Company has to attach the copies of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and of the Auditors and other documents of all its Subsidiary

Companies to its Balance Sheet at the end of every financial year. Pursuant to the provisions of Section 212(8) of the Act, the Ministry of Company Affairs vide its General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption to holding companies from complying with the provisions of Section 212 of the Act, subject to certain conditions being fulfilled. Accordingly, the Company has not attached the said documents of the Subsidiary companies in this Annual Report.

A statement containing brief financial details of each of the subsidiary companies is included in the Annual Report, in terms of the aforesaid circular. The Annual Accounts of the subsidiary companies and related detailed information will be made available to the members at any point of time for inspection at the registered office of the Company and its respective subsidiaries. The Company will make available the Annual Report of the subsidiaries upon request by any member of the Company/Subsidiaries of the Company interested in obtaining the same.



DIRECTORS

In accordance with the provisions of the Act and the Company's Articles of Association, Mr. Jonathan Kingsman, Mr. Hrishikesh Parandekar and Mr. Sanjay Asher, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The Board of Directors at its meeting held on May 10, 2011, appointed Mr. Vijendra Singh as an Additional

Director of the Company to hold office as Director upto the date of ensuing Annual General Meeting in terms of Section 260 of the Act. A notice in writing has been received from a member of the Company under Section 257 of the Act, signifying his intention to propose Mr. Vijendra Singh as a candidate for the office of Director of the Company. In the said Meeting, the Board had, subject to the approval of shareholders in the ensuing General Meeting, appointed Mr. Vijendra Singh, as a Whole-time Director of the Company designated as "President (Sugar Mills)" for a period of three years with effect from May 10, 2011. On the recommendations of the Remuneration/Compensation Committee, the Board has fixed the remuneration of Mr. Vijendra Singh for a period of three years.

Further, the Board of Directors at its meeting held on May 29, 2012, re-appointed Mr. Narendra Murkumbi as Vice Chairman & Managing Director of the Company for further term of five years with effect from September 20, 2012, considering his performance, leadership, vision and the financial position of the Company. All the re-appointments and revision of remuneration is made on specific recommendations of the Remuneration/Compensation Committee and are subject to approval of shareholders in the ensuing Annual General Meeting.

Brief resume of the Directors seeking re-appointment, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the section on Corporate Governance, which forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

M/s Ashok Kumar, Prabhashankar and Co., Chartered Accountants, Bangalore, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended by the Board of Directors for re-appointment. Certificate from the said Auditors' has been obtained to the effect that their re-appointment, if made, would be within the limits specified under Section 224 (1B) of the Act.

The Auditors' Report to the members on the Accounts of the Company for the period ended March 31, 2012 does not contain any qualification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per the Companies (Disclosures of

Particulars in the Report of the Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are forming part of this Report and is annexed hereto.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Act and based on the representations received from the management, the Directors confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures from the same, if any;
- b) the accounting policies selected have been applied consistently and judgment made and estimates given are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as on March 31, 2012 and the Profit of the Company for the period ended on that date;
- c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a "going concern" basis.

CORPORATE GOVERNANCE

Your Company complies with all mandatory requirements as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges. The Report on Corporate Governance along with the Auditors' Certificate on its compliance, forms part of this Report and is annexed hereto.

CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the CEO/CFO Certification is attached with the Annual Report.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules 1975, as amended, are given in an Annexure forming part of this Report.

However, having regard to the provisions of Section 219(1) (b)(iv) of the Act, the Annual Report excluding the aforesaid

information is being sent to all members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

HUMAN RESOURCES

The Company's HR policies and procedures are designed to recruit and retain the best talent to support the growth momentum of your Company and to align the interest of employees with the long term organisational goals.

EMPLOYEE STOCK OPTION SCHEME

Your Company has formulated and designed various Employees Stock Option Schemes for employees. During the period under review, the Company has allotted 937,650 Equity Shares of ₹ 1/- each on exercise of vested options by certain employees/Directors under the said ESOP Schemes.

Further, 6,829,840 Stock Options granted to Employees / Directors under Scheme 2 & 3 of Shree Renuka Sugars Employees Stock Option Scheme – 2006 (ESOS 2006) have been surrendered to the Company.

The required disclosures to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, are appended herewith and forms part of this Report.

ACKNOWLEDGEMENTS

The Board wishes to place on record their appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and cane growers and finally to all its members for their trust and confidence reposed on us and look forward to their continued support at all times. The Board further wishes to record their sincere appreciation for the significant contributions made by employees at all levels for their competence, perseverance and hard work that has enabled the Company to achieve new milestones on a continual basis.

For and on behalf of the Board of Directors

Mumbai
May 29, 2012

Vidya Murkumbi
Executive Chairperson



ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

- ▶ Bus Ducts with rating 4,000 amps and above have been implemented with Aluminum enclosure instead of MS to reduce eddy current losses
- ▶ Horizontal Melter (HM) has been installed which uses vapours and eliminates the use of exhaust steam.
- ▶ The Multiple Effect Melt Concentrator (MEEC) installed at the refinery enables reduction in steam consumption.
- ▶ Use of Direct Contact Heaters (DCH) for conditioning the centrifugal run off in the refinery has lowered the steam consumption in the crystallization station.
- ▶ Vapor bleed system have been changed and installed Vapour Line Juice Heater at "A" continuous pan to recover waste heat going to condenser at Munoli unit.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- ▶ Installation of condensate flash steam recovery system to reduce the process steam consumption at Kolavi unit.
- ▶ Propose to install Vapour Line Juice Heater at "A" Continuous pan at Athani unit.

c) Impact of the measures taken:

- ▶ Saving of about 1.5% of power consumption on account of the Aluminum enclosure for the Bus Duct.
- ▶ Steam saving of up to 10% due to the HM, MEEC & DCH.

d) Total energy consumption and energy consumption per unit of production:

As per Form A annexed hereto

B. TECHNOLOGY ABSORPTION:

As per Form B annexed hereto.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

As the Company deals with regulated commodities there is limited scope for export promotion.

- b) Foreign exchange earnings and outgo:

Foreign Exchange earnings: ₹ 34,125.64 million

Foreign Exchange outgo: ₹ 22,959.00 million

FORM A

Disclosure of Particulars with respect to Conservation of Energy

Particulars	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
A. POWER AND FUEL CONSUMPTION		
ELECTRICITY		
Purchased units (Kwh)	44,915,765.22	37,778,300.00
Total Amount (₹)	350,194,788.10	264,963,851.00
Own Generation		
i) Through Diesel Generator (Units in Kwh)	858,690.00	374,608.00
Units per liter of diesel (Kwh/liter)	3.52	3.51
ii) Through steam turbine generation	1,043,383,946.57	613,969,204.00
KG of Bagasse/Coal (Average) required for one KWH power	3.43	3.07
iii) Total units generated	1,044,242,636.57	614,343,812.00
Total/ cost in ₹/Units	2.25	3.47

Particulars	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
B. CONSUMPTION PER UNIT OF SUGAR PRODUCTION		
Total generation of electricity Kwh	1,044,242,636.57	614,343,812.00
Less: Consumption of cogen plant Kwh	125,586,666.68	68,920,886.00
Less: Consumption of distillery plant Kwh	60,390,494.28	23,483,412.00
Less: Consumption of BioFerl Plant Kwh	131,001.00	-
Less: Export to grid Kwh	582,505,930.74	429,708,320.00
Consumption for sugar plant Kwh	320,544,309.09	130,009,495.00
Electricity-Kwh/MT of Sugar	190.84	112.00

Note: Data of current period is not comparable as production of sugar from Cane is much higher in this period than production from Raw Sugar as against previous years.

FORM B

Disclosure of Particulars with respect to Technology Absorption

Research & Development (R&D)

Sugar production from beet – The company has installed and successfully taken trial of a 3,000 TPD beet processing plant, and use the juice from the beet for alcohol production. Last season trials were conducted to develop proper process parameters to produce sugar from beet juice along with cane juice.

Benefits derived as a result of above R&D

Sugar beet can be looked at as an alternative crop for production of sugar. However, scalability of operations to suit requirements and acceptability of the beet sugar in India needs to be established.

Future plan of action

To develop sustainable system for the implementation of the above activities on a large scale

Expenditure Incurred

1. Capital – ₹ 1.5 million
2. Recurring – NIL
3. Total – ₹ 1.5 million

Technology absorption, adaptation & innovation

1. Air Cooled Condensers have been installed at our refinery in the crystallization station, which is the first of its kind in Indian Sugar Industry.
2. Air Cooled Condenser for the power turbine has been installed at the refinery.
3. Bio-methanation of spent wash was adapted at the ethanol plant at Athani unit.

Benefits derived from the above efforts

1. Air Cooled Condenser for the power turbine and crystallization has been a major contributor in reducing use of fresh water for make-up of cooling towers and to avoid of chemical treatment of cooling water chemical.
2. The Bio-methanation plant treats the effluent (spent wash) and in the process biogas is produced which is used as a clean fuel for steam and power generation. The treated effluent is used to further produce bio compost with the press mud (solid effluent) from the sugar mill and is used as organic manure.

The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2012, pertaining to ESOP are as under:

Sl. No.	Particulars	ESOS 2006 Scheme 1	ESOP 2011 Scheme 1
a)	Options granted	*47,60,000	50,00,000
b)	Pricing Formula	The options granted to eligible employees are granted at the closing price of the Equity Shares of the Company at NSE prior to the date of the meeting of the Board of Directors in which options are granted.	The options granted to eligible employees are granted at the closing price of the Equity Shares of the Company at NSE prior to the date of the meeting of the Board of Directors in which options are granted.
c)	Options Vested	47,60,000	-

Sl. No.	Particulars	ESOS 2006 Scheme 1	ESOP 2011 Scheme 1
d)	Options exercised	1,519,650	-
e)	Total number of shares arisen as a result of exercise of Options	1,519,650	-
f)	Options lapsed	525,000	-
g)	Variation in terms of options	-	-
h)	Money realised by exercise of option	₹ 44,905,658	-
i)	Total number of Options in force	2,715,350	-
j)	Employee wise detail of Options granted to :		
1)	Any employee who received a grant in any one year of Options amounting to 5% or more of options granted during that year	-	-
2)	Identified employees who were granted Options, during any one year, equal to or exceeding 1% or more of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant.	-	-
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting standard (AS) 20 'Earnings per share'	1.25	Not Applicable

Note: 1

The exercise price of the above schemes is the market price prior to the date of the meeting of the Board of Directors in which options are granted i.e. closing price of the NSE and the taxes/perquisites as may be applicable is borne by the respective employees /Directors of the Company. Hence, the issuance of options does not, and the consequent exercise of the options will not affect the Profit & Loss Account of the Company.

Note: 2

The Company has received a Certificate from the Auditors of the Company that the aforesaid schemes have been implemented in accordance with the SEBI Guidelines and in accordance with the resolution passed at the Annual General Meeting held on December 28, 2006 and March 29, 2011, respectively. The Certificate will be placed at the Annual General Meeting for inspection of members.

Note: 3

Particulars	ESOS 2006	No. of Options	Date of Grant	Grant Price	Vesting Schedule
The Stock Options granted to employees / Directors under Scheme 2 & 3 of ESOS 2006 have been surrendered to the Company.	Scheme 2	*4,000,000	June 9, 2009	₹ 68.475	50% - December 30, 2011 50% - June 28, 2013
	Scheme 3	2,829,840	August 12, 2010	₹ 68/-	50% - December 30, 2011 50% - June 28, 2013
	Total	6,829,840			

* After adjusting for split/bonus shares



CORPORATE GOVERNANCE REPORT

“Shree Renuka Sugars Ltd is committed to good governance practices that create long term sustainable shareholder value”

1. COMPANY PHILOSOPHY

Shree Renuka Sugars Ltd is committed to good governance practices that create long term sustainable shareholder value. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its shareholders, employees, the Government and the lenders.

Seven Board Meetings were held during the financial year ended March 31, 2012, the dates of the Board Meetings are as follows:

- November 15, 2010 ► February 11, 2011 ► May 10, 2011 ► August 11, 2011 ► September 29, 2011
 ► November 11, 2011 ► February 13, 2012

The composition of Board of Directors', attendance at the Board Meetings during the financial year ended March 31, 2012 and the last Annual General Meeting as also number of other Directorships and membership of the Committees of the Board as on March 31, 2012 are as follows:

Sl. No.	Name of Director	Nature of Directorship	No. of Board Meetings attended	Attend-ance at last AGM	Number of other Director-ships*	Number of Committee positions held in other Public Companies	
						Member	Chairman
1	Mrs. Vidya Murkumbi	Executive Chairperson	6	Yes	1	0	-
2	Mr. Narendra Murkumbi	Vice Chairman & Managing Director	7	No	5	0	-
3	Mr. Sanjay K. Asher	Independent Director	6	Yes	14	8	2
4	Mr. S. K. Tuteja	Independent Director	6	No	11	9	4
5	Mr. Hrishikesh Parandekar	Independent Director	5	No	-	-	-
6	Mr. Robert Taylor	Independent Director	6	No	-	-	-
7	Mr. Jonathan Kingsman	Independent Director	3	No	-	-	-

2. BOARD OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The strength of the Board of Directors as on March 31, 2012 was eleven, four being Executive Directors including Executive Chairperson and Vice Chairman & Managing Director and seven being Non-Executive Directors, out of which six Directors are Independent Directors.

Sl. No.	Name of Director	Nature of Directorship	No. of Board Meetings attended	Attend-ance at last AGM	Number of other Director-ships*	Number of Committee positions held in other Public Companies	
						Member	Chairman
8	Mr. J.J. Bhagat	Independent Director	5	No	1	-	-
9	Mr. S. M. Kaluti	Non-Executive Director	7	Yes	2	-	-
10	Mr. Nandan Yalgi	Whole-time Director	7	Yes	3	-	-
11	Mr. Vijendra Singh** (Since May 10, 2011)	Whole-time Director	4	-	1	-	-

*excludes Private/Foreign Companies.

** part of the year

3. BOARD COMMITTEES

Currently, the Board has four Committees, the Audit Committee, the Remuneration / Compensation Committee, Investor Grievance Committee and Risk Management Committee. The Board is responsible for constituting, assigning, co-opting for Committee Members to various Committees.

The Vice Chairman & Managing Director, in consultation with the Executive Chairperson, determines the frequency of Board Meetings and the quorum for meetings is either two members or one-third of the members of the committees, whichever is higher.

4. AUDIT COMMITTEE

Composition:

The Audit Committee comprises of three Independent Directors. The Audit Committee met seven times during the year on November 15, 2010, November 22, 2010, February 10, 2011, May 9, 2011, August 10, 2011, November 10, 2011 and February 13, 2012. Attendance of the members at the meeting were as under:

Sl. No.	Name	Designation	No. of meetings attended
1	Mr. Sanjay K. Asher	Chairman	6
2	Mr. Robert Taylor	Member	7
3	Mr. Hrishikesh Parandekar	Member	6

The Chief Financial Officer, Executives and Internal Auditors are invitees to the meeting. The Company Secretary is the Secretary of the Committee.

Terms of Reference and Powers:

- ▶ Oversee Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ▶ Recommend the appointment and removal of external auditor, fixing audit fees and also approval for payment for any other service;
- ▶ Review with management the quarterly, half yearly and annual financial statements before submission to the Board;
- ▶ Review with the Management, External and Internal Auditors, adequacy of internal control system;
- ▶ Review the adequacy of internal audit function and discussion with the Internal Auditors, any significant findings and follow up thereon;

- ▶ Review the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud;
- ▶ Discussion with External Auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- ▶ Review Company's Financial Risk Management Policies and also to look into the reasons for substantial defaults in payments to shareholders and creditors;



5. REMUNERATION / COMPENSATION COMMITTEE

The Board has constituted a Remuneration/Compensation Committee, comprising of three Independent Directors. The Committee has been constituted to recommend/review remuneration of the managerial personnel, based on their performance and defined assessment criteria and to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders. The Committee also monitors and administers the implementation of Employees' Stock Option Schemes. The Committee met twelve times during the year on October 18, 2010, November 15, 2010, December 16, 2010, January 13, 2011, February 11, 2011, February 28, 2011, March 15, 2011, May 10, 2011, June 28, 2011, August 11, 2011, October 17, 2011 and February 13, 2012. Attendance of the members at the meeting were as under:

Sl. No.	Name	Designation	No. of meetings attended
1	Mr. S.K. Tuteja	Chairman	12
2	Mr. Sanjay Asher	Member	9
3	Mr. J.J. Bhagat	Member	7

Details of remuneration paid / payable to Executive Directors for the year ended March 31, 2012.

(₹ in Million)

Name of the Director	Salary/Perquisite/ Ex Gratia	Retirement Benefits	Commission
Mrs. Vidya Murkumbi	18,959,400	2,268,000	13,781,198
Mr. Narendra Murkumbi	18,933,443	2,160,000	13,781,198
Mr. Nandan Yalgi	7,942,561	496,800	-
Mr. Vijendra Singh*	9,423,798	441,721	-

*Since May 10, 2011

The details of sitting fees paid to Non-Executive Directors of the Company during the year are as under:

(₹ in Million)

Sl. No.	Name	Sitting Fees
1	Mr. J. J. Bhagat	0.24
2	Mr. Sanjay K. Asher	0.54
3	Mr. Robert Taylor	0.36
4	Mr. Jonathan Kingsman	0.06
5	Mr. S. K. Tuteja	0.48
6	Mr. Hrishikesh Parandekar	0.22

6. INVESTORS' GRIEVANCE COMMITTEE

Composition:

The Investors' Grievance Committee comprises of two Independent Directors and two Executive Directors. The Chairman of the Committee is an Independent Director. The Committee met six times during the year on November 15, 2010, February 11, 2011, May 10, 2011, August 11, 2011, November 11, 2011 and February 13, 2012. Attendances of the members at the meeting were as under:

Sl. No.	Name	Designation	No. of meetings attended
1	Mr. Sanjay K. Asher	Chairman	6
2	Mr. S. K. Tuteja	Member	6
3	Mrs. Vidya Murkumbi	Member	5
4	Mr. Narendra Murkumbi	Member	6

Chief Financial Officer and Company Secretary are the invitees of the Committee.

Terms of Reference: Look into the redressing of shareholder and investor complaints like non-receipt of securities, transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend, etc.

During the period under review, 283 investor complaints were received and 282 complaints were resolved and there was 1 complaint pending unresolved at the end of the period ended March 31, 2012.

7. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Narendra Murkumbi, Mr. Nandan Yalgi, Executive Directors and Mr. Robert Taylor, Independent Director, as members. The Committee meets at regular intervals to monitor price fluctuation of commodities and review financial and risk management policies of the Company.

8. GENERAL BODY MEETING

A) Annual General Meeting

Location and Time of last three Annual General Meetings:

Year	Location	Date & Time	Special Resolutions Passed
2007-08	Maratha Mandir Hall (Near Railway Over Bridge) Khanapur Road, Belgaum 590006.	January 02, 2009 9.30 a.m.	There were no items requiring the consent of members by special resolution
2008-09	Maratha Mandir Hall (Near Railway Over Bridge) Khanapur Road, Belgaum 590006.	March 04, 2010 9.30 a.m.	One Special Resolution was passed at the 14th AGM.
2009-10	Maratha Mandir Hall (Near Railway Over Bridge) Khanapur Road, Belgaum 590006.	March 29, 2011 9.30 a.m.	Two Special Resolutions were passed at the 15th AGM.

All the resolutions, including Special Resolutions, were passed by the shareholders as set out in the respective Notices.

B) Postal Ballot

One Special Resolution was passed through postal ballot details of which is as under :

Date of Notice of Postal Ballot	Description	% of Votes in favour of the Special Resolution	Date of Declaration of Result	Scrutinizer for conducting the Postal Ballot
February 11, 2011	Special Resolution for alteration of Clause III B of the Memorandum of Association of Company pursuant to the provisions of Section 17 of the Companies Act, 1956.	99.93%	April 12, 2011	Mr. Gururaj Mutalik, Advocate

9. SHARES HELD BY NON EXECUTIVE DIRECTORS

Sl. No.	Name of the Director	No. of Shares held
1.	Mr. S. M. Kaluti	499,290
2.	Mr. J. J. Bhagat	2,230,000
3.	Mr. Sanjay K. Asher	810,000
4.	Mr. Robert Taylor	55,450
5.	Mr. S. K. Tuteja	60,000

10. OTHER DISCLOSURES

- I. During the year there were no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- II. There were no instances of non-compliance on any matter related to capital markets, during the last three years.
- III. A qualified Practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Ltd, (NSDL) and Central Depository Services (India) Ltd, (CDSL) and the total issued and listed capital. The said Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

11. COMPLIANCE OFFICER

Mr. D. V. Iyer is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreements with the Stock Exchanges in India.

12. MEANS OF COMMUNICATION

The Company publishes quarterly financial results, notices and other advertisements in Financial Express and The Economic Times (English Daily) and Kanadamma or Kannada Prabha (Kannada Daily) regularly. The Company also regularly releases press notes to enable the stakeholders to appreciate the important developments and updates about the Company. Additionally the results and other important information are displayed on the Company's website www.renukasugars.com

13. GENERAL SHAREHOLDER'S INFORMATION

- i. **Annual General Meeting (AGM)** 16th AGM of the Company has been convened to take place on Friday, July 27, 2012 at Maratha Mandir Hall (Near Railway Over Bridge) Khanapur Road, Belgaum – 590 006 at 9:30 a.m.

ii. Tentative Financial Calendar 2012-13

1st Quarterly results	on or before August 14, 2012
2nd Quarterly results	on or before November 14, 2012
3rd Quarterly results	on or before February 14, 2013
4th Quarterly results	before end of May, 2013

iii. Date of Book Closure

Monday, July 23, 2012 to Friday, July 27, 2012
(both days inclusive)

iv. Unclaimed Shares

As per the provisions of Clause 5A.I(a) of the Listing Agreement, the unclaimed shares lying in the escrow account shall be transferred to demat suspense account if there is no response even after sending three reminder notices to the persons concerned. Details of unclaimed equity shares of the Company are as follows:

Sl. No.	Particulars	Number of Shareholders	Number of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year October 1, 2010;	4	2,080
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	--	--
3	Number of shareholders to whom shares were transferred from suspense account during the year;	--	--
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (18 months period) i.e., March 31, 2012.	4	2,080

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

v. Listing on Stock Exchanges

The Company's Shares are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the year 2012-13.

vi. Stock Code

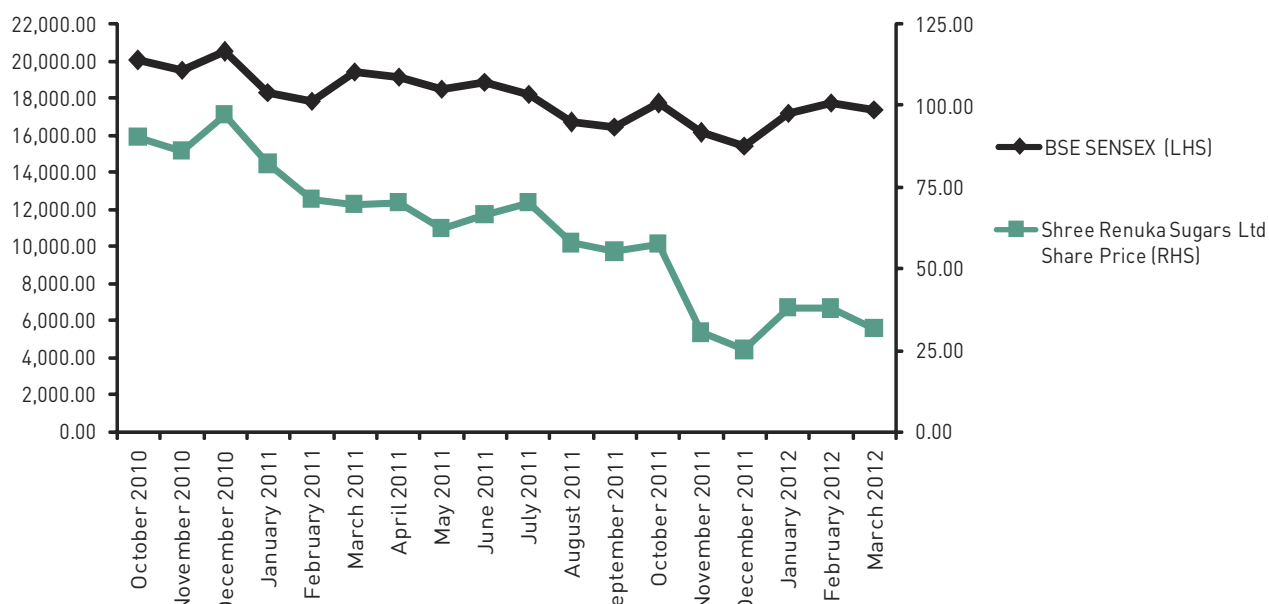
BSE: 532670
NSE: RENUKA

vii. Market Price Data

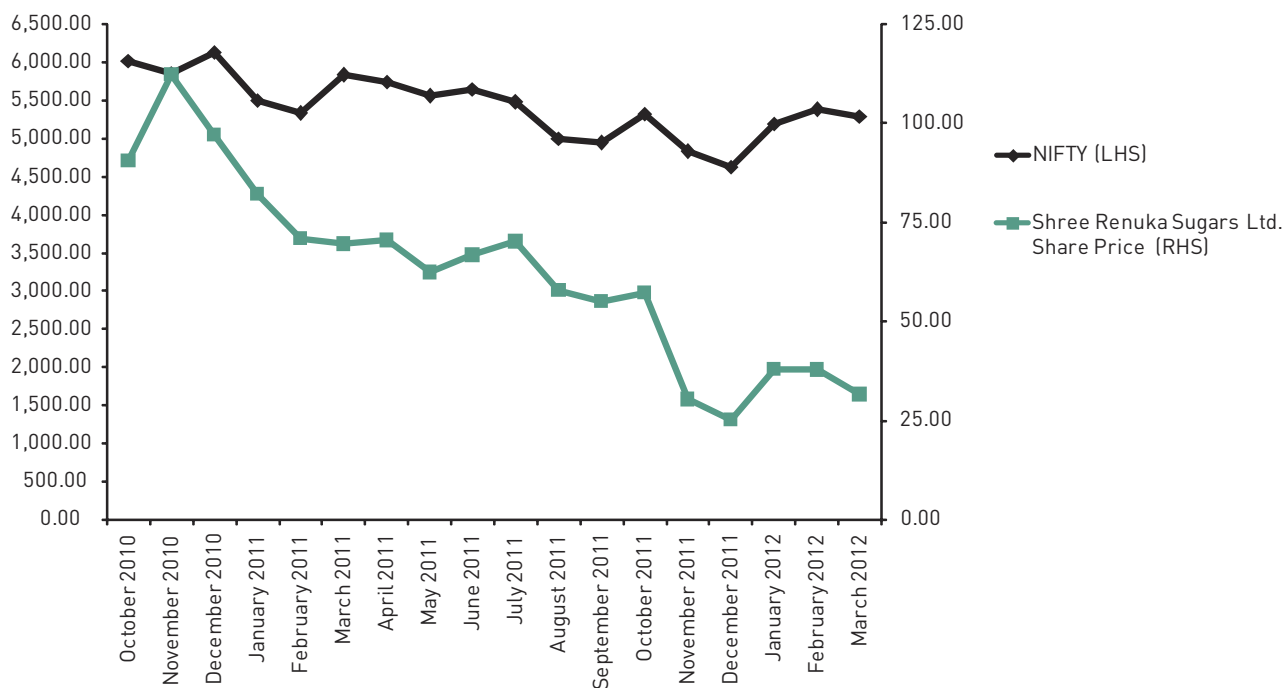
Month	NSE			BSE		
	High (₹)	Low (₹)	Closing (₹)	High (₹)	Low (₹)	Closing (₹)
October, 2010	93.10	77.20	90.55	92.95	77.55	90.40
November, 2010	120.25	89.13	112.38	108.15	73.10	86.05
December, 2010	99.80	73.60	97.10	99.85	73.40	97.05
January, 2011	101.90	81.15	82.15	101.50	81.10	82.05
February, 2011	93.60	70.05	71.05	93.45	70.25	71.20
March, 2011	77.50	68.05	69.60	77.50	68.20	69.60
April, 2011	78.10	68.05	70.45	78.00	69.80	70.35
May, 2011	71.30	55.90	62.40	71.40	56.00	62.20
June, 2011	67.50	56.60	66.75	67.10	56.60	66.60
July, 2011	76.20	66.05	70.15	76.15	65.00	70.10
August, 2011	73.00	50.80	57.80	73.00	50.75	57.80
September, 2011	64.00	53.65	55.10	67.25	53.70	55.20
October, 2011	59.00	49.75	57.20	58.90	49.90	57.35

Month	NSE			BSE		
	High (₹)	Low (₹)	Closing (₹)	High (₹)	Low (₹)	Closing (₹)
November, 2011	58.60	29.40	30.30	58.50	29.40	30.25
December, 2011	33.10	22.70	25.10	33.10	22.80	25.05
January, 2012	40.85	23.90	38.05	41.10	23.80	38.05
February, 2012	42.30	35.15	37.80	42.30	35.20	37.75
March, 2012	41.40	29.55	31.55	40.10	29.60	31.60

viii Performance Comparison : SRSL v/s BSE Sensex



SRSL v/s Nifty



ix. Registrar & Transfer Agents	Karvy Computershare Private Limited Unit: Shree Renuka Sugars Limited Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Tel. No. 91 40 4465 5000 Fax No. +91 40 2342 0814 e-mail: einward.ris@karvy.com
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x. Share Transfer System	The Company's shares are traded on the stock exchanges compulsorily in demat mode. Shares in physical mode, which are lodged for transfer, are processed and returned within the stipulated time period.
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xi. Distribution of Shareholding as on March 31, 2012

Category	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5,000	20,3317	97.93	75,286,331	75,286,331	11.21
5,001 – 10,000	2,611	1.26	21,094,307	21,094,307	3.14
10,001 – 20,000	817	0.39	11,864,361	11,864,361	1.77
20,001 – 30,000	243	0.12	6,181,450	6,181,450	0.92
30,001 – 40,000	124	0.06	4,436,171	4,436,171	0.66
40,001 – 50,000	105	0.05	4,889,315	4,889,315	0.73
50,001 – 100,000	156	0.08	11,206,645	11,206,645	1.67
100,001 & Above	236	0.11	536,361,070	536,361,070	79.90
TOTAL	207,609	100	671,319,650	671,319,650	100

xii. Categories of shares as on March 31, 2012

Category	Shareholding	Percentage
Promoters	255,481,592	38.06
Mutual Funds	65,263,669	9.72
Financial Institutions / Banks	19,907,536	2.97
Foreign Institutional Investors	116,822,494	17.40
Foreign Nationals	1,209,000	0.18
Private Corporate Bodies	32,871,537	4.90
NRIs	10,439,035	1.55
Trusts	23,285,504	3.47
Indian Public	146,039,283	21.75
TOTAL	671,319,650	100

xiii. Dematerialization of shares and Liquidity As on March 31, 2012, 9,421,461 equity shares of the Company (1.40% of the total issued capital) were held in physical form and 661,898,189 equity shares (98.60 % of the total issued capital) were held in dematerialized form. Registrar and Transfer Agents are appointed for transfer of shares in physical mode.

xiv. Outstanding GDR / ADR / Warrants or any convertible instrument. ---

xv. Address for Correspondence

Shareholders correspondence for transfer / Payment of dividend and any other query should be directed to	All other queries on Annual Report should be directed to
Karvy Computershare Private Limited Unit: Shree Renuka Sugars Limited Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Tel. No. 91 40 4465 5000 Fax No. +91 40 2342 0814 e-mail: einward.ris@karvy.com	Shree Renuka Sugars Limited B C 105, Havelock Road, Camp, Belgaum 590001 Tel No. 0831 2404000 Fax No. 0831 2404961 E-mail: iyer.dv@renukasugars.com

Details of Directors seeking appointment /re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Narendra Murkumbi	Mr. Vijendra Singh
Date of Birth	April 14, 1970	February 01, 1960
Date of Appointment	October 25, 1995	May 10, 2011
Qualification	B.E. (E&C), PGDM (IIM Ahmedabad)	B.Sc from Meerut University in 1979. Post Graduation in Sugar Technology from National Sugar Institute in 1981.
Expertise in specific Functional Area	He trained as an Electronics Engineer and then did his MBA from the Indian Institute of Management, Ahmedabad in 1994. He co-founded Shree Renuka Sugars Limited and in the last 14 years, the Company has become a fully integrated sugar manufacturer, which also has large power generation, ethanol and sugar refining capacities. Today, it runs seven integrated sugar mills in India and two sugar refineries, one on each coast. Since 2009, the Company expanded into Brazil with two acquisitions which gave it 4 sugar mills and sugarcane plantations of over 100,000 Ha. Today, with global revenues of over \$1.5 billion, it is one of the largest sugar and ethanol companies in the world.	He has rich experience in agro processing industry for over 30 years. He began his career from Sugar Company - DCM Shriram Industries Ltd, as a Management Trainee and then gradually reached to the position of Senior General Manager and thereafter has held various senior positions in the top sugar companies of the country. During his stint with these companies, he has efficiently handled activities like production, commercial, expansion, modernization, construction of Co-generation plant and other related activities. Under his leadership, the overall efficiencies of the plants improved, productivities increased and operation streamlined. He is associated with our Company since September 2010 designated as President (Sugar Mills).
Directorship held in other Public Companies	1. Shree Renuka Energy Limited 2. ICICI Securities Limited 3. ICICI Investment Management Company Limited 4. Indian Sugar Exim Corporation Limited 5. National Commodity & Derivative Exchange Limited	Gokak Sugars Limited
Membership / Chairmanships of the Committees of other Public Companies in which he/she is a Director as on March 31, 2012*	Nil	Nil
Number of shares held in the Company as on March 31, 2012	3,36,02,705	Nil

* only two Committees viz. Audit Committee and Shareholders/Investors Grievance Committee have been considered.

Details of Directors seeking appointment /re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Sanjay Asher	Mr. Jonathan Kingsman	Mr. Hrishikesh Parandekar
Date of Birth	November 26, 1964	November 09, 1956	July 19, 1972
Date of Appointment	August 05, 1999	May 29, 2006	November 13, 2006
Qualification	ACA, LLB (Solicitor)	Masters Degree in Economics from Cambridge	B.Com, MBA – IIM (Ahmedabad), awarded the President's Gold Medal for graduating ranked number one in his class.
Expertise in specific Functional Area	He is fellow member of Institute of Chartered Accountants of India and Bar Council of Maharashtra and Goa. Mr. Asher is a partner of Crawford Bayley & Co., a renowned Law Firm and having rich knowledge in legal, finance and Corporate law matters.	He is a World leading independent analyst and commentator on sugar and ethanol markets. After graduating from Cambridge in 1978 with a Master's degree in Economics, he began his career in the sugar business with Cargill Inc, working both in London and Minneapolis. He started his own sugar brokerage company (Societe J Kingsman) in France in 1990 and soon developed a reputation as a market analyst and report writer. The Company is now among the leaders in terms of brokerage, price reporting and analysis with representative offices in Australia, Brazil and USA.	He is the Chief Executive Officer and Group Head - Broking, Wealth Management and Asset Management for the Karvy Group. He is a key member of the Karvy Group leadership team. Mr. Parandekar manages the Karvy Stock Broking, Karvy Private Wealth, Karvy Real Estate, Karvy Capital, Karvy Middle East and Fixed Income businesses. Prior to joining Karvy, Mr. Parandekar was a Managing Director with Morgan Stanley in New York managing Latin American business. Prior to that, he was a Senior Consultant with McKinsey and specialized in serving investment houses, banks, and insurers, on issues related to strategy, investments and product management.
Directorship held in other Public Companies	<ol style="list-style-type: none"> 1. Ashok Leyland Limited 2. Bajaj Allianz Life Insurance Co. Limited 3. Bajaj Allianz General Insurance Co. Limited 4. Balkrishna Industries Limited 5. Finolex Cables Limited 6. Innoventive Industries Limited 7. Kryfs Power Components Limited 8. Mandhana Industries Limited 9. Repro India Limited 10. Sanghvi Movers Limited 11. Sharp India Limited 12. Sudarshan Chemicals Industries Limited 13. Tribhovandas Bhimji Zaveri Limited 14. Finolex Industries Limited 	Nil	Karvy Capital Limited Karvy Realty (India) Limited
Membership / Chairmanships of the Committees of other Public Companies in which he/she is a Director as on March 31, 2012*	<ol style="list-style-type: none"> 1. Finolex Cables Ltd. - Member of Audit Committee & Share Transfer and Investors Grievance Committee 2. Repro India Limited - Member of Audit Committee 3. Ashok Leyland Limited – Member of Audit Committee & Chairman of the Shareholders and Investors Grievance Committee 4. Sharp India Limited - Member of Audit Committee & Chairman of the Share Transfer and Investors Grievance Committee. 5. Mandhana Industries Limited – Member of Audit Committee. 	Nil	Nil
Number of shares held in the Company as on March 31, 2012	810,000	Nil	Nil

* only two Committees viz. Audit Committee and Shareholders/Investors Grievance Committee have been considered.

Auditors' Certificate on Corporate Governance

To the Members of

SHREE RENUKA SUGARS LIMITED

We have examined the compliance of conditions of Corporate Governance by Shree Renuka Sugars Limited, for the year (18 months period) ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor 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 Clause 49 of the Listing Agreement.

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

For Ashok Kumar, Prabhashankar & Co.
Chartered Accountants
Firm Regn. No. 004982S

K. N. Prabhashankar
Partner
Membership No. 19575

Mumbai
May 29, 2012

CEO/CFO Certification

We, Narendra Murkumbi, Vice Chairman & Managing Director and K. K. Kumbhat, Chief Financial Officer of SHREE RENUKA SUGARS LIMITED, to the best of our knowledge and belief, hereby certify that :

- (A) We have reviewed the financial statements and cash flow statements for the year ended at March 31, 2012, and that based on our knowledge and belief :-
- (i) these statements do not contain any materially untrue statements or omit to state any material fact or contain statements that might be misleading; and
 - (ii) these statements present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) Based on our knowledge and information, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
- (C) We along with Company's other certifying officers accept responsibility for establishing and maintaining internal controls and that we have:-
- (i) evaluated the effectiveness of the internal control systems of the Company; and
 - (ii) disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We along with Company's other certifying officers, have indicated to the auditors and the Audit Committee of the Company, the following:-
- (i) significant changes in internal control 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 they 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.

Mumbai
May 29, 2012

Narendra Murkumbi
Vice Chairman & Managing Director

K. K. Kumbhat
Chief Financial Officer

DECLARATION OF MANAGING DIRECTOR ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to certify that all the members of the Board of Directors and Senior Management Personnel have confirmed compliance with the Company's Code of Conduct for the year ended at March 31, 2012.

For Shree Renuka Sugars Limited

Narendra Murkumbi
Vice Chairman & Managing Director

Mumbai
May 29, 2012

AUDITORS' REPORT

To the Members of

SHREE RENUKA SUGARS LIMITED

We have audited the Balance Sheet of **SHREE RENUKA SUGARS LIMITED** as at March 31, 2012, the Profit and Loss Account and Cash Flow Statement for the 18 Months period ended as 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.

1. 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.
2. As required by The Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 account as required by law have been kept by the Company, so far as it 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2012 from being appointed as directors 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 other notes thereon give the information required by the Companies Act, 1956 in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at March 31, 2012.
 - (ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the 18 months period ended on that date; and
 - (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the 18 months ended on that date.

For Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn No.004982S

K. N. Prabhashankar
Partner
Membership No. 19575

Place: Mumbai
Date: May 29, 2012

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, all fixed assets have been physically verified by the management during the period in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the period and the going concern status of the Company is not affected.
2. a. As explained to us, inventories have been physically verified by the management at regular intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and is adequate in relation to the size of the Company and nature of its business .
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the companies Act 1956 :
 - a. The company has not taken any loans during the period.
 - b. The Company has given loans to Seven Subsidiary companies. In respect of the said loan, the maximum amount outstanding at any time during the period was ₹ 3,913.62 million and the period end balance is ₹ 982.80 million.
 - c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions, are not prima facie prejudicial to the interest of the company.
 - d. The principal amount is repayable on demand and there is no repayment schedule. The company is regular in payment and receipt of interest.
 - e. In respect of the said loan, the same is repayable on demand and therefore the question of overdue amount does not arise. In respect of interest there is no over due amount.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us where such transaction is in excess of ₹ 5 lacs, the transaction has been made at prices which is prima facie reasonable having regard to the prevailing market prices at the relevant time and they are not prejudicial in the interest of the Company.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act 1956 and the rules framed thereunder. Hence clause (vi) of the order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for some products of the company. We have broadly reviewed these records of the company and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.
9. a. According to the records of the Company and as per the information and explanations given to us, the Company does not have any undisputed statutory dues including ESI, Provident Fund, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues which are outstanding for a period in excess of six months as on March 31, 2012. The Company is not having Investor Education and Protection Fund.

- b. According to the information and explanations given to us and as per the records examined by us, there were no disputed amounts due in respect of Sales Tax, Income Tax, Customs Duty, Service Tax, Wealth Tax, Excise Duty and Cess as on March 31, 2012.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial period covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks or debentureholders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The Company is trading in shares, securities and other investments. In our opinion proper records have been maintained of the transactions and contracts entered by the Company and timely entries have been made therein. These investments are held by the Company in its own name.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. The term loans borrowed during the period have been utilised for the purposes for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. a. The Company has made preferential allotment of shares to companies/parties covered in the register maintained under Section 301 of the Companies Act, 1956 by way of ESOP.
- b. The terms of such issue is not prejudicial to the interest of the Company.
19. During the period covered by our Audit Report, the Company has issued Redeemable Non-Convertible Debentures. As per the information and explanations given to us, the Company has created security in respect of such Debentures issued.
20. The company has not raised any money by way of public issues during the period.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period that causes the financial statements to be materially misstated.

For Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn No.004982S

K. N. Prabhashankar
Partner
Membership No. 19575

Place: Mumbai
Date: May 29, 2012

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			
Shareholder's Funds			
Share capital	1	671.32	670.38
Reserves and surplus	2	17,211.62	17,124.54
		17,882.94	17,794.92
Loan Funds			
Secured loans	3	38,952.38	16,922.15
Unsecured loans	4	4,328.28	236.35
		43,280.66	17,158.50
Deferred Tax Liability	5	1,648.07	1,404.35
TOTAL		62,811.67	36,357.77
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross block	6	30,590.53	18,024.97
Less : Depreciation		3,760.01	2,314.45
Net block		26,830.52	15,710.52
Capital work-in-progress including capital advances		1,476.36	4,104.61
Investments	7	20,134.90	16,392.80
Current Assets, Loans and Advances			
Inventory	8	17,191.61	11,359.50
Sundry debtors	9	1,765.12	3,159.40
Cash and bank balances	10	103.92	234.71
Other current assets	11	912.88	726.89
Loans and advances	12	6,465.04	4,394.48
Less: Current Liabilities and Provisions			
Current liabilities	13	12,102.39	19,028.20
Provisions	14	28.24	796.70
Net Current Assets		14,307.94	50.08
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	15		
Deferred revenue expenses		61.95	99.76
TOTAL		62,811.67	36,357.77
Significant Accounting Policies	27		
Notes on Accounts	28		

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

Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	Schedule No.	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
INCOME			
Revenue (net)	16	63,620.99	55,111.92
Other income	17	11.31	867.09
TOTAL		63,632.30	55,979.01
EXPENDITURE			
Raw materials consumed	18	34,989.43	32,550.77
Cost of traded goods	19	17,646.56	15,039.87
(Increase)/Decrease in inventory	20	(3,881.37)	(2,529.61)
Personnel expenses	21	1,288.71	575.47
Operating and administrative expenses	22	3,900.93	2,611.77
Selling and distribution expenses	23	2,290.14	484.25
Depreciation and amortization	6	1,454.73	815.45
Financial expenses	24	3,698.72	824.59
Exceptional Item	25	893.92	-
Profit before tax		1,350.53	5,606.45
Provision for tax			
Current tax		265.33	943.48
Deferred tax		243.72	560.03
Wealth tax		0.86	0.92
Profit after tax and before prior period items		840.62	4,102.02
Prior period items			
Less: Prior period Adjustments		0.10	1.52
Net Profit		840.52	4,100.50
Brought forward Balance from previous year		3,289.23	1,090.45
Profit available for appropriation		4,129.75	5,190.95
Interim dividend on equity shares		671.31	670.38
Corporate dividend tax		108.90	111.34
Transfer to debenture redemption reserve		423.33	120.00
Transfer to general reserve		85.00	1,000.00
Surplus carried to Balance Sheet		2,841.21	3,289.23
Basic and diluted earnings per share (in ₹)	26	1.25	6.27
[Nominal value of shares ₹ 1/- each]			
Significant Accounting Policies	27		
Notes on Accounts	28		

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

Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

CASH FLOW STATEMENT

FOR 18 MONTHS PERIOD ENDED MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,350.53	5,606.45
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Depreciation and Amortisation including transfer to pre-operative	1,457.07	815.45
Financial expenses	3,698.72	824.59
Loss/(Profit) on sale of fixed assets	5.97	(2.53)
Dividend Income	(6.97)	(55.78)
Profit/Loss on sale of Investments	1.96	(28.20)
Exchange Fluctuations (net)	893.92	(750.91)
Miscellaneous and prior period expenses (net)	37.90	(69.55)
Operating profit before working capital changes	7,439.10	6,339.52
Changes in operating assets and liabilities:		
Trade receivables	1,394.28	(2,116.78)
Other receivables	(2,009.45)	1,070.18
Inventory	(5,832.11)	(1,301.07)
Trade and other payables	(7,194.97)	10,470.99
Cash generated from operations	(6,211.29)	14,453.85
Income-tax paid	(655.63)	(1,397.15)
Net Cash Flow From Operating Activities	(6,858.78)	13,065.69
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,760.01)	(5,365.92)
Proceeds from sale of fixed assets	19.28	45.30
Purchase of investments	(3,742.10)	(15,334.85)
Profit on sale of Investments	(1.96)	28.20
Dividend Income	6.97	55.78
Net Cash Flow From Investing Activities	(12,477.82)	(20,571.49)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in capital	0.94	147.61
Share premium	26.77	1,725.56
Exchange Fluctuations (net)	(826.80)	750.91
Dividend paid	(1,334.13)	(316.90)
Proceeds from long-term borrowings	12,134.67	4,527.32
Repayment of long-term borrowings	(5,744.96)	(855.46)
Proceeds from short-term borrowings	18,343.21	485.23
Interest paid	(3,393.89)	(837.51)
Net Cash Flow From Financing Activities	19,205.81	5,626.76
Net increase in cash and cash equivalents	(130.79)	(1,879.04)
Opening cash and cash equivalents	234.71	2,102.83
Opening cash and cash equivalents due to Amalgamation	-	10.92
Closing cash and cash equivalents	103.92	234.71

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

Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
1. SHARE CAPITAL		
Authorised		
25,000,000 preference shares of ₹ 10/- each	250.00	250.00
800,000,000 equity shares of ₹ 1/- each	800.00	800.00
	<u>1,050.00</u>	<u>1,050.00</u>
Issued, Subscribed and Paid up		
671,319,650 equity shares of ₹ 1/- each fully paid	671.32	670.38
(Previous Year 670,382,000 equity shares of ₹ 1/- each fully paid)		
	<u>671.32</u>	<u>670.38</u>
i) 334,900,000 bonus shares were issued as on March 18, 2010 at the ratio of 1:1.		
ii) Allotment of 937,650 equity shares of ₹ 1/- each at a premium of ₹ 28.55 under ESOP		
2. RESERVES AND SURPLUS		
Capital Reserve		
i) Subsidy received towards Co-generation		
As per last balance sheet	18.75	18.75
ii) Others		
As per last balance sheet	0.26	0.26
	<u>19.01</u>	<u>19.01</u>
Capital Redemption Reserve		
As per last balance sheet	-	8.50
Less: Utilised for bonus issue	-	8.50
	<u>-</u>	<u>-</u>
Share Premium		
As per last balance sheet	10,547.28	8,813.22
Addition during the period	26.77	2,060.46
Less: Utilised for bonus issue	-	326.40
	<u>10,574.05</u>	<u>10,547.28</u>
General Reserve		
As per last balance sheet	3,029.02	2,029.02
Add : Transfer from profit and loss account	85.00	1,000.00
	<u>3,114.02</u>	<u>3,029.02</u>
Debenture Redemption Reserve		
As per last balance sheet	240.00	120.00
Add : Transfer from profit and loss account	423.33	120.00
	<u>663.33</u>	<u>240.00</u>
	<u>14,370.41</u>	<u>13,835.31</u>
Surplus in profit and loss account	<u>2,841.21</u>	<u>3,289.23</u>
	<u>17,211.62</u>	<u>17,124.54</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
3. SECURED LOANS		
600 Redeemable Non-Convertible Debentures (11.95%) of ₹ 1,000,000/- each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par on August 3, 2014)	600.00	600.00
1,100 Redeemable Non-Convertible Debentures (11.50%) of ₹ 1,000,000/- each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par in the ratio of 25:25:25:25, on April 7, 2013, October 7, 2013, April 7, 2014 and October 7, 2014 respectively or on exercise of Put/Call Option).	1,100.00	-
2,900 Redeemable Non-Convertible Debentures (Floating Rate) of ₹ 1,000,000/- each (Rate is 12.08% for the first six months and will be reset every six months, linked to six months Commercial Paper Benchmark Rate Plus Spread of 2.32%). (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par in the ratio of 25:25:25:25, on April 7, 2013, October 7, 2013, April 7, 2014 and October 7, 2014 respectively or on exercise of Put/Call Option).	2,900.00	-
1,500 Redeemable Non-Convertible Debentures Application Money (11.70%) of ₹ 1,000,000/- each (Debentures allotted on April 3, 2012. Secured by the first pari passu charge on fixed assets of the company. Redeemable at par on April 2, 2017)	1,500.00	-
Term loans from banks and financial institutions (Secured by the first pari passu charge on movable and immovable assets of the company)	13,276.45	10,900.83
Term loans from sugar development fund (Secured by the second charge on movable and immovable assets of the company)	1,393.96	1,407.59
Cash/ Export credit facilities from banks (Secured by hypothecation of stocks and book debts and a third charge on movable and immovable assets of the company)	18,093.08	3,955.01
Interest accrued but not due	88.89	58.72
	38,952.38	16,922.15

Interest accrued but not due represents interest on certain long-term borrowings, where the payment of interest has also been deferred for a period of time, and is therefore considered to be in the nature of a borrowing and included as a part of secured loans.

Repayment due within one year in respect of term loans aggregate to ₹ 3,370.47 million (Previous Year ₹ 722.07 million)

4. UNSECURED LOANS		
Sugar development fund	2.80	15.29
Deferred purchase tax	120.34	221.06
Other Borrowings	4,205.14	-
	4,328.28	236.35

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

(All amounts in million Indian Rupees, unless otherwise stated.)

		31-Mar-12	30-Sep-10	
5. DEFERRED TAX LIABILITY (NET)				
Deferred Tax Liability				
Depreciation		2,224.12	2,334.21	
Others		-	1.20	
Gross Deferred Tax Liability		2,224.12	2,335.41	
Deferred Tax Asset				
Deferred interest on SDF loan		11.07	19.07	
Others		564.98	911.99	
Gross Deferred Tax Asset		576.05	931.06	
Net Deferred Tax Liability		1,648.07	1,404.35	
	October 1, 2010	Additions	Deductions / Adjustments	March 31, 2012
6. FIXED ASSETS				
Gross Block				
Land- freehold	411.23	22.51	-	433.74
Land- leasehold	125.92	10.66	-	136.58
Buildings	3,029.33	1,773.03	-	4,802.35
Plant and machinery	14,131.44	10,660.03	14.44	24,777.03
Furniture and fittings	221.57	96.14	0.80	316.91
Vehicles	105.48	39.95	21.52	123.91
TOTAL	18,024.97	12,602.32	36.76	30,590.53
Previous Year	14,066.20	4,006.20	47.43	18,024.97
Accumulated Depreciation				
Land- freehold	-	-	-	-
Land- leasehold	-	-	-	-
Buildings	261.77	161.30	-	423.07
Plant and machinery	1,962.87	1,232.64	2.70	3,192.81
Furniture and fittings	61.96	46.71	0.18	108.49
Vehicles	27.85	16.42	8.63	35.64
TOTAL	2,314.45	1,457.07	11.51	3,760.01
Less : Pre-operative Depreciation	-	2.34	-	-
Depreciation charged to profit and loss	-	1,454.73	-	-
Account				
Previous Year	1,497.64	821.47	4.66	2,314.45
Net Block				
Land- freehold	411.23			433.74
Land- leasehold	125.92			136.58
Buildings	2,767.56			4,379.29
Plant and machinery	12,168.57			21,584.22
Furniture and fittings	159.61			208.42
Vehicles	77.63			88.27
TOTAL	15,710.52			26,830.52
Capital Work-in-progress	4,104.61			1,476.36
Previous Year	12,568.56			15,710.52
The Capital Work-in-progress includes pre-operative expenses of the projects to the extent of ₹ 12.69 million.				
(Previous Year ₹ 11.16 million)				

The Capital Work-in-progress includes pre-operative expenses of the projects to the extent of ₹ 12.69 million.
(Previous Year ₹ 11.16 million)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
7. INVESTMENTS		
Long Term Investments (At Cost)		
In Subsidiary Companies fully paid-up (Unquoted)		
Renuka Commodities DMCC, Dubai (40 Equity Share of AED 10,000 each)	4.97	4.97
Parana Global Trading (FZE) (Shree Renuka Biofuels Holdings (FZE)), Sharjah (1 Equity Share of AED 150,000 each)	1.67	1.67
Shree Renuka Agri Ventures Ltd. (250,000 Equity Shares of ₹ 10/- each)	2.50	2.50
KBK Chem-Engineering Pvt. Ltd. (169,143 Equity Shares of ₹ 100/- each) (Previous Year 135,792 Equity Shares of ₹ 100/- each)	547.92	543.42
Nandur Sugars Ltd. (SRSL Ethanol Ltd.) (150,000 Equity Shares of ₹ 10/- each)	1.50	1.50
Gokak Sugars Ltd. (32,937,140 Equity Shares of ₹ 10/- each)	187.26	187.26
Monica Realators & Investment Pvt. Ltd. (Monica Realators Pvt. Ltd.) (10,000 Equity Shares of ₹ 10/- each)	171.52	171.52
Shree Renuka Global Ventures Ltd., Mauritius (395,199,975 Equity Shares of US\$ 1 each) (Previous Year 316,999,975 Equity Shares of US\$ 1 each)	18,215.74	14,639.31
Shree Renuka East Africa Agriventures PLC, Ethiopia (9,999 Shares of Ethiopian Birr 180 each)	5.19	-
Others		
Non -Trade		
Government Securities		
National Saving Certificate	0.05	0.05
Equity Shares fully paid-up (Unquoted)		
Esugar India Clearing Corporation Ltd. (5,000 Equity Shares of ₹ 10/- each)	0.05	0.05
Pachhapur Urban Co-op Bank Ltd., Pachhapur (10 Equity Shares of ₹ 100/- each (Nominal value of ₹ 1,000/-))	-	-
Belgaum DCC Bank Ltd., Belgaum (100 Equity Shares of ₹ 5,000/- each)	0.50	0.50
National Commodity & Derivatives Exchange Ltd. (6,336,000 Equity Shares of ₹ 10/- each) (Previous Year 4,500,000 Equity Shares of ₹ 10/- each)	895.19	786.87
Equity shares fully paid-up (Quoted)		
Simbhaoli Sugar Mills Ltd. (132,376 Equity Shares of ₹ 10/- each)	6.13	-
Ugar Sugar Works Ltd. (5,001,000 Equity Shares of ₹ 1/- each) (Previous Year 2,750,159 Equity Shares of ₹ 1/- each)	94.71	53.18
	20,134.90	16,392.80
Aggregate value of the quoted investments	100.84	53.18
Aggregate value of the un-quoted investments	20,034.06	16,339.62
Market value of the quoted investments	62.56	50.05

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
8. INVENTORY		
Stores and spares	707.38	495.60
Raw materials and components	991.43	1,831.86
Intermediate product	151.49	91.54
Finished goods		
Manufactured	14,776.87	7,341.52
Others	564.44	1,598.98
	17,191.61	11,359.50
9. SUNDRY DEBTORS		
Unsecured		
Debts over six months		
Considered good	171.47	103.92
Others		
Considered good	1,593.65	3,055.48
	1,765.12	3,159.40
10. CASH AND BANK BALANCES		
Cash on hand	2.23	2.00
Cheques on hand	-	0.02
Balances with scheduled banks		
On current accounts	75.65	35.82
On deposit accounts	23.65	190.52
Balances with other banks		
On current accounts	2.39	6.35
	103.92	234.71
Balances with banks in deposit accounts include amounts that have been provided as margin money or those that have been pledged with government authorities towards guarantees, etc.		
11. OTHER CURRENT ASSETS		
Export incentives accrued	258.72	255.02
Interest accrued	13.98	10.97
Prepaid Expenses	150.65	56.26
Others	411.63	404.64
Foreign Currency Monetary Item Translation Difference Account	77.90	-
	912.88	726.89
12. LOANS AND ADVANCES		
Unsecured and considered good		
Advances recoverable in cash or kind or for value to be received	1,676.99	1,238.25
Balances with customs, excise, etc.	1,468.71	1,095.60
Advances to Subsidiary Companies	982.80	927.87
Deposits	1,837.63	803.05
Income Tax Refund Due	498.91	329.71
	6,465.04	4,394.48

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
13. CURRENT LIABILITIES		
Sundry creditors		
Micro, small and medium enterprises (to the extent identified with available information)	-	7.85
Others	7,805.26	17,950.82
Advance from customers	3,161.62	153.91
Interest accrued but not due on loans	418.68	144.07
Other liabilities	716.83	771.55
	12,102.39	19,028.20
14. PROVISIONS		
Provision for gratuity	-	1.95
Provision for leave encashment	28.24	13.03
Provision for interim dividend on equity shares	-	670.38
Provision for corporate dividend tax	-	111.34
	28.24	796.70
15. MISCELLANEOUS EXPENDITURE		
Deferred revenue expenditure to the extent not written off	53.61	86.41
Goodwill on Amalgamation to the extent not written off	8.34	13.35
	61.95	99.76

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sept-10
16. REVENUE		
Sale of manufactured sugar	37,960.00	35,935.52
Sale of traded sugar and ethanol	18,470.81	16,646.07
Sale of power	5,814.32	3,941.44
Sale of ethanol and allied products	4,934.97	1,463.55
Sale of by-products and others	1,691.78	1,977.36
	68,871.88	59,963.94
Less : Excise duty	1,060.77	1,228.67
Intersegment sales	4,190.12	3,623.35
	63,620.99	55,111.92
17. OTHER INCOME		
Dividend	6.97	55.78
Foreign exchange gain/loss	-	750.91
Profit on sale of investments	0.01	36.60
Profit on sale of assets	0.20	3.12
Others	4.13	20.68
	11.31	867.09
18. RAW MATERIALS CONSUMED		
Opening stock as on October 01, 2010	1,831.86	2,719.21
Add: Purchases	35,359.87	33,239.12
Less: Intersegment purchases	1,210.87	1,575.70
	35,980.86	34,382.63
Less: Closing stock as on March 31, 2012	991.43	1,831.86
	34,989.43	32,550.77
19. COST OF TRADED GOODS		
Opening stock as on October 01, 2010	1,598.98	1,966.97
Add: Purchases	16,612.02	14,671.88
	18,211.00	16,638.85
Less: Closing stock as on March 31, 2012	564.44	1,598.98
	17,646.56	15,039.87
20. (INCREASE)/DECREASE IN INVENTORY		
Opening stock as on October 01, 2010		
Work-in-progress	-	74.91
Finished goods and intermediate products	7,433.07	4,770.71
Trial run stock of finished goods and intermediate products	3,613.88	57.83
	A 11,046.95	4,903.45
Less: Closing stock as on March 31, 2012		
Work-in-progress	-	-
Finished goods and intermediate products	14,928.32	7,433.06
	B 14,928.32	7,433.06
	(A-B) (3,881.37)	(2,529.61)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sept-10
21. PERSONNEL EXPENSES		
Salaries, wages and bonus	1,185.14	513.18
Contribution to provident fund and others	68.60	35.85
Contribution to gratuity	6.81	13.25
Contribution to leave encashment	28.16	13.19
	1,288.71	575.47
22. OPERATING AND ADMINISTRATIVE EXPENSES		
A. Manufacturing expenses		
Consumption of stores and spares	632.40	360.05
Processing charges	872.96	548.68
Packing material	607.45	456.69
Power and fuel	3,501.31	2,343.23
Lease rentals	157.91	97.69
Repairs and maintenance		
Plant and machinery	138.33	83.07
Buildings	58.94	25.29
Others	46.95	32.85
Less : Intersegment expenses	(2,979.26)	(2,047.65)
	A 3,036.99	1,899.90
B. Administrative expenses		
Rent, rates and taxes	137.97	78.62
Insurance	66.34	31.55
Travelling and conveyance	111.94	70.53
Printing and stationery	12.93	8.71
Communication expenses	29.55	19.68
Legal and professional fees	128.86	56.01
Remuneration to directors		
Remuneration	59.05	40.02
Commission	27.56	113.86
Directors' sitting fees	1.90	1.24
Auditor's remuneration	7.85	3.57
Donations and contributions	6.54	54.63
Loss on sale of fixed assets	6.17	0.59
Loss on sale of investments	1.97	8.40
Research and development	4.88	3.27
Others	260.43	221.19
	B 863.94	711.87
(A+B)	3,900.93	2,611.77

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sept-10
23. SELLING AND DISTRIBUTION EXPENSES		
Freight and forwarding charges	1,362.54	323.43
Advertising and sales promotion	43.81	11.83
Cost of Open General Licences for Export	758.53	-
Warehousing expenses	61.53	38.40
Brokerage and discounts	26.83	60.59
Commission and Incentives	36.90	50.00
	2,290.14	484.25
24. FINANCIAL EXPENSES		
Interest		
on term loans	1,197.90	341.71
on working capital	2,159.04	356.49
others	208.46	71.70
Bank charges	133.32	54.69
	3,698.72	824.59
25. EXCEPTIONAL ITEMS		
Foreign exchange loss	893.92	-
	893.92	-
26. EARNINGS PER SHARE		
The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.		
Reconciliation of earnings		
Profit for the period	840.52	4,100.50
Net profit attributable to equity shareholders	840.52	4,100.50
Reconciliation of number of shares	Shares	Shares
Shares outstanding at the beginning of the period	670,382,000	316,900,000
Shares outstanding at the end of the period	671,319,650	670,382,000
Weighted average number of equity shares	671,236,995	654,657,200
Basic and Diluted Earnings Per Share (in ₹)	1.25	6.27
[Nominal value of shares ₹ 1/- each]		

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES

(All amounts in million Indian Rupees, unless otherwise stated.)

a. Basis of presentation

The accompanying financial statements have been presented for the period ended March 31, 2012 along with comparative information for the year ended September 30, 2010. 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 accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except as stated hereunder.

b. Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the Company's 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 revenue and expenses during the reporting period, the actual results could differ from those estimates.

c. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis. Subsidy received from the Government have been reduced from value of the respective assets.

d. Borrowing costs

Financing cost incurred up to the date of completion of construction or installation of qualifying assets, on funds borrowed are capitalized as a part of the cost of the asset.

e. Depreciation

Depreciation is provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. The Companies assets are depreciated using the straight line method. As per estimates of the management, these rates are representative of the economic useful life of these assets. No depreciation is provided on assets held for sale.

f. Leases

Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term. In case of long term leases, the expenditure to the profit and loss account is recognized on the basis of equated lease rentals arrived at by allocating the total outflow of lease rentals on the entire contractual period over the period of the lease.

g. 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 or fair value/ market 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.

h. Amalgamation

Accounting for Amalgamation is as per AS-14 of the Indian Accounting Standards as prescribed by The Institute of Chartered Accountants of India. The Goodwill arising on Amalgamation is amortised on the basis over its useful life but shall not exceed five years.

i. Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packing materials

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First out ('FIFO') basis.

Finished goods

Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods excludes excise duty.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

Work-in-process

Lower of cost up to estimated stage of process and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

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.

By-products

By-products are valued at cost. Inter-unit transfers of by products also include the cost of transportation, duties, etc.

j. Revenue recognition

Revenue is recognized to the extent 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 recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns.

Revenue from sale of power is recognized when the units generated are transmitted to the pooling station, in accordance with the terms and conditions of the power purchase agreement entered into by the Company with the purchasing parties.

k. Foreign currency transactions

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 is charged to the revenue account except arising on account of such conversion related to the purchase of fixed assets is adjusted therewith, and other long term monetary items is adjusted in the Foreign Currency Monetary Item Translation Difference.

Forward Exchange Contracts not intended for trading or speculation purposes

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

l. Employee benefits

Contributions in respect of provident fund and gratuity are made to the appropriate authorities/trust set up by the Company for the purpose and charged to profit and loss account. Provisions for liabilities in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at the balance sheet date.

m. Income tax

Tax expenses comprise both current and deferred taxes.

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

n. Miscellaneous expenditure

Preliminary expenses are written-off over a period of five years from the year of commencement of commercial production.

The Deferred Revenue Expenditure comprises of debenture issue expenses which is written off over a period of 5 years & expenses incurred on the lease units upto the date of production which is written off in proportion to the period of lease unexpired or 1/5th in case of long lease period.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

o. Government grants

Government grants in the nature of promoter's contribution are credited to capital reserve and treated as a part of Shareholder's funds. Other Government grants/ subsidy have been reduced from value of the respective assets.

p. Financial derivatives and commodity futures

Transactions in financial derivatives and commodity futures are accounted based on the mode of final settlement. Transactions, which are ultimately settled net, without taking delivery, are recorded net with the gains/losses being recognized as income/expenses in the financial statements. Transactions, which stipulate physical delivery of the goods and where the company intends to take delivery, are recorded at gross, as purchases and sales as a part of the company's sugar manufacturing activities.

q. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if :

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

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.

Contingent Assets are neither recognized nor disclosed.

r. 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 numbers 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.

s. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company, with the following additional policies for segment reporting:

- (i) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- (ii) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- (iii) Gains/losses from transactions in commodity futures, which are ultimately settled net, with/without taking delivery, are recorded as 'Other revenues' under the Sugar segment.
- (iv) Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

t. Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine :

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

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million Indian Rupees, unless otherwise stated.)

i. Excise Duty on Finished Goods

Excise duty is generally provided on manufacture of goods, which are not exempt from the payment of duty. However, since the Company's finished goods are not segregated at the time of production into those for sale in domestic markets and those for sale in export markets, the Company is unable to determine the exact liability towards excise duty on finished goods. Accordingly, excise duty is provided/paid only at the time of clearance of the goods from the factory.

ii. Leases

The Company has entered into various operating leases for office, residential and factory premises. These are generally short-term leases and cancelable by serving adequate notice. The minimum amount of lease rentals payable on non-cancelable leases is as follows:

- Within a period of one year - ₹ 124.96 million (Previous Year ₹ 83.63 million)
- Period from one year to five years - ₹ 499.82 million (Previous Year ₹ 251.63 million)
- Period from five years and above - ₹ 1,939.95 million (Previous Year ₹ 966.00 million)
- Lease Rent charged to Profit and loss account for the period of 18 months ended March 31, 2012 are ₹ 157.91 million (Previous Year ₹ 97.69 million).

iii. Outstanding Commitments

As at March 31, 2012, the Company had the following outstanding commitments :

- Bank Guarantees outstanding - ₹ 5,555.00 million (Previous Year ₹ 320.48 million)
 - Corporate Guarantees outstanding - ₹ 14,096.00 million (Previous Year ₹ 8,137.80 million)
 - Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for - ₹ 534.83 million (Previous Year ₹ 4,109.00 million.)
- iv. Balances appearing under the head sundry creditors, sundry debtors, loans and advances are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.
- v. In terms of accounting standard AS 28 on impairment of assets there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognized during the year under review.
- vi. As required by Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

(₹ in Million)

Sl No	Particulars	31-Mar-12	30-Sep-10
(a)	i) Principal amount remaining unpaid at the end of the accounting period.	-	7.85
	ii) Interest due on above.	-	-
(b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date.	-	-
(c)	The amount of interest accrued and remaining unpaid at the end of financial period.	-	-
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this Act.	-	-
(e)	The amount of further interest due and payable in succeeding period, until such interest is actually paid.	-	-

The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified of information available with the Company.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

vii. Additional information pursuant to Paragraphs 3 and 4 of Part-II of Schedule VI to the Companies Act, 1956

A. Installed Capacities

I. Manufacturing:

Plants	Owned/ Leased	Crushing Capacity	
		Installed (TCD)	Sugar Production (MT)
Munoli	Owned	7,500	302,069
Arag*	Leased	4,000	58,917
Athani	Owned	10,000	303,568
Havalga	Owned	8,000	222,892
Raibag	Leased	2,500	70,383
Pathri-Parabhani	Owned	1,250	49,621
Panchganga	Leased	5,000	65,093

*Arag Production upto June 30, 2011

II. Refining :

Plants	Owned/ Leased	Processing Capacity	
		Installed (TPD)	Refined Sugar Production (MT)
Munoli	Owned	1,500	5,702
Athani	Owned	2,000	13,269
Haldia	Owned	2,500	295,280
Havalga	Owned	1,000	230
Bharapar*	Owned	3,000	46,244

*Exclude Trial Run of Bharapar upto Feb 29, 2012 Qty 246,384 MT produced

B. Turnover

Particulars	18 Months Ended 31-Mar-12			Year Ended 30-Sep-10		
	Qty	Unit	(₹ in Million)	Qty	Unit	(₹ in Million)
1. Manufacturing						
Sugar	1,284,075	MT	37,960	1,217,425	MT	35,936
Ethanol	164,240	K Ltr	4,935	51,149	K Ltr	1,464
Power	573	Mn Kwh	2,832	397	Mn Kwh	1,894
Others			484			401
2. Trading						
White / Raw Sugar	535,829	MT	16,649	551,480	MT	15,809
Alcohol Trading	1,000	K Ltr	28	26,168	K Ltr	810
Molasses Trading	38,313	MT	119	5,309	MT	27
Coal Imported	50,135	MT	101			
Others			1,573			
Gross Turnover			64,681			56,341
Less : Excise duty			1,060			1,229
Net Turnover			63,621			55,112

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

C. Captive consumption of power and steam

Particulars	18 Months Ended 31-Mar-12			Year Ended 30-Sep-10		
	Qty	Unit	(₹ in Million)	Qty	Unit	(₹ in Million)
1. Power						
Captive consumption						
Sugar plant	227	Mn Kwh	1,165	139	Mn Kwh	660
Distillery plant	60	Mn Kwh	317	23	Mn Kwh	115
2. Steam						
Captive consumption						
Sugar plant	3,972,366	MT	1,183	2,561,660	MT	1,097
Distillery plant	631,960	MT	298	243,575	MT	176

D. Raw materials consumed

Particulars	18 Months Ended 31-Mar-12			Year Ended 30-Sep-10		
	Qty	Unit	(₹ in Million)	Qty	Unit	(₹ in Million)
Sugarcane	9,083,302	MT	22,265	3,760,818	MT	10,650
Raw Sugar	627,033	MT	16,605	863,947	MT	19,319
Bagasse	2,908,297	MT	1,166	1,021,040	MT	1,252
Coal	303,217	MT	1,079	442,468	MT	1,575
Molasses	530,558	MT	1,435	216,327	MT	843
Denatured Spirit	30,293	K Ltr	626	21,986	K Ltr	482
Others			21			6
			<u>43,197</u>			<u>34,127</u>
Less: Inter segment			1,211			1,576
			<u>41,986</u>			<u>32,551</u>
Less : Trial Run Bharapar						
Raw Sugar	253,399	MT	6,710			-
Coal	82,000	MT	292			-
			<u>34,984</u>			<u>32,551</u>

viii. Consumption of Raw Material, Stores and Spares

Particulars	18 Months Ended 31-Mar-12		Year Ended 30-Sep-10	
	(₹ in Million)	% of total consumption	(₹ in Million)	% of total consumption
Raw material				
Imported	4,172	12%	18,949	58%
Domestic	30,812	88%	13,602	42%
TOTAL	<u>34,984</u>	<u>100%</u>	<u>32,551</u>	<u>100%</u>
Stores & Spares				
Imported	32	5%	18	5%
Domestic	600	95%	342	95%
TOTAL	<u>632</u>	<u>100%</u>	<u>360</u>	<u>100%</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

ix. Expenditure in Foreign Currency

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
a) Raw materials	22,121	33,165
b) Interest	804	536
c) Travelling expenses	3	4
d) Others	31	21
TOTAL	22,959	33,726

x. Dividends remitted in Foreign Currency

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
Dividends remitted in Foreign Currency	2.40	0.60
Year to which dividend relates	2009-10 & 2010-12	2008-09
Number of non-resident shareholders	1	1
Number of shares held by them	1,200,000	600,000
Face value of the share	₹ 1/-	₹ 1/-

xi. Earnings in Foreign Currency

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
Exports	34,125.64	7,309.80

xii. Auditors Remuneration

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
Audit Fee	6.20	3.07
Certification charges	0.75	-
Tax audit services	0.90	0.50
Reimbursement of expenses	1.60	0.49

xiii. Managerial Remuneration

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
1. Executive directors remuneration		
Salary	52.65	41.56
Ex-gratia	0.65	0.18
Commission	27.56	113.86
Contribution to provident fund	5.37	4.41
Others including perquisites	1.96	0.91
2. Directors sitting fees	1.90	1.24
Computation of managerial remuneration		
Profit before tax & managerial remuneration	1,378	5,721
Less : Profit on sale of assets	0.20	3
Add: Loss on sale of assets/Goodwill amortisation	11	4
Less : Profit on sale of investments	-	37
Add : Loss on sale of investments	2	8
Net Profit as per Section 349 of the Companies Act, 1956	1,391	5,693
Maximum Permissible remuneration to whole time directors under Section 198 of the Companies Act, 1956	10%	10%
Restricted to 2% as per service contracts	27.56	113.86

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

xiv. Details of balances with Non Scheduled Banks

Name of the Bank	Balance 31-Mar-12	Maximum Balance	Balance 30-Sep-10	Maximum Balance
The Belgaum District Central Co-op Bank Ltd.	0.27	34.48	1.20	65.88
Kolhapur District Central Co-op Bank Ltd.	1.76	96.89	0.18	65.12
Latur District Central Co-op Bank	0.07	0.38	0.38	7.86
Raddi Sahakar Bank Niyamit	-	0.02	0.02	0.02
Sangli District Co-op Credit Bank Ltd.	0.20	19.24	4.25	203.74
Parabhani District Central Co-op Bank Ltd.	0.09	31.29	0.32	20.96
TOTAL	2.39	182.30	6.35	363.58

These bank accounts are used to make Cane payments to the farmers.

- xv. In accordance with Companies (Accounting Standards) Amendment Rules, 2009 as amended by Companies (Accounting Standards) (Second Amendment) Rules, 2011, the Company exercised the option of adjusting exchange differences arising on long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of assets to be depreciated over the balance life of the assets and other long term monetary item in the "Foreign Currency Monetary Item Translation Difference" to be amortised over the period of loan
- xvi. Pursuant to the approval of Registrar of Companies, Karnataka, the current accounting period of the Company comprises a period of 18 months from October 01, 2010 to March 31, 2012.

xvii. Related Party Disclosures

Related parties

(A) SUBSIDIARY COMPANIES

- Renuka Commodities DMCC, Dubai
- Parana Global Trading (FZE) (formerly Shree Renuka Biofuels Holdings (FZE)), Sharjah
- Shree Renuka Agriventures Limited
- KBK Chem-Engineering Private Limited
- Gokak Sugars Limited
- Nandur Sugars Limited (formerly SRSL Ethanol Limited)
- Shree Renuka Global Ventures Limited, Mauritius
- Monica Realators & Investments Private Limited (formerly Monika Realators Private Limited)
- Shree Renuka East Africa Agriventures PLC, Ethiopia

(B) ASSOCIATE COMPANIES

- Khandepar Investments Private Limited
- Vantamuri Trading And Investments Limited (formerly Shree Renuka Infraprojects Limited)
- Murkumbi Investments Private Limited
- Shree Renuka Energy Limited
- Renuka Energy Resource Holdings (FZE), Sharjah
- Damodar Resource Holdings (FZE), Sharjah
- Ravindra Energy Limited
- Agri Venture Trading and Investment Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

(C) KEY MANAGERIAL PERSONS

- i. Mrs. Vidya Murkumbi
- ii. Mr. Narendra Murkumbi
- iii. Mr. Nandan Yalgi
- iv. Mr. Vijendra Singh

(D) TRANSACTIONS WITH SUBSIDIARIES

i) Renuka Commodities DMCC, Dubai.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Advances Paid	Advances Paid
Volume of transactions during the period	2,021.81	1,947.86
Outstanding as at the end of the period	-	-
2 Nature of transaction	Interest Received	Interest Received
Volume of transactions during the period	155.88	158.64
Outstanding as at the end of the period	-	-
3 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	-
Investment in subsidiary	4.97	4.97

ii) Parana Global Trading (FZE) (formerly Shree Renuka Biofuels Holdings (FZE)), Sharjah.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Advances Paid	Advances Paid
Volume of transactions during the period	1.13	23.31
Outstanding as at the end of the period	23.31	24.44
2 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	-
Investment in subsidiary	1.67	1.67

iii) Shree Renuka Agri Ventures Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	-
Investment in subsidiary	2.50	2.50
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	55.83	5.79
Outstanding as at the end of the period	-	55.83

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

iv) KBK Chem Engineering Private Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	4.50	-
Investment in subsidiary	547.92	543.42
2 Nature of transaction	Purchase	Purchase
Volume of transactions during the period	239.50	466.71
Outstanding as at the end of the period	239.50	40.24
Purchase of Plant & Machinery	204.22	400.44
3 Nature of transaction	Interest Received	Interest Received
Volume of transactions during the period	15.75	1.17
Outstanding as at the end of the period	14.18	-

v) Gokak Sugars Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	175.87
Investment in subsidiary	187.26	187.26
2 Nature of transaction	Purchases, Sales & Advance Paid	Purchases, Sales & Advance Paid
Volume of transactions during the period	573.12	513.90
Outstanding as at the end of the period	388.06	799.24
Purchase of Molasses & others	206.20	87.23
3 Nature of transaction	Interest Received	Interest Received
Volume of transactions during the period	183.57	95.52
Outstanding as at the end of the period	28.03	21.26

vi) Nandur Sugars Limited (formerly SRSL Ethanol Limited)

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	1.00
Investment in Subsidiary	1.50	1.50
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	-	9,748.51
Outstanding as at the end of the period	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

vii) Shree Renuka Global Ventures Limited, Mauritius.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investment	Investment
Volume of transactions during the period	3,576.43	14,639.31
Outstanding as at the end of the period	18,215.74	14,639.31
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	-	4.80
Outstanding as at the end of the period	-	-

viii) Monica Realators & Investments Private Limited (formerly Monika Realators Private Limited)

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investment	Investment
Volume of transactions during the period	-	171.52
Outstanding as at the end of the period	171.52	171.52
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	221.09	219.88
Outstanding as at the end of the period	221.09	48.36
3 Nature of transaction	Rent Payable	Rent Payable
Volume of transactions during the period	28.89	2.88
Outstanding as at the end of the period	-	2.88
4 Nature of transaction	Interest Received	Interest Received
Volume of transactions during the period	17.30	-
Outstanding as at the end of the period	17.30	-

ix. Shree Renuka East Africa Agriventures PLC, Ethiopia.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	5.19	-
Investment in subsidiary company	5.19	-
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	0.03	-
Investment in subsidiary company	0.03	-

(E) TRANSACTIONS WITH ASSOCIATE COMPANIES:

i. Vantamuri Trading And Investments Limited (formerly Shree Renuka Infraprojects Limited)

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	5.20
Investment in associate company	-	-
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	-	0.03
Outstanding as at the end of the period	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

ii) Shree Renuka Energy Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Interest Paid	Interest Paid
Volume of transactions during the period	0.55	-
Outstanding as at the end of the period	0.55	-
2 Nature of transaction	Purchase & Advance	Purchase & Advance
Volume of transactions during the period	500.08	0.02
Outstanding as at the end of the period	-	-
Purchase of Project & others	-	0.02

iii) Renuka Energy Resource Holding (FZE), Sharjah.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Purchases, Sales & Advance Paid	Purchases, Sales & Advance Paid
Volume of transactions during the period	59.97	174.08
Outstanding as at the end of the period	-	59.97
Purchase of Coal	-	174.08
Advance paid	-	160.00

iv) Ravindra Energy Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Advance	Advance
Volume of transactions during the period	680.00	-
Outstanding as at the end of the period	-	-
2 Nature of transaction	Interest	Interest
Volume of transactions during the period	7.58	-
Outstanding as at the end of the period	-	-

(F) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	31-Mar-12	30-Sep-10
Remuneration including contributions to PF	58.02	160.92
Outstanding remuneration payable	0.12	-
Outstanding Commission payable	27.56	113.86
Nature of transaction	Rent Paid	Rent Paid
Volume of transactions during the period	2.97	1.98
Outstanding as at the end of the period	2.33	1.74

xviii. Previous year's figures

Previous year's figures have been regrouped /rearranged wherever considered necessary.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

PARTICULARS	SUGAR		TRADING		CO-GENERATION		ETHANOL		OTHERS		ELIMINATIONS		TOTAL	
	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10
REVENUE														
External sales	37,639.91	35,106.76	18,470.81	16,646.09	2,838.11	1,896.59	4,591.57	1,418.90	80.58	43.58	-	-	63,620.99	55,111.92
Inter-segment sales	1,210.87	1,575.70	-	-	2,979.26	2,047.65	-	-	-	-	(4,190.12)	(3,623.35)	-	-
TOTAL REVENUE	38,850.78	36,682.46	18,470.81	16,646.09	5,817.37	3,944.24	4,591.57	1,418.90	80.58	43.58	(4,190.12)	(3,623.35)	63,620.99	55,111.92
Results	2,409.84	4,070.86	465.06	1,552.61	2,704.32	503.07	1,319.14	225.73	30.48	16.17	-	-	6,928.84	6,368.44
Unallocated corporate expenses													996.98	804.49
Operating profit													5,931.87	5,563.95
Financial expenses													3,698.72	824.59
Other income													11.31	867.09
Profit from ordinary activities													2,244.46	5,606.45
Exceptional Items													893.92	-
Net Profit													1,350.53	5,606.45
OTHER INFORMATION														
Segment assets	37,667.23	24,201.60	1,238.68	4,585.66	8,950.04	5,956.63	4,333.32	3,526.58	129.40	24.51	-	-	52,318.67	38,294.98
Unallocated corporate assets													22,623.63	19,387.56
TOTAL ASSETS	37,667.23	24,201.60	1,238.68	4,585.66	8,950.04	5,956.63	4,333.32	3,526.58	129.40	24.51	-	-	74,942.30	57,682.54
Segment liabilities	11,054.29	6,481.44	78.34	11,401.80	447.75	923.81	216.92	20.76	4.75	-	-	-	11,802.05	18,827.81
Unallocated corporate liabilities													45,257.31	38,854.73
TOTAL LIABILITIES	11,054.29	6,481.44	78.34	11,401.80	447.75	923.81	216.92	20.76	4.75	-	-	-	57,059.36	57,682.54
Capital expenditure	6,453.60	3,983.79	-	-	3,290.04	838.15	141.88	673.51	3.79	0.51	-	-	9,889.31	5,495.96
Unallocated corporate capital expenditure													84.75	191.72
TOTAL CAPITAL EXPENDITURE	6,453.60	3,983.79	-	-	3,290.04	838.15	141.88	673.51	3.79	0.51	-	-	9,974.06	5,687.68
Depreciation	803.72	431.44	-	-	402.70	245.10	205.03	113.08	6.99	4.03	-	-	1,418.44	793.65
Unallocated corporate depreciation													36.29	21.80
TOTAL DEPRECIATION	803.72	431.44	-	-	402.70	245.10	205.03	113.08	6.99	4.03	-	-	1,454.73	815.45

xix. Segment Reporting For The Period Ended March 31, 2012

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

xx. Balance Sheet Abstract and Company's General Business Profile

The Companies Act, 1956 SCHEDULE VI - PART IV

1 REGISTRATION DETAILS

Registration No. State Code (Refer Code List)

Balance Sheet Date
D D M M Y Y Y Y

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

Public Issue Rights Issue

Bonus Issue Private Placements

3 POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNTS IN ₹ THOUSANDS)

Total Liabilities Total Assets

Sources of funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

Application of funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

4 PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS)

Total Income Total Expenditure

Profit / Loss Before Tax Profit / Loss After Tax

Earning Per Share in (₹) Dividend Rate (%)

5 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code) Product Description

Item Code No. (ITC Code) Product Description

Item Code No. (ITC Code) Product Description

To be read with our report of even date

For and on behalf of the Board of Directors

For Ashok Kumar, Prabhaskar & Co.,

Chartered Accountants
Firm Regn.No : 004982S

K. N. Prabhaskar

Partner

Membership No.19575

Place: Mumbai

Dated: May 29, 2012

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

Statement Pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Sl No.	Name of the Subsidiary	Reporting Currency	Capital	Reserves	Total Assets*	Total Liabilities**	Investment other than investment in subsidiary	Turnover (including other income)	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend
('₹ in Million)												
1	Renuka Commodities DMCC, Dubai	AED	4.97	6,212.69	12,825.69	12,825.69	-	22,380.60	1,740.05	-	1,740.05	-
2	Parana Global Trading (FZE) (Formerly Shree Renuka Biofuels Holdings (FZE)), Sharjah	AED	1.67	1.96	26.94	26.94	-	-	(1.95)	-	(1.95)	-
3	Shree Renuka Southern Africa Holdings(FZC), Sharjah	AED	1.77	0.13	1.90	1.90	-	-	(1.38)	-	(1.38)	-
4	Shree Renuka Agriventures Limited	INR	2.50	-	2.50	2.50	-	-	(0.60)	-	(0.60)	-
5	KBK Chem-Engineering Private Limited	INR	16.91	362.82	855.95	855.95	-	1,111.37	(318.84)	0.16	(316.18)	-
6	Gokak Sugars Limited	INR	351.75	144.44	1,556.44	1,556.44	-	2,675.52	124.05	(5.75)	129.80	-
7	Nandur Sugars Limited (Formerly SRSL Ethanol Limited)	INR	1.50	-	1.50	1.50	-	-	(0.29)	-	(0.29)	-
8	Shree Renuka Global Ventures Ltd, Mauritius	USD	21,320.55	0.19	21,320.74	21,320.74	-	-	(3.84)	-	(3.84)	-
9	Monika Realators & Investments Private Limited (Formerly Monika Realators Private Limited)	INR	0.10	1.33	291.12	291.12	-	32.88	(2.50)	1.69	(0.81)	-
10	Shree Renuka East Africa Agriventures PLC, Ethiopia	USD	5.19	0.17	5.39	5.39	-	-	-	-	-	-
11	Lanka Sugar Refinery Company (Private) Limited	LKR	-#	-	-#	-	-	-	-	-	-	-
12	Shree Renuka do Brasil Participações Ltda.	BRL	22,353	(160)	23,613	23,613	-	-	(102)	-	(102)	-
13	Shree Renuka São Paulo Participações Ltda.	BRL	16,493	1	18,465	18,465	-	-	1	-	1	-
14	Renuka do Brasil S/A	BRL	35,412	(32,254)	39,889	39,889	-	28,404	(6,301)	1,352	(4,949)	-
15	Revati S.A- Acucar e Alcool (Formerly Biopav S.A- Acucar e Alcool)	BRL	2,856	11,115	20,784	20,784	-	9,458	(733)	201	(532)	-
16	Renuka Geradora de Energia Elétrica Ltda. (Formerly Equipav Geradora de Energia Elétrica Ltda.)	BRL	737	528	3,495	3,495	-	2,958	(58)	28	(30)	-
17	Renuka Agropecuária Ltda. (Formerly Barrerinha Agropecuaria Ltda.)	BRL	1,757	1,167	3,516	3,516	-	2,274	(692)	(209)	(901)	-
18	Revati Agropecuária Ltda. (Formerly Canapav Agropecuaria Ltda.)	BRL	11,187	(7,153)	4,865	4,865	-	2,501	(1,655)	2	(1,653)	-
19	Agropav Agropecuaria Ltda.	BRL	2,238.92	(251.55)	2,265.01	2,265.01	-	-	171.01	(7.00)	164.01	-
20	Renuka Cogeração Ltda. (Formerly Biopav Ltda.)	BRL	3,595.50	(1.16)	3,594.34	3,594.34	-	-	(1.16)	-	(1.16)	-
21	Revati Geradora de Energia Elétrica Ltda. (Formerly Bioenergia Geradora Elétrica Ltda.)	BRL	0.28	24.17	24.45	24.45	-	-	(34.04)	-	(34.04)	-
22	Renuka Vale Do Ivaí S/A	BRL	4,971.17	(271.02)	12,559.30	12,559.30	277.62	9,647.90	(186.69)	116.71	(69.98)	-
23	Ivaicana Agropecuaria Ltda.	BRL	823.79	(2,202.84)	86.96	86.96	-	2,377.31	(580.71)	-	(580.71)	-
24	Biovale Comercio de Leveduras Ltda.	BRL	397.69	230.84	639.37	639.37	-	874.71	170.09	(26.36)	143.73	-
25	Ivaí Logística Ltda.	BRL	0.43	0.43	0.43	-	-	-	-	-	-	-
26	Apopena Logística E Comercio De Produtos Agrícolas Ltda	BRL	0.28	-	0.28	0.28	-	-	-	-	-	-

Assets and liabilities have been converted from reporting currency UAE Dirham (AED) into Rupees (₹) @ 13.848 as on March 31, 2012.
Assets and liabilities have been converted from reporting currency US Dollar (USD) into Rupees (₹) @ 50.87 as on March 31, 2012.
Assets and liabilities have been converted from reporting currency Brazilian Reals (BRL) into Rupees (₹) @ 28.4067 as on March 31, 2012.
Assets and liabilities have been converted from reporting currency Sri Lankan Rupee (LKR) into Rupees, 1 LKR = 0.4046 as on March 31, 2012.
*Total assets are net of current liabilities.
**Total liabilities does not include current liabilities.

AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of

SHREE RENUKA SUGARS LIMITED

1. We have examined the attached Consolidated Balance Sheet of SHREE RENUKA SUGARS LIMITED ("the Company") and its Subsidiaries as at March 31, 2012, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the 18 months period ended as 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 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 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.
3.
 - a) The accounts include total assets of ₹ 3,309.72 million and total revenue of ₹ 3,786.89 million and cash flow amounting to ₹ (30.02) million relating to Three Subsidiary Companies which have been audited by us and consolidated on the basis of audited accounts.
 - b) We did not audit the financial statements of Six Subsidiaries, which were audited by other Auditors whose reports have been furnished to us, reflect total assets of ₹ 112,232.77 million as at March 31, 2012, total revenue of ₹ 70,005.71 million and cash flow amounting to ₹ (4,333.98) million for the 18 months period ended as on that date. These financials are included solely on the reports of other Auditors.
4. Our opinion, in so far as it relates to the amounts included in respect of subsidiaries referred to in para 3(b) above is based solely on the reports of the other Auditors.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (consolidated financial statements), and other applicable accounting standards issued by Institute of Chartered Accountants of India.
6. Based on our audit as aforesaid and on consideration of reports of other auditors on separate financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiaries as at March 31, 2012.
 - b) in the case of the consolidated Profit and Loss Account of the consolidated results of the operations of the Company and its subsidiaries for the 18 months period ended on that date; and
 - c) in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the 18 months period ended on that date.

For Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn No.004982S

Place: Mumbai
Date: May 29, 2012

K. N. Prabhashankar
Partner
Membership No. 19575

CONSOLIDATED 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			
Shareholder's Funds			
Share capital	1	671.32	670.38
Reserves and surplus	2	21,099.70	22,808.31
		21,771.02	23,478.69
Minority Interest		35.81	151.46
Loan Funds			
Secured loans	3	93,731.74	62,302.14
Unsecured loans	4	7,051.54	2,777.62
		100,783.28	65,079.76
Deferred Tax Liability	5	984.44	1,382.23
TOTAL		123,574.55	90,092.14
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross block	6	127,464.36	90,449.45
Less : Depreciation		25,811.89	17,628.90
Net block		101,652.47	72,820.55
Capital work-in-progress including capital advances		3,951.49	7,027.13
Investments	7	1,935.01	1,189.09
Current Assets, Loans and Advances			
Inventory	8	19,716.96	17,710.82
Sundry debtors	9	3,269.89	5,225.90
Cash and bank balances	10	766.99	6,019.10
Other current assets	11	4,155.36	881.21
Loans and advances	12	20,714.88	15,842.44
Less: Current Liabilities and Provisions			
Current liabilities	13	32,610.27	34,954.08
Provisions	14	44.10	1,778.46
Net Current Assets		15,969.71	8,946.93
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	15		
Deferred revenue expenses		65.87	108.44
TOTAL		123,574.55	90,092.14
Significant Accounting Policies	27		
Notes on Accounts	28		

To be read with our report of even date

For and on behalf of the Board of Directors

For Ashok Kumar, Prabhashankar & Co.,

Chartered Accountants

Firm Regn.No : 004982S

K. N. Prabhashankar

Partner

Membership No.19575

Place: Mumbai

Dated: May 29, 2012

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR 18 MONTHS PERIOD ENDED MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	Schedule No.	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
INCOME			
Revenue (net)	16	123,691.20	76,694.41
Other income	17	2,087.09	500.60
TOTAL		125,778.29	77,195.01
EXPENDITURE			
Raw materials consumed	18	56,221.17	39,875.22
Cost of traded goods	19	37,600.15	21,323.40
(Increase)/Decrease in inventory	20	(4,156.52)	(2,591.91)
Personnel expenses	21	3,850.95	1,067.10
Operating and administrative expenses	22	7,573.83	3,838.80
Selling and distribution expenses	23	4,188.44	1,428.44
Depreciation and amortisation	6	10,222.92	2,457.26
Financial expenses	24	10,380.50	2,377.27
Exceptional Items	25	565.62	(1,321.47)
Profit/(Loss) before tax & Prior Period Items		(668.77)	8,740.90
Provision for tax			
Current tax		381.37	1,151.12
Deferred tax		(751.51)	548.98
Wealth tax		0.86	0.92
Profit/(Loss) after tax and before minority interest & prior period items		(299.49)	7,039.88
Less : Minority Interest		8.26	4.29
Prior period items		2.49	1.52
Net Profit/(Loss)		(310.24)	7,034.07
Balance brought forward from previous year		8,554.86	3,422.51
Add: Gain on acquisition of Additional Stake		176.40	-
Less: Other Adjustment (Refer Note vii of Schedule 28)		1,198.92	-
Profit available for appropriation		7,222.10	10,456.58
Interim dividend on equity shares		671.31	670.38
Corporate dividend tax		108.90	111.34
Transfer to debenture redemption reserve		423.33	120.00
Transfer to general reserve		85.00	1,000.00
Surplus carried to Balance Sheet		5,933.56	8,554.86
Basic and diluted earnings per share (in ₹)	26	(0.46)	10.75
[Nominal value of shares ₹ 1/- each]			
Significant Accounting Policies	27		
Notes on Accounts	28		

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

Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR 18 MONTHS PERIOD ENDED MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax & Prior Period Items	(668.77)	8,740.90
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Depreciation and amortisation including transfer to Pre-operative	10,452.67	2,457.26
Minority interest	(8.26)	(4.29)
Financial expenses	10,380.50	2,377.27
Loss/(Profit) on sale of fixed assets	28.80	(100.12)
Dividend Income	(7.16)	(55.78)
Foreign Exchange Fluctuation Reserve	377.57	51.27
Adjustment in Opening Profit & Loss Appropriation	(1,198.92)	-
Profit on sale of investments	(78.58)	(28.20)
Miscellaneous and prior period expenses (net)	42.57	(82.36)
Operating profit before working capital changes	19,320.42	13,355.95
Changes in operating assets and liabilities:		
Trade receivables	1,956.01	(3,463.63)
Other receivables	(10,573.79)	(11,542.05)
Inventory	(2,006.14)	(6,989.72)
Trade and other payables	(2,096.86)	26,456.36
Cash generated from operations	6,599.64	17,816.91
Income-tax paid	1,213.66	(1,445.87)
Net Cash Flow From Operating Activities	7,813.30	16,371.04
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets(including goodwill)	(54,600.64)	(65,609.92)
Proceeds from sale of fixed assets	18,413.05	139.08
Purchase of investments	(745.92)	(712.25)
Profit on sale of investments	78.58	28.20
Dividend Income	7.16	55.78
Net Cash Flow From Investing Activities	(36,847.77)	(66,099.11)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in capital	0.94	147.61
Share premium	26.77	1,725.56
Minority interest	8.26	4.29
Dividend paid	(1,334.13)	(316.90)
Proceeds from long-term borrowings (Net)	17,142.83	52,321.88
Proceeds from short-term borrowings (Net)	18,530.52	(669.58)
Interest paid	(10,592.83)	(2,377.27)
Net Cash Flow From Financing Activities	23,782.36	50,835.59
Net increase in cash and cash equivalents	(5,252.11)	1,107.52
Opening cash and cash equivalents	6,019.10	4,911.58
Closing cash and cash equivalents	766.99	6,019.10

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

Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi

Executive Chairperson

K. K. Kumbhat

Chief Financial Officer

Narendra Murkumbi

Vice Chairman & Managing Director

D. V. Iyer

Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
1. SHARE CAPITAL		
Authorised		
25,000,000 preference shares of ₹ 10/- each	250.00	250.00
800,000,000 equity shares of ₹ 1/- each	800.00	800.00
	<u>1,050.00</u>	<u>1,050.00</u>
Issued, Subscribed and Paid up		
671,319,650 equity shares of ₹ 1/- each fully paid	671.32	670.38
(Previous Year 670,382,000 equity shares of ₹ 1/- each fully paid)		
	<u>671.32</u>	<u>670.38</u>
i) 334,900,000 Bonus shares were issued as on March 18, 2010 at the ratio of 1:1.		
ii) Allotment of 937,650 Equity Shares of ₹ 1/- each at a premium of ₹ 28.55 under ESOP		
2. RESERVES AND SURPLUS		
Capital Reserve		
i) Subsidy received towards Co-generation		
As per last balance sheet	18.75	18.75
ii) Others		
As per last balance sheet	0.26	0.26
	<u>19.01</u>	<u>19.01</u>
Capital Redemption Reserve		
As per last balance sheet	-	8.50
Less: Utilised for bonus issue	-	8.50
	<u>-</u>	<u>-</u>
Share Premium		
As per last balance sheet	10,547.28	8,813.22
Addition during the period	26.77	2,060.46
Less: Utilised for bonus issue	-	326.40
	<u>10,574.05</u>	<u>10,547.28</u>
Reserves on Consolidation		
As per last balance sheet	366.87	366.87
Addition during the period	-	-
	<u>366.87</u>	<u>366.87</u>
General Reserve		
As per last balance sheet	3,029.02	2,029.02
Add : Transfer from profit and loss account	85.00	1,000.00
	<u>3,114.02</u>	<u>3,029.02</u>
Foreign Exchange Fluctuation Reserve		
As per last balance sheet	51.27	-
Addition during the period	377.57	51.27
	<u>428.84</u>	<u>51.27</u>
Debenture Redemption Reserve		
As per last balance sheet	240.00	120.00
Add : Transfer from profit and loss account	423.33	120.00
	<u>663.33</u>	<u>240.00</u>
	<u>15,166.12</u>	<u>14,253.45</u>
Surplus in profit and loss account	<u>5,933.58</u>	<u>8,554.86</u>
	<u>21,099.70</u>	<u>22,808.31</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
3. SECURED LOANS		
600 Redeemable Non-Convertible Debentures (11.95%) of ₹ 1,000,000/- each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par on August 3, 2014)	600.00	600.00
1,100 Redeemable Non-Convertible Debentures (11.50%) of ₹ 1,000,000/- each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par in the ratio of 25:25:25:25, on April 7, 2013, October 7, 2013, April 7, 2014 and October 7, 2014 respectively or on exercise of Put/Call Option.)	1,100.00	-
2,900 Redeemable Non-Convertible Debentures (Floating Rate) of ₹ 1,000,000/- each (Rate is 12.08% for the first six months and will be reset every six months, linked to six months Commercial Paper Benchmark Rate Plus Spread of 2.32%) (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par in the ratio of 25:25:25:25, on April 7, 2013, October 7, 2013, April 7, 2014 and October 7, 2014 respectively or on exercise of Put/Call Option.)	2,900.00	-
1,500 Redeemable Non-Convertible Debentures Application Money (11.70%) of ₹ 1,000,000/- each (Debentures allotted on April 3, 2012. Secured by the first pari passu charge on Fixed assets of the company. Redeemable at par on April 2, 2017)	1,500.00	-
Term loans from banks and financial institutions * (Secured by the first pari passu charge on movable and immovable assets of the company)	61,054.56	43,792.86
Term loans from sugar development fund (Secured by the second charge on movable and immovable assets of the company)	1,393.96	1,407.59
Cash/ Export credit facilities from banks (Secured by hypothecation of stocks and book debts and a third charge on movable and immovable assets of the company)	25,094.33	16,442.97
Interest accrued but not due	88.89	58.72
	93,731.74	62,302.14

Interest accrued but not due represents interest on certain long-term borrowings, where the payment of interest has also been deferred for a period of time, and is therefore considered to be in the nature of a borrowing and included as a part of secured loans.

Repayment due within one year in respect of term loans aggregate to ₹ 7,406.07 million. (Previous Year ₹ 770.07 million)

* Includes borrowings of ₹ 23,400 million from banks by the Brazilian subsidiaries, for which the waiver for breach of financial covenants has been applied for and awaited.

4. UNSECURED LOANS		
Sugar development fund	2.80	15.29
Deferred purchase tax	120.34	221.06
Other Borrowings	6,928.40	2,541.27
	7,051.54	2,777.62

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Depreciation	2,231.11	2,343.39
Others	-	1.20
Gross Deferred Tax Liability	<u>2,231.11</u>	<u>2,344.59</u>
Deferred Tax Asset		
Deferred interest on SDF loan	11.07	19.07
Others	1,235.60	943.29
Gross Deferred Tax Asset	<u>1,246.67</u>	<u>962.36</u>
Net Deferred Tax Liability	<u>984.44</u>	<u>1,382.23</u>

	October 1, 2010	Additions	Deductions/ Adjustments	March 31, 2012
6. FIXED ASSETS				
Gross Block				
Goodwill on consolidation	8,495.24	1,792.47	119.40	10,168.31
Land- freehold	2,026.79	519.44	7.07	2,539.16
Land- leasehold	125.92	10.66	-	136.58
Sugar Cane Plantation Cost	10,170.67	10,683.85	-	20,854.52
Buildings	8,044.95	2,216.08	1,795.50	8,465.53
Plant and machinery	40,884.37	39,648.46	8,307.77	72,225.06
Furniture and fittings	12,723.50	1,411.77	9,063.34	5,071.93
Vehicles	7,978.01	1,443.70	1,418.44	8,003.27
TOTAL	<u>90,449.45</u>	<u>57,726.43</u>	<u>20,711.52</u>	<u>127,464.36</u>
Previous Year	15,704.22	66,812.50	50.82	90,449.45
Accumulated Depreciation				
Goodwill on consolidation	-	-	-	-
Land- freehold	-	-	-	-
Land- leasehold	-	-	-	-
Sugar Cane Plantation Cost	4,576.70	3,001.75	-	7,578.45
Buildings	986.11	533.09	177.61	1,341.59
Plant and machinery	6,633.24	5,568.41	234.17	11,967.48
Furniture and fittings	3,189.02	912.01	962.61	3,138.42
Vehicles	2,243.83	437.41	895.29	1,785.95
TOTAL	<u>17,628.90</u>	<u>10,452.67</u>	<u>2,269.68</u>	<u>25,811.89</u>
Less : Pre-operative & opening depreciation of subsidiaries	-	229.75	-	-
Depreciation charged to profit and loss	<u>-</u>	<u>10,222.92</u>	<u>-</u>	<u>-</u>
Previous Year	1,555.14	16,085.62	11.86	17,628.90
Net Block				
Goodwill on consolidation	8,495.24			10,168.31
Land- freehold	2,026.79			2,539.16
Land- leasehold	125.92			136.58
Sugar Cane Plantation Cost	5,593.97			13,276.07
Buildings	7,058.84			7,123.94
Plant and machinery	34,251.13			60,257.58
Furniture and fittings	9,534.48			1,933.51
Vehicles	5,734.18			6,217.32
TOTAL	<u>72,820.55</u>			<u>101,652.47</u>
Capital Work-in-progress	<u>7,027.13</u>			<u>3,951.49</u>
Previous Year	14,149.08			72,820.55

The Capital Work-in-progress includes pre-operative expenses of the projects to the extent of ₹ 12.69 million.
(Previous Year ₹ 11.16 million)

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
7. INVESTMENTS		
Long Term Investments (At Cost)		
Non -Trade		
Government Securities		
National Saving Certificate	0.05	0.05
Equity shares fully paid-up (Unquoted)		
Esugar India Clearing Corporation Ltd.	0.05	0.05
(5,000 Equity Shares of ₹ 10/- each)		
Belgaum DCC Bank Ltd., Belgaum	0.50	0.50
(100 Equity Shares of ₹ 5,000 each)		
National Commodity & Derivatives Exchange Ltd.	895.19	786.87
(6,336,000 Equity Shares of ₹ 10/- each)		
(Previous Year 4,500,000 Equity Shares of ₹ 10 /-each)		
Equity shares fully paid-up (Quoted)		
Simbhaoli Sugar Mills Ltd.	6.13	-
(132,376 Equity Shares of ₹ 10/- each)		
Ugar Sugar Works Ltd.	94.71	53.18
(5,001,000 Equity Shares of ₹ 1/- each)		
(Previous Year 2,750,159 Equity Shares of ₹ 1/- each)		
In Associate Companies		
PASA Terminais Portuarios	372.20	175.76
CPA Trading	218.10	141.96
Alcool do Parana Terminais Portuarios	42.72	24.93
Others	305.36	5.79
	1,935.01	1,189.09
Aggregate value of the quoted investments	94.71	53.18
Aggregate value of the un-quoted investments	1,840.30	1,135.91
Market value of the quoted investments	62.56	50.05
8. INVENTORY		
Stores and spares	1,221.55	567.31
Raw materials and components	1,513.42	4,209.47
Intermediate product	165.25	132.69
Work-in- progress	39.42	170.63
Finished goods		
Manufactured	16,129.10	11,031.74
Others	648.22	1,598.98
	19,716.96	17,710.82
9. SUNDRY DEBTORS		
Unsecured		
Debts over six months		
Considered good	627.70	241.14
Considered doubtful	-	-
Others		
Considered good	2,642.19	4,984.76
	3,269.89	5,225.90

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	31-Mar-12	30-Sep-10
10. CASH AND BANK BALANCES		
Cash on hand	12.34	30.20
Cheques on hand	-	0.02
Balances with scheduled banks		
On current accounts	164.21	4,899.48
On deposit accounts	79.49	1,045.95
Balances with other banks		
On current accounts	510.95	43.45
	766.99	6,019.10
Balances with banks in deposit accounts include amounts that have been provided as margin money or those that have been pledged with government authorities towards guarantees, etc.		
11. OTHER CURRENT ASSETS		
Export incentives accrued	258.72	255.02
Interest accrued	13.98	10.97
Prepaid Expenses	150.65	56.26
Others	781.35	558.96
Foreign Currency Monetary Item Translation Difference Account	2,950.66	-
	4,155.36	881.21
12. LOANS AND ADVANCES		
Unsecured and considered good		
Advances recoverable in cash or kind or for value to be received	13,142.17	10,407.31
Balances with customs, excise, etc.	4,820.76	1,126.53
Deposits	2,038.79	1,168.23
Income Tax Refund Due	713.16	3,140.37
	20,714.88	15,842.44
13. CURRENT LIABILITIES		
Sundry creditors		
Micro, small and medium enterprises (to the extent identified with available information)	-	8.34
Others	19,108.72	27,310.55
Advance from customers	5,865.78	994.54
Interest accrued but not due on loans	1,040.29	1,282.79
Other liabilities	6,595.48	5,357.86
	32,610.27	34,954.08
14. PROVISIONS		
Provision for taxation	8.99	973.79
Provision for gratuity	3.87	5.28
Provision for leave encashment	31.24	17.67
Provision for interim dividend on equity shares	-	670.38
Provision for corporate dividend tax	-	111.34
	44.10	1,778.46
15. MISCELLANEOUS EXPENDITURE		
Deferred revenue expenditure to the extent not written off	57.53	95.09
Goodwill on Amalgamation to the extent not written off	8.34	13.35
	65.87	108.44

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
16. REVENUE		
Sale of manufactured sugar	57,769.69	41,064.32
Sale of traded sugar and ethanol	37,462.51	26,161.09
Sale of power	9,246.42	3,941.44
Sale of ethanol and allied products	23,593.92	4,337.07
Sale from engineering division	1,432.53	2,245.28
Sale of by-products and others	2,273.51	3,988.40
	131,778.58	81,737.60
Less : Excise duty	3,623.10	1,307.22
Intersegment sales	4,464.28	3,735.97
	12]3,691.20	76,694.41
17. OTHER INCOME		
Dividend	7.16	55.78
Profit on sale of investments	80.55	36.60
Profit on sale of assets	8.55	100.12
Others	1,990.83	308.10
	2,087.09	500.60
18. RAW MATERIALS CONSUMED		
Opening stock as on October 01, 2010	1,831.86	2,719.21
Opening stock of Subsidiaries	146.23	637.89
Add : Purchases and related expenses	56,606.98	40,467.02
Less : Intersegment purchases	1,210.87	1,688.32
	57,374.20	42,135.80
Less: Closing stock as on March 31, 2012	1,153.03	2,260.58
	56,221.17	39,875.22
19. COST OF TRADED GOODS		
Opening stock as on October 01, 2010	1,598.98	1,966.97
Add : Purchases	36,649.39	20,955.41
	38,248.37	22,922.38
Less: Closing stock as on March 31, 2012	648.22	1,598.98
	37,600.15	21,323.40
20. (INCREASE)/DECREASE IN INVENTORY		
Opening stock as on October 01, 2010		
Work-in-progress	-	74.91
Work-in-progress of subsidiaries	163.04	10.80
Finished goods and intermediate products	7,659.79	5,087.38
Trial run stock of finished goods and intermediate products	3,613.88	57.83
	11,436.71	5,230.92
Less: Closing stock as on March 31, 2012		
Work-in-progress	16.58	163.04
Finished goods and intermediate products	15,576.65	7,659.79
	15,593.23	7,822.83
(A-B)	[4,156.52]	[2,591.91]

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
21. PERSONNEL EXPENSES		
Salaries, wages and bonus	3,731.85	995.64
Contribution to provident fund and others	77.35	42.68
Contribution to gratuity	10.63	15.44
Contribution to leave encashment	31.12	13.34
	3,850.95	1,067.10
22. OPERATING AND ADMINISTRATIVE EXPENSES		
A. Manufacturing expenses		
Consumption of stores and spares	680.98	391.40
Processing charges	1,022.69	703.74
Packing material	678.84	456.69
Direct expenses (engineering)	48.27	36.53
Power and fuel	3,819.02	2,387.28
Lease rentals	288.11	100.82
Repairs and maintenance		
Plant and machinery	190.28	95.63
Buildings	59.32	25.55
Others	83.83	49.95
Less : Intersegment expenses	(3,177.00)	(2,047.65)
	A 3,694.34	2,199.94
B. Administrative expenses		
Rent, rates and taxes	1,603.20	264.06
Insurance	220.51	46.34
Travelling and conveyance	216.19	108.48
Printing and stationery	14.15	10.33
Communication expenses	112.71	44.45
Legal and professional fees	745.94	413.36
Remuneration to directors		
Remuneration	68.73	50.49
Commission	27.56	113.86
Directors' sitting fees	2.11	1.24
Auditors' remuneration	255.14	25.17
Donations and contributions	23.97	58.92
Loss on sale of fixed assets	37.35	8.31
Loss on sale of investments	1.97	8.40
Research and development	7.74	3.27
Others	542.22	482.18
	B 3,879.49	1,638.86
(A+B)	7,573.83	3,838.80

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

(All amounts in million Indian Rupees, unless otherwise stated.)

	18 Months Ended 31-Mar-12	Year Ended 30-Sep-10
23. SELLING AND DISTRIBUTION EXPENSES		
Freight and forwarding charges	2,680.57	1,211.57
Advertising and sales promotion	661.01	15.60
Cost of Open General Licences for Export	758.53	-
Warehousing expenses	62.84	41.08
Weighment Charges	-	0.02
Brokerage and discounts	28.24	60.59
Commission and Incentives	(2.75)	99.58
	4,188.44	1,428.44
24. FINANCIAL EXPENSES		
Interest		
on term loans	6,423.96	1,571.72
on working capital	2,930.65	464.01
others	571.16	176.54
Bank charges	454.73	165.00
	10,380.50	2,377.27
25. EXCEPTIONAL ITEMS		
Foreign exchange (gain)/loss	563.17	(1,321.47)
Other Exceptional Items	2.45	-
	565.62	(1,321.47)
26. EARNINGS PER SHARE		
The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.		
Reconciliation of earnings		
Profit for the period (net of minority interest)	(310.24)	7,034.07
Net profit attributable to equity shareholders	(310.24)	7,034.07
Reconciliation of number of shares	Shares	Shares
Shares outstanding at the beginning of the period	670,382,000	316,900,000
Shares outstanding at the end of the period	671,319,650	670,382,000
Weighted average number of equity shares	671,236,995	654,657,200
Basic and Diluted Earnings Per Share (in ₹)		
[Nominal value of shares ₹ 1/- each]	(0.46)	10.75

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES

(All amounts in million Indian Rupees, unless otherwise stated.)

a. Basis of presentation

The accompanying financial statements have been presented for the period ended March 31, 2012 along with comparative information for the year ended September 30, 2010. 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 accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except as stated hereunder.

b. Consolidation

The accompanying Consolidated Financial Statements comprises the accounts of Shree Renuka Sugars Limited and its direct and indirect subsidiaries after eliminating all material inter-company accounts, transactions, profits and losses. A subsidiary is an entity in which the Group has either direct or indirect majority ownership interest and has the power to control the financial and operating policies of that entity.

c. Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the Company's 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 revenue and expenses during the reporting period, the actual results could differ from those estimates.

d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis. Subsidy received from the Government has been reduced from value of the respective assets.

e. Borrowing costs

Financing cost incurred up to the date of completion of construction or installation of qualifying assets, on funds borrowed are capitalized as a part of the cost of the asset.

f. Depreciation

Depreciation is provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. The Companies assets are depreciated using the straight line method. As per estimates of the management, these rates are representative of the economic useful life of these assets. No depreciation is provided on assets held for sale.

g. Leases

Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term. In case of long term leases, the expenditure to the profit and loss account is recognized on the basis of equated lease rentals arrived at by allocating the total outflow of lease rentals on the entire contractual period over the period of the lease.

h. 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 or fair value/ market 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.

i. Amalgamation

Accounting for Amalgamation is as per AS-14 of the Indian Accounting Standards as prescribed by The Institute of Chartered Accountants of India. The Goodwill arising on Amalgamation is amortised over its useful life but shall not exceed five years.

j. Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packing materials

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on First in First out ('FIFO') basis.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

Finished goods

Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods excludes excise duty.

Work-in-process

Lower of cost up to estimated stage of process or net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

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.

By-products

By-products are valued at cost. Inter-unit transfers of by products also include the cost of transportation, duties, etc.

k. Revenue recognition

Revenue is recognized to the extent 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 recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns.

Revenue from sale of power is recognized when the units generated are transmitted to the pooling station, in accordance with the terms and conditions of the power purchase agreement entered into by the Company with the purchasing parties.

l. Foreign currency transactions

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 is charged to the revenue account except arising on account of such conversion related to the purchase of fixed assets is adjusted therewith, and other long term monetary items is adjusted in the foreign currency Monetary item Translation Difference.

Forward Exchange Contracts not intended for trading or speculation purposes

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

m. Employee benefits

Contributions in respect of provident fund and gratuity are made to the appropriate authorities/trust set up by the Company for the purpose and charged to profit and loss account. Provisions for liabilities in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at the balance sheet date.

n. Income tax

Tax expenses comprise both current and deferred taxes.

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

o. Miscellaneous expenditure

Preliminary expenses are written-off over a period of five years from the year of commencement of commercial production.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

27. SIGNIFICANT ACCOUNTING POLICIES contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

The Deferred Revenue Expenditure comprises of debenture issue expenses which is written off over a period of 5 years & expenses incurred on the lease units upto the date of production which is written off in proportion to the period of lease unexpired or 1/5th in case of long lease period.

p. Government grants

Government grants in the nature of promoter's contribution are credited to capital reserve and treated as a part of Shareholder's funds. Other Government grants/ subsidy have been reduced from value of the respective assets.

q. Financial derivatives and commodity futures

Transactions in financial derivatives and commodity futures are accounted based on the mode of final settlement. Transactions, which are ultimately settled net, without taking delivery, are recorded net with the gains/losses being recognized as income/expenses in the financial statements. Transactions, which stipulate physical delivery of the goods and where the company intends to take delivery, are recorded at gross, as purchases and sales as a part of the company's sugar manufacturing activities.

r. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

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.

Contingent Assets are neither recognized nor disclosed.

s. 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 numbers 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.

t. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company, with the following additional policies for segment reporting:

- (i) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- (ii) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- (iii) Gains /losses from transactions in commodity futures, which are ultimately settled net, with/without taking delivery, are recorded as 'Other revenues' under the Sugar segment.
- (iv) Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

u. Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine,

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

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million Indian Rupees, unless otherwise stated.)

i. Excise Duty on Finished Goods

Excise duty is generally provided on manufacture of goods, which are not exempt from the payment of duty. However, since the Company's finished goods are not segregated at the time of production into those for sale in domestic markets and those for sale in export markets, the Company is unable to determine the exact liability towards excise duty on finished goods. Accordingly, excise duty is provided/paid only at the time of clearance of the goods from the factory.

ii. Leases

The Company has entered into various operating leases for office, residential and factory premises. These are generally short-term leases and cancelable by serving adequate notice. The minimum amount of lease rentals payable on non-cancelable leases is as follows:

- Within a period of one year – ₹ 3,061.96 million (Previous Year ₹ 83.63 million)
- Period from one year to five years – ₹ 8,322.82 million (Previous Year ₹ 251.63 million)
- Period from five years and above – ₹ 1,939.95 million (Previous Year ₹ 966.00 million)
- Lease Rent charged to Profit and loss account for the period of 18 months ended March 31, 2012 are ₹ 288.11 million (Previous Year ₹ 100.82 million)

iii. Outstanding Commitments

As at March 31, 2012, the Company had the following outstanding commitments:

- Bank Guarantees outstanding – ₹ 1,562.00 million (Previous Year ₹ 804.76 million)
- Corporate Guarantees outstanding – ₹ 2,247.00 million (Previous Year ₹ 7,653.52 million)
- Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for – ₹ 13,383.35 million (Previous year ₹ 4,112.00 million)

iv. Balances appearing under the head sundry creditors, sundry debtors, loans and advances are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.

v. In terms of accounting standard AS 28 on impairment of assets there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognized during the year under review.

vi. As required by Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

		(₹ in Million)	
Sl. No.	Particulars	31-Mar-12	30-Sep-10
(a)	i) Principal amount remaining unpaid at the end of the accounting period.	-	8.34
	ii) Interest due on above.	-	-
(b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date.	-	-
(c)	The amount of interest accrued and remaining unpaid at the end of financial period.	-	-
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this Act.	-	-
(e)	The amount of further interest due and payable in succeeding period, until such interest is actually paid.	-	-

The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified of information available with the Company.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

vii. Other Adjustments to P&L Appropriation account are related to.

(A) Renuka do Brasil S.A. and Renuka Vale do Ivaí S.A. amounting to ₹ 1,202.45 (debit million, which consists of i) ₹ 369.43 million on assets surrendered during the period, ii) ₹ 844.47 million on reversal of deferral charges and iii) ₹ 11.45 million on foreign currency translation difference).

(B) Shree Renuka Agri Ventures Ltd. amounting to ₹ 3.53 (credit) million towards reversal of charge of earlier years.

viii. In accordance with Companies (Accounting Standards) Amendment Rules, 2009 as amended by Companies (Accounting Standards) (Second Amendment) Rules, 2011, the Company exercised the option of adjusting exchange differences arising on long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of assets to be depreciated over the balance life of the assets and other long term monetary item in the "Foreign Currency Monetary Item Translation Difference" to be amortised over the period of loan.

ix. Pursuant to the approval of Registrar of Companies, Karnataka, the current accounting period of the Company comprises a period of 18 months from October 01, 2010 to March 31, 2012.

x. Related Party Disclosures

Related parties

(A) ASSOCIATE COMPANIES

- i. Khandepar Investments Private Limited
- ii. Vantamuri Trading And Investments Limited (formerly Shree Renuka Infraprojects Limited)
- iii. Murkumbi Investments Private Limited
- iv. Shree Renuka Energy Limited
- v. Renuka Energy Resource Holdings (FZE), Sharjah
- vi. Damodar Resource Holdings (FZE), Sharjah
- vii. Ravindra Energy Limited
- viii. Agri Venture Trading and Investment Private Limited

(B) KEY MANAGERIAL PERSONS

- i. Mrs. Vidya Murkumbi
- ii. Mr. Narendra Murkumbi
- iii. Mr. Nandan Yalgi
- iv. Mr. Vijendra Singh

(C) TRANSACTIONS WITH ASSOCIATE COMPANIES:

- i. Vantamuri Trading And Investments Limited (formerly Shree Renuka Infraprojects Limited)

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	5.20
Investment in associate company	-	-
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	-	0.03
Outstanding as at the end of the period	-	-

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

ii) Shree Renuka Energy Ltd.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Investments	Investments
Volume of transactions during the period	-	-
Investment in subsidiary	-	-
2 Nature of transaction	Interest Paid	Interest Paid
Volume of transactions during the period	0.55	-
Outstanding as at the end of the period	0.55	-
3 Nature of transaction	Advance	Advance
Volume of transactions during the period	500.08	0.02
Outstanding as at the end of the period	-	-
Purchase of Project & others	-	0.02

iii) Renuka Energy Resource Holding (FZE), Sharjah.

	31-Mar-12	30-Sep-10
1 Nature of transaction	Purchases, Sales & Advance Paid	Purchases, Sales & Advance Paid
Volume of transactions during the period	59.97	174.08
Outstanding as at the end of the period	-	59.97
Purchase of Coal	-	174.08
Advance paid	-	160.00

iv) Ravindra Energy Limited

	31-Mar-12	30-Sep-10
1 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the period	680.00	-
Outstanding as at the end of the period	-	-
2 Nature of transaction	Interest	Interest
Volume of transactions during the period	7.58	-
Outstanding as at the end of the period	-	-

(D) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	31-Mar-12	30-Sep-10
Remuneration including contributions to PF	58.02	160.92
Outstanding remuneration payable	0.12	-
Outstanding Commission payable	27.56	113.86
Nature of transaction	Rent Paid	Rent Paid
Volume of transactions during the period	2.97	1.98
Outstanding as at the end of the period	2.33	1.74

28. NOTES TO THE FINANCIAL STATEMENTS contd.

PARTICULARS	SUGAR		TRADING		CO-GENERATION		ETHANOL		ENGINEERING		OTHERS		ELIMINATIONS		(₹ in Million)	
	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	2009-10	2010-12	TOTAL
REVENUE																
External sales	82,956.01	45,218.24	30,447.53	25,890.18	4,537.87	1,896.59	4,591.57	1,418.90	1,073.57	2,223.72	84.65	46.78	-	-	-123,691.20	76,694.41
Inter-segment sales	1,287.29	1,688.32	-	-	3,176.99	2,047.65	-	-	-	-	-	-	[4,464.28]	[3,735.97]	-	-
TOTAL REVENUE	84,243.30	46,906.56	30,447.53	25,890.18	7,714.86	3,944.24	4,591.57	1,418.90	1,073.57	2,223.72	84.65	46.78	[4,464.28]	[3,735.97]	123,691.20	76,694.41
Results	19,855.44	4,924.41	1,106.29	4,350.43	3,433.92	503.07	1,319.14	225.72	104.29	86.60	49.13	10.36	-	-	25,868.21	10,100.59
Unallocated corporate expenses															17,677.95	804.49
Operating profit															8,190.26	9,296.10
Financial Expenses															10,380.50	2,377.27
Other income															2,087.09	500.60
Profit from ordinary activities															[103.15]	7,419.43
Exceptional Items															565.62	[1,321.47]
Profit Before Tax															[668.77]	8,740.90
OTHER INFORMATION																
Segment assets	92,308.88	95,157.75	21,559.03	9,749.35	15,467.42	5,956.63	4,333.32	3,527.22	447.62	1,572.72	129.40	24.51	-	-	134,245.67	115,988.18
Unallocated corporate assets															21,983.25	12,336.44
TOTAL ASSETS	92,308.88	95,157.75	21,559.03	9,749.35	15,467.42	5,956.63	4,333.32	3,527.22	447.62	1,572.72	129.40	24.51	-	-	156,228.92	128,324.62
Segment liabilities	19,037.46	70,281.26	7,577.96	11,751.15	5,203.22	923.81	216.92	20.77	307.64	678.35	4.75	-	-	-	32,347.95	83,655.34
Unallocated corporate liabilities															102,109.94	44,669.28
TOTAL LIABILITIES	19,037.46	70,281.26	7,577.96	11,751.15	5,203.22	923.81	216.92	20.77	307.64	678.35	4.75	-	-	-	134,457.90	128,324.62
Capital Expenditure	50,834.11	69,494.09	63.64	2.81	3,365.44	838.15	141.88	673.51	3.52	8.86	3.79	0.51	-	-	54,412.38	71,017.93
Unallocated corporate capital expenditure															238.41	236.80
TOTAL CAPITAL EXPENDITURE	50,834.11	69,494.09	63.64	2.81	3,365.44	838.15	141.88	673.51	3.52	8.86	3.79	0.51	-	-	54,650.79	71,254.73
Depreciation	9,214.36	2,064.93	4.12	0.66	743.88	245.10	205.03	113.08	11.13	7.28	6.99	4.03	-	-	10,185.51	2,435.08
Unallocated corporate depreciation															37.41	22.18
TOTAL DEPRECIATION	9,214.36	2,064.93	4.12	0.66	743.88	245.10	205.03	113.08	11.13	7.28	6.99	4.03	-	-	10,222.92	2,457.26

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS ON MARCH 31, 2012

28. NOTES TO THE FINANCIAL STATEMENTS contd.

(All amounts in million Indian Rupees, unless otherwise stated.)

xii. Previous year's figures

Previous year's figures have been regrouped/rearranged wherever considered necessary.

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
Dated: May 29, 2012

For and on behalf of the Board of Directors

Vidya Murkumbi
Executive Chairperson

K. K. Kumbhat
Chief Financial Officer

Narendra Murkumbi
Vice Chairman & Managing Director

D. V. Iyer
Company Secretary



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of Shree Renuka Sugars Limited will be held on Friday, July 27, 2012 at Maratha Mandir Hall, Near Railway Over Bridge, Khanapur Road, Belgaum – 590 006 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the 18 months period ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To confirm the payment of Interim Dividend on equity shares for the 18 months period ended March 31, 2012 as dividend for the year.
3. To appoint a Director in place of Mr. Jonathan Kingsman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjay Asher, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Hrishikesh Parandekar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Vijendra Singh who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 10, 2011 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Vijendra Singh as Whole-time Director designated as 'President (Sugar Mills)', for a period of three years with effect from May 10, 2011, on the terms and conditions, including remuneration

as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Act or any statutory modification(s) or re-enactment(s) thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Narendra Murkumbi as Vice Chairman & Managing Director of the Company, for a period of five years with effect from September 20, 2012, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Act or any statutory modification(s) or re-enactment(s) thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the provisions of the Articles of Association of the Company and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the

Guidelines”) (including any statutory modification(s) or re-enactment(s) of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committees thereof), approval of the Company be and is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under Shree Renuka Sugars Employees Stock Option Scheme - 2006

12A. Surrender of Options:

12A.1 An employee may surrender his vested / unvested options at any time during his employment with the company.

12A.2 Any employee willing to surrender his options shall communicate the same to the Company. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options and become available for future grant under the Scheme (unless the Scheme has been terminated.)”

11. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such other requisite approvals, if any, in this regard from appropriate authorities, approval of the Company be and is hereby accorded to alter the Articles of Association of the Company by inserting following new Article 112A after the existing Article 112 of the Articles of Association of the Company

APPOINTMENT OF NOMINEE DIRECTOR

112A. (1) Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to Industrial Finance Corporation of India (IFCI), Life Insurance Corporation of India (LIC) or to any other Financial Institution / Bank / Corporation / Credit Corporation / Finance Company / Body Corporate (hereinafter in this Article referred to as “the Corporation”) or so long as the Corporation continue to hold debentures in the Company as a result

of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or by direct subscription or so long as any liability of the company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

- (2) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- (3) The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the monies owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.
- (4) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all

General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/ are member/s as also the minutes of such meetings. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s being appointed

as wholetime Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director, in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

RESOLVED FURTHER THAT, the Board of Directors, be and is hereby authorised to do or cause to do all such acts, deeds, matters and things and to execute all such deeds, documents, instruments and writings as may deem necessary in relation thereto, and to file all the necessary documents with Office of the Registrar of Companies, for the purpose of giving effect to this resolution."

By Order of the Board of Directors
for **Shree Renuka Sugars Limited**

Mumbai
May 29, 2012

D V Iyer
Company Secretary

Regd. Office:
BC 105, Havelock Road,
Camp, Belgaum – 590 001.

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the item of Special Business to be transacted at the meeting is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.** The proxy form duly completed must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11:00 a.m. to 1:00 p.m. up to the date of the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, July 23, 2012 to Friday, July 27, 2012 (both days inclusive).
5. Members holding shares in physical form are requested to advise about change of address to Karvy Computershare Private Limited. Members holding shares in electronic form are requested to intimate their respective Depository Participants (DPs) about any change of address or Bank mandate and NOT to the Company or Registrar and Transfer Agents.
6. Members/proxies are requested to hand over the duly filled-in and signed Attendance Slip, at the entrance of the Hall while attending the meeting.
7. Members who have not yet encashed their dividend warrants for the previous years are advised to forward such warrants to Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited for revalidation. Pursuant to the provisions of the Section 205A of the Companies Act, 1956 dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
8. As required under Clause 49 IV(G) of the listing agreement, the relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is provided in the Report on Corporate Governance forming part of the Annual Report.
9. Corporate members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

Important Communication to Shareholders

The Ministry of Corporate Affairs, Govt. of India (MCA) as a part of its "Green Initiative in the Corporate Governance", has allowed paperless compliances by companies, permitting service of all notices/documents including Annual Reports by Companies to its shareholders, through electronic mode instead of physical mode. Shareholders are therefore requested to register their e-mail addresses, in respect of their electronic holdings through their concerned Depository Participants (DPs), to support the Green Initiative of the Government.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all material facts relating to the business under item 7 to 11 mentioned in the accompanying Notice of the Sixteenth Annual General Meeting to be held on Friday, July 27, 2012.

Item No. 7 & 8

The Board at its meeting held on May 10, 2011 appointed Mr. Vijendra Singh as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 115 of the Articles of Association of the Company. In terms of the provisions of Section 260 of the Act, Mr. Singh holds office up to the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member along with deposit of ₹ 500/- proposing the candidature of Mr. Vijendra Singh for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Vijendra Singh is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Act. The Company has received the requisite Form DD-A from Mr. Vijendra Singh, in terms of the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 confirming his eligibility for such appointment.

Mr. Vijendra Singh, is a Bachelor of Science from Meerut University and has done his Post Graduation in Sugar Technology from the National Sugar Institute.

He has rich and varied experience in agro processing industry and his area of expertise includes Planning System Development, Process Simplification, Quality Assurance Management, Project Cycle Management, Cost Control Strategies, Workflow Planning and Manpower Management. Taking into consideration his knowledge and rich experience and with a view to associate him with key decision making process, the Board of Directors, subject to the approval of the members, appointed Mr. Vijendra Singh as Whole-time Director designated as "President (Sugar Mills)" of the Company for a period of three years with effect from May 10, 2011.

Broad particulars of the terms of appointment of and remuneration payable to Mr. Vijendra Singh as contained in the Agreement dated are as under:

Term of Office:

Three Years with effect from May 10, 2011

Salary, Perquisites and Allowances:

A. Salary:

₹ 343,710/- per month in the scale of 200,000-25,000-650,000 with such accelerated increments, as per Company's policy. He shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

B. Special Allowance :

₹ 163,276/- per month or such other amount as per Company policy in force from time to time, or as may be decided by the Board.

C. Perquisites:

- i) House Rent Allowance or furnished residential accommodation in lieu thereof. Conveyance, Leave Travel Allowance, Medical Allowance & Medical Insurance as per the rules of the Company;
- ii) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961;
- iii) Gratuity at the rate of half a month's salary for each completed year of service;
- iv) Leave with full pay or encashment thereof as per the Rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure;
- v) Free use of Company's car for Company's work as well as for personal purposes along with driver;
- vi) Free Telephone, Telefax and other communication facilities at residence including Mobile to be used for the business of the Company;
- vii) Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place in India and return therefrom once in a year in respect for self and family;
- viii) Performance based incentive, not exceeding ₹ 2,000,000/- per annum;
- ix) Other Perquisites: Subject to the overall ceiling on remuneration as mentioned herein below, Mr. Vijendra Singh may be given such other allowance, perquisite, benefits as the Board or Remuneration/Compensation Committee thereof may determine from time to time.

D. Evaluation of Perquisites:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost.

E. Overall Remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act as may for the time being be in force.

The annual increment may be decided by the Remuneration/Compensation Committee and/or Board of Directors in its absolute discretion from time to time. The nomenclature of allowance/

reimbursement and corresponding amount thereof can be revised as per the rules of the Company.

F. Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section (II) of the Part II of Schedule XIII of the Act.

General terms and conditions:

He shall be reimbursed all expenses including traveling, communication and entertainment incurred by him in connection with the Company's business.

The Whole-time Director re-appointed as a Director immediately on expiry of his term as Additional Director or immediately on retirement by rotation shall continue to hold his office of Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Whole-time Director, notwithstanding anything to the contrary contained herein or in any offer deed, documents or writings, the Whole-time Director shall ipso facto and immediately cease to be the Whole-time Director if he ceases to hold office of Director for any cause and in that event he shall not be entitled to any compensation for loss of office.

No Director other than Mr. Vijendra Singh is concerned or interested in the resolution.

Item No. 9

The period of office of Mr. Narendra Murkumbi as Vice Chairman & Managing Director of the Company will end on September 19, 2012. Under his able stewardship, the Company has become the first and the only sugar Company in India to have a strong foothold in India and Brazil, the largest sugar consuming and producing geographies in the world. Under his guidance, the Company has grown rapidly, through organic and inorganic means, to become one of the largest sugar & ethanol producers in the world today. The Company is among the youngest sugar companies in India, becoming a global agribusiness and bio-energy corporation.

Considering his qualifications, experience, rich knowledge and the past performance of Mr. Narendra Murkumbi, the Board of Directors, at its meeting held on May 29, 2012, re-appointed him as Vice Chairman & Managing Director of the Company for a further term of five years on the following terms and conditions:

Term of Office:

Five years with effect from September 20, 2012

Salary, Perquisites and Allowances:

A. Salary

₹ 1,000,000/- (Rupees Ten Lakh only) per month with such increments as may be decided from time to

time by the Board of Directors of the Company at its absolute discretion but not exceeding ₹ 1,550,000/- (Rupees Fifteen Lakhs Fifty Thousand only) per month during the period of office. However, he shall not be paid sitting fees for attending meetings of the Board or Committees thereof.

B. Commission:

Payable for each financial year up to 1% of net profits of the Company for that financial year as may be decided by the Board of Directors from time to time. The amount of Commission shall be payable after the annual accounts are approved by the Board of Directors and adopted by the shareholders.

C. Perquisites:

- i. Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961;
- ii. Gratuity payable at the rate not exceeding half month's salary for each completed year of service;
- iii. Leave with full pay or encashment thereof as per the Rules of the Company;
- iv. Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and immediate family and in case any medical treatment abroad, the traveling boarding and lodging expenses for patient and attendant is also payable;
- v. Reimbursement of actual traveling expenses for proceeding on leave from Belgaum / Mumbai to any place in India / abroad and return therefrom once in a year, for self and family;
- vi. House Rent Allowance at the rate of 50% of the salary or Rent free furnished accommodation in lieu thereof, with gas, electricity, water and furnishings and other amenities;
- vii. Reimbursement of entertainment expenses incurred in the course of business of the Company;
- viii. Fees for upto two clubs membership for corporate purposes including joining fees and lifetime fees;
- ix. Personal accident insurance policy in accordance with the scheme applicable to senior employees of the Company;
- x. Free use of Company's car for Company's work as well as for personal purposes along with driver;
- xi. Free telephone, telefax and other communication facilities at residence including Mobile to be used for the business of the Company.

D. Evaluation of perquisites:

Perquisites shall be evaluated as per Income Tax

Rules wherever applicable and in absence of any such rule perquisites shall be evaluated at actual cost.

E. Overall remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act as may for the time being be in force.

F. Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section (II) of the Part II of Schedule XIII of the Act.

General terms and conditions:

Mr. Murkumbi shall be reimbursed all expenses including traveling, communication and entertainment incurred by him in connection with the Company's business.

The Managing Director re-appointed as a Director immediately on retirement by rotation shall continue to hold his office of Vice Chairman & Managing Director of the Company and such re-appointment as such shall not be deemed to constitute a break in his appointment as Vice Chairman & Managing Director of the Company.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mr. Narendra Murkumbi pursuant to Section 302 of the Act.

No Director other than Mr. Narendra Murkumbi and Mrs. Vidya Murkumbi are concerned or interested in the Resolution.

Item No. 10

Presently, the Company has two Employee Stock Option Schemes titled 'Shree Renuka Sugars Employees Stock Option Scheme - 2006' and 'SRSL Employees Stock Option Plan-2011'. The Company has been granting stock options to eligible employees under the said schemes. Majority of these options were issued at significantly higher prices when compared to the current market price. Due to the recent fall in the market price of the equity shares of the Company, the stock options issued to a large number of employees have become unattractive. The company has received requests from many employees for surrendering the unexercised portion of the stock options.

Shree Renuka Sugars Employees Stock Option Scheme - 2006 do not have a provision for voluntary surrender of the options granted to the employees and as per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, a separate resolution is required to be passed if there is a variation in the terms of the Employee Stock Option Scheme.

It is therefore, proposed to incorporate such a provision to facilitate surrender of options and to make them available for further grant by re-issue of surrendered options under the respective Scheme (unless the Scheme has been terminated).

None of the directors is interested in this resolution except to the extent of the securities that may be offered to them under the Scheme.

Your Directors, therefore, recommend the Item No. 10 to be passed as a Special Resolution by the members and request your approval for the same.

Item No. 11

Your Company, in the normal course of business, has been availing various types of credit facilities in the form of long term loans, External Commercial Borrowings (ECB), Debentures, short term loans, working capital demand loans, letter of credits, overdrafts, packing-credits, buyer's credit facility from various Banks, Financial Institutions, Finance Corporations or Credit Corporations and such other Finance Companies (hereinafter referred to as "the Corporation"), for its CAPEX plans, working capital facilities and general corporate purposes.

Pursuant to the loan agreements, deeds, covenants, undertakings entered into by the Company with the Corporation for availing such credit facilities, the Corporation would have the right to appoint from time to time any person or persons as a Director(s), wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

In view of the above, it is proposed to alter the Articles of Association of the Company by inserting new Article 112A pertaining to appointment of the Nominee Director including the rights, term of office of such Nominee Director in the Articles of Association of the Company.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, alteration of Articles of Association requires approval of the members of the Company by way of passing a Special Resolution to that effect.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

The Board commends the resolution for approval of the members.

By Order of the Board of Directors
for **Shree Renuka Sugars Limited**

Mumbai
May 29, 2012

D V Iyer
Company Secretary

Regd. Office:
BC 105, Havelock Road,
Camp, Belgaum - 590 001.

NOTES

Shree Renuka Sugars Limited

Regd Off.: BC 105, Havelock Road, Camp, Belgaum-590 001.

FORM OF PROXY

DP Id No.

Folio No.

Client Id No.

No. of Shares

I/We of being a member/members of Shree Renuka Sugars Limited, hereby appoint of or failing him/her in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday, July 27, 2012 at 9.30 a.m. at Maratha Mandir Hall (Near Railway Over Bridge), Khanapur Road, Belgaum – 590 006 and any adjournment thereof.

Signed this day of, 2012

.....
Signed by the said Shareholder

₹ 1/-
Revenue
Stamp

Note: The Proxy Form duly signed and completed must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxy need not be a member of the Company.



Shree Renuka Sugars Limited

Regd Off.: BC 105, Havelock Road, Camp, Belgaum-590 001.

ATTENDANCE SLIP

DP Id No.

Folio No.

Client Id

No. of Shares

Name of the Shareholder..... holding shares of the Company, hereby record my/our presence at the 16th Annual General Meeting of the Company held at Maratha Mandir Hall (Near Railway Over Bridge), Khanapur Road, Belgaum – 590 006 on Friday, July 27, 2012 at 9.30 a.m.

.....
Signature of the Shareholder/Proxy

Proxy's Full Name

Note:

1. Please fill this Attendance Slip and hand over at the entrance of the Meeting Hall.
2. Duplicate slips will not be issued at the entrance of the Hall.
3. Shareholders are requested to bring their copy of the Annual Report.

*Sugar so pure,
you'd be the first
to touch it.*



Madhur

Pure and Hygienic Sugar



Pure white
crystal sugar



More sweetness
per spoon



Natural
sweetness



Advanced sulphur
free technology



Shree Renuka Sugars Limited

Registered Office

BC 105, Havelock Road, Camp, Belgaum-590 001.
Tel.: 91-831-2404000 Fax: 91-831-2469891
www.renukasugars.com