KRBL DMCC
Consolidated Financial Statements

Company Information

Directors	:	**Anil Kumar Mittal** **Arun Kumar Gupta** **Anoop Kumar Gupta**
Manager	:	**Anoop Kumar Gupta**
Company License No.	:	**30637**
Address	:	**Unit No. AG-14-K,** **Floor No. 14, AG Tower (Silver)** **Plot No. 11,** **P.O. Box : 116461** **Jumeirah Laks Tower** **Dubai, U.A.E.**

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DIRECTORS' REPORT

The Director have pleasure in presenting his report and the audited financial statements of for the year ended March 31, 2012.

The current financial period has been a challenging, as the region's business environment has been characterized by increasing commodity prices, hike in oil and consumer products with a very tough competition. It is therefore encouraging to see that the Entity has achieved positive financial results, with AED 5,082,538 (₹ 7,06,46,262) in interest income this year.

The management focus of the past financial year has been on stabilizing the business. At the same time, maximizing revenue was another key focus point, primarily achieved by retaining the best talent in the industry and the management team has been strengthened considerably to ensure effective coordination between all markets and functions.

We are confident that these factors, along with best practices, offer a sustainable growth for the Entity in time to come.

Principal activities of the Entity :

The principal activities of the entity consist of trading in commodities.

Financial review:

Income statement

Despite the difficult market conditions, we have made considerable progress during the year in terms of other income, where the Entity achieved revenue of AED 5,082,538 (₹ 7,06,46,262) compared to AED 4,549,885 (₹ 6,32,42,492) last year which is increased by 11.71% compared to last year. However the net profit for the year decreased by AED 77,203.3 (₹ 6,32,42,492)

Statement of financial position

The total assets of the Entity have increased to AED 3,58,09,861 (₹ 49,77,49,906) which account for increase of 3.41% compared to last year. The total liabilities of the Entity have increased by AED 1,52,92,410 (₹ 21,25,61,441) due to dividend proposed during the year.

The Entity has overcome significant challenges during the year under review and continues its core business performance with the confidence that it has the ability to stand and overcome these challenges.

The table below summarized results of 2012 and 2011.

	2012	2011
Other Income	AED 50,82,538 (₹ 7,06,46,262)	AED 45,49,885 (₹ 6,32,42,492)
Net profit for the year	AED 38,88,564 (₹ 5,40,50,262)	AED 39,65,767 (₹ 5,51,23,368)

Business operations review and future business developments:

The infrastructure of the U.A.E. is considered to be excellent and we expected it to drive the economy to the foreseeable future. The current financial year has already started on a strong note and the Entity is optimistic about the prospect on the performance of tis business in the ensuing year.

Role of the Directors:

The Directors are the Entity's principal decision-making forum. Directors has/have the overall responsibility for leading and supervising the Entity and is accountable to shareholders for delivering sustainable shareholder value through its guidance and supervision of the Entity's business. The Directors sets the strategies and policies of the Entity. It monitors performance of the Entity's business, guides and supervises its management.

Risk management and internal control systems:

The Entity is committed to the ongoing process of identifying risk factors, analysing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The Entity's risk management framework identifies, assesses, manages and reports risks on a consistent and reliable basis. The Directors considers primary risk areas to be: credit risk, interest rate risk, foreign exchange and liquidity risk.

The Directors recognises his responsibility to ensure the existence of the system of internal control and for reviewing its continued effectiveness. In view of the above, the management has in place a management information system that facilitates financial and other information being periodically reported on a transparent basis to the management and that in turn helps in initiating action to mitigate risks to the extent feasible.

Going concern:

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after year end:

In the opinion of the Directors no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditors:

M/s. M AL ALI AUDITING, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors responsibilities:

The applicable requirements, requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

Acknowledgements

The Directors wishes to place on record his sincere gratitude for the continuous support extended by various government departments, banks, customers, suppliers, employees and all well wishers.

Director
KRBL DMCC
12th April, 2012

AUDITORS' REPORT

To The Shareholders KRBL Group
Dubai - United Arab Emirates
Report on the financial statements

We have audited the accompanying financial statements of KRBL Group, Dubai, U.A.E. ("Entity") which comprise the statement of financial position as at March 31, 2012 and the statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). The management is also responsible for such internal controls as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the KRBL Group as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Entity for the year ended March 31, 2011, were audited by other auditors who expressed an unqualified opinion on those statements on March 31, 2011.

Report on other legal and regulatory requirements

As required by the provision of the DMCC Entity Regulation No. 1/3 issued in 2003, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit,

2. Proper books of accounts have been maintained by the Entity,

3. The contents of the Director report which relates to the financial statements are in agreement with the Entity's books of account.

4. Subject to the above, we are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.

for M AL Ali Auditing
Managing Partner
Dubai, United Arab Emirates
12th April, 2012

BALANCE SHEET as at 31st March, 2012

	Notes	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
		Amount in AED		Amount in ₹	
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4	30,661	34,247	4,26,182	4,76,026
Investment Property	5	12,50,009	12,61,425	1,73,74,875	1,75,33,555
Intangible Assets	6	92,868	92,868	12,90,847	12,90,847
Total Non-Current Assets		**13,73,538**	**13,88,540**	**1,90,91,903**	**1,93,00,428**
Current Assets					
Advances, Deposits & Other Receivables	7	3,42,91,856	3,31,60,617	47,66,49,940	46,09,25,944
Cash & Bank Balances	8	1,44,467	79,808	20,08,062	11,09,315
Total Current Assets		**3,44,36,323**	**3,32,40,425**	**47,86,58,002**	**46,20,35,259**
Total Assets		**3,58,09,861**	**3,46,28,965**	**49,77,49,906**	**48,13,35,688**
EQUITY AND LIABILITIES					
Shareholders' Equity					
Share Capital	9	18,00,000	18,00,000	2,50,19,640	2,50,19,640
Retained Earnings	10	1,87,05,813	3,28,17,249	26,00,07,060	45,61,53,198
Shareholders' Current Account	11	–	–	–	–
Total Shareholders' Equity		**2,05,05,813**	**3,46,17,249**	**28,50,26,700**	**48,11,72,838**
Current Liabilities					
Trade & Other Payable	12	1,53,04,048	11,716	21,27,23,206	1,62,850
Total Liabilities		**1,53,04,048**	**11,716**	**21,27,23,206**	**1,62,850**
Total Shareholders' Equity & Liabilities		**3,58,09,861**	**3,46,28,965**	**49,77,49,906**	**48,13,35,688**

The accompanying notes form an integral part of these financial statements.

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

for KRBL DMCC
On behalf of the Board,

Director

Director

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2012

	Notes	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
		Amount in AED		Amount in ₹	
Other Income	13	50,82,538	45,49,885	7,06,46,262	6,32,42,492
Administrative Expenses	14	(11,93,974)	(5,84,118)	(1,65,96,000)	(81,19,123)
Profit for the year		**38,88,564**	**39,65,767**	**5,40,50,262**	**5,51,23,368**
Total Comprehensive Income for the year		**38,88,564**	**39,65,767**	**5,40,50,262**	**5,51,23,368**

The accompanying notes form an integral part of these financial statements.

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for KRBL DMCC
On behalf of the Board,

Director

Director

STATEMENT OF CASH FLOWS for the year ended March 31, 2012

	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
	Amount in AED		Amount in ₹	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the year	38,88,564	39,65,767	5,40,50,262	5,51,23,368
Adjustments for:				
Depreciation on Property, Plant & Equipment	8,436	569	1,17,259	7,909
	38,97,000	**39,66,336**	**5,41,67,521**	**5,51,31,277**
(Increase) / Decrease in Current Assets				
Advances, Deposits & Other Receivables	(11,31,239)	1,09,570	(1,57,23,996)	15,23,001
Increase / (Decrease) in Current Liabilities				
Trade and Other Payable	(7,668)	8,716	(1,06,584)	1,21,151
Cash Generated from Operations	27,58,093	40,84,622	3,83,36,941	5,67,75,429
Dividend Paid	(27,00,000)	-	(3,75,29,460)	-
Net Cash from Operating Activities	**58,093**	**40,84,622**	**8,07,481**	**5,67,75,429**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Intangible Assets	-	(95,680)	-	(13,29,933)
Acquisition of Property, Plant & Equipment	(4,850)	(34,247)	(67,414)	(4,76,026)
Adjustment in Investment Property	11,416	(2,12,695)	1,58,680	(29,56,418)
Net Cash from / (Used in) Investing Activities	6,566	(3,42,622)	91,266	(47,62,377)
CASH FLOWS FROM FINANCING ACTIVITIES				-
Shareholders' Current Account	-	(3,30,29,701)	-	(45,91,06,238)
Net Cash from / (Used in) Financing Activities	-	(3,30,29,701)	-	(45,91,06,238)
Net Increase/(decrease) in Cash and Cash Equivalents	64,659	(2,92,87,701)	8,98,747	(40,70,93,186)
Cash & Cash Equivalents, Beginning of the year	79,808	2,93,67,509	11,09,315	40,82,02,502
Cash & Cash Equivalents, End of the year	**1,44,467**	**79,808**	**20,08,062**	**11,09,315**

Represented by:				
Cash in Hand	6,971	588	96,896	8,173
Cash at Banks	1,37,496	79,220	19,11,167	11,01,142
	1,44,467	**79,808**	**20,08,062**	**11,09,315**

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

for KRBL DMCC
On behalf of the Board,

Director

Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the year ended March 31, 2012

	Share capital	Retained earnings	Shareholders' current account	Total shareholders' equity	Share Capital	Retained earning	Shareholders' current account	Total shareholders' equity
	Amount in AED				Amount in ₹			
Balance at April 1, 2010	18,00,000	2,88,51,482	(1,19,674)	3,05,31,808	2,50,19,640	40,10,29,830	(16,63,445)	42,43,86,025
Comprehensive Income for the year	–	39,65,767	–	39,65,767	–	5,51,23,368	–	5,51,23,368
Net Movements During the year	–	–	1,19,674	1,19,674	–	–	16,63,445	16,63,445
Balance as at March 31, 2011	18,00,000	3,28,17,249	–	3,46,17,249	2,50,19,640	45,61,53,198	–	48,11,72,838
Comprehensive Income for the year	–	38,88,564	–	38,88,564	–	5,40,50,262	–	5,40,50,262
Dividends	–	(1,80,00,000)	–	(1,80,00,000)	–	(25,01,96,400)	–	(25,01,96,400)
Balance as at March 31, 2012	**18,00,000**	**1,87,05,813**	**–**	**2,05,05,813**	**2,50,19,640**	**26,00,07,060**	**–**	**28,50,26,700**

The accompanying notes form an integral part of these financial statements.

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

for KRBL DMCC
On behalf of the Board,

Director

Director

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

1. LEGAL STATUS AND BUSINESS ACTIVITIES

1.1 KRBL DMCC, Dubai – United Arab Emirates (the "Entity") was registered on February 14, 2007 as DMCC Company and operates in the United Arab Emirates under a trade license issued by the Dubai Multi Commodities Centre, Dubai, U.A.E. and KRBL LLC ("the entity") was incorporated on October 10, 2008 as a Limited Liability Company and operates in the Secretary of State, Delaware - United States of America.

1.2 The Entity is licensed by DMCC authorities for trading in commodities.

1.3 The registered office of the Entity is located at Unit No. AG-14-K. Floor no 14, AG Tower (Silver), Plot No.11, Jumeirah Lake Tower P.O. Box: 116461, Dubai, United Arab Emirates.

1.4 The management and control are vested with Mr. Anoop Kumar Gupta, Indian national.

1.5 These financial statements incorporate the operating results of the trade license no. DMCC-30637

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirements
IFRS 9 *Financial Instruments* (as part of IAS 39 replacement project)	New requirements on accounting for financial liabilities measured at fair value through profit or loss (FVTPL) and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. The new requirements address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value.
IFRS 9 *Financial Instruments* (as part of IAS 39 replacement project)	The application of these new requirements has no effect on the financial statements of the Entity for the year then ended as all financial liabilities are measured at amortised cost by using the effective interest rate method.
Amendments to IAS 1 *Presentation of Financial Statements* (as part of Improvements to IFRSs issued in 2009	The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
	This amendment had no effect on the amounts reported in current year and prior years because the Entity has not previously issued instruments of this nature.
Amendments to IAS 7 *Statement of Cash Flows* (as part of Improvements to IFRSs issued in 2009)	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
IFRIC 17 *Distributions of Non-Cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when the Entity distributes assets other than cash as dividends to its shareholders.
IFRIC 18 *Transfers of Assets from Customers*	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 *Revenue*.
Improvements to IFRSs issued in 2009	The application of Improvements to IFRSs issued in 2009 which amended IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16 has not had any material effect on amounts reported in the financial statements.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Entity has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets	1 July 2012
Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards:*, replaces references to a fixed date of transition and for entities which are subject to severe hyper inflation.	1 July 2012
Amendments to IAS 1 *Presentation of Financial Statements:* for other comprehensive income 'OCI' whether they are re-classifiable to profit or loss subsequently as re-classification adjustments.	1 July 2012
Amendments to IAS 19 *Employee Benefits:* which eliminates the corridor approach and calculate finance costs on a net funding basis.	1 January 2013
IFRS 9 *Financial Instruments* (as amended in 2010)	1 January 2013
IFRS 10 *Consolidated Financial Statements*	1 January 2013
IFRS 11 *Joint arrangements*	1 January 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 *Fair value measurement*	1 January 2013

Management anticipates that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of the UAE laws. These financial statements are presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Entity is domiciled.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed after significant accounting policies.

The principal accounting policies applied in these financial statements are set out below.

3.3 Foreign currency

In preparing the financial statements of Entity, transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming

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part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment using the straight-line method over its useful lives as follows:

	Years
Office equipment & furniture & fixtures	5

The leasehold property are being depreciated over the period from when it became available for use up to the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

3.5 Impairment of tangible

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3.6 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.7 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through income statement ' (FVTIS), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through income statement

Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Entity commits to purchase or sell the asset. Transaction costs directly attributable to the acquisition are recognised immediately in income statement.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through income statement’ category are presented in the income statement.

Dividend income from financial assets at fair value through income statement is recognised in the income statement when the Entity’s right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity’s loans and receivables comprise “trade and other receivables”, “cash and cash equivalents”, due from/to related parties”, “shareholders’ loan” and “loan from/to related parties” in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes.

Trade and other receivables

Trade and other receivables are measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Due from/Loan to related parties

Due from/Loans /to related parties are measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories are stated at fair value or cost at the end of each reporting period.

Available-for-sale investments are initially measured at fair value plus transactions costs, if any. After initial recognition, available-for-sale investments are measured at fair value unless fair value is undeterminable.

Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any identified impairment losses at the end of each reporting period.

Gains and losses arising from the changes in the fair value are recognised directly in the equity in the investments revaluation reserve with the exception of impairment losses.

Where the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in statement of income.

Dividends on AFS equity instruments are recognised in income statement when the Entity’s right to receive the dividends is established.

Impairment of financial assets

Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic

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conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Assets classified as available for sale:

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or a group of financial assets is impaired. (For debt securities, the group uses the criteria referred to in above).

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised profit or loss.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.8 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability (and an equity instrument).

An equity instrument is any contract that evidences a residual interest in the assets of the Entity after deducting all of its liabilities. (Equity instruments issued by the Entity are recorded at the proceeds received.

Trade and other payables

Trade and other payables are measured at amortised cost.

Due to/loan from related parties

Amounts due to/loan from related parties are stated at amortised cost

Bank borrowings

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Share capital

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire.

3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

3.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In recognising the revenue the management is of the view that

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Related parties

The Management have disclosed the related parties and the related due to and from related parties as per the requirements of IAS 24 "Related Parties Disclosures". In view of due to and from related parties being receivable and payable on demand and the Management intention to realise or pay the related parties as and when necessarily required, the disclosed balances are classified as current assets and current liabilities.

Key assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

INDIA GATE
BASMATI RICE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciations is shown below:

	Office Equipment	Furniture & Fixtures	Total	Office Equipment	Furniture & Fixtures	Total
	Amount in AED			Amount in ₹		
Cost						
Addition during the year	7,747	26,500	34,247	1,07,682	3,68,345	4,76,026
As at March 31, 2011	7,747	26,500	34,247	1,07,682	3,68,345	4,76,026
Addition during the year	1,285	3,565	4,850	17,861	49,553	67,414
As at March 31, 2012	9,032	30,065	39,097	1,25,543	4,17,897	5,43,440
Accumulated depreciation						
Charge for the year		8,436	8,436	–	11,72,58.71	1,17,259
As at March 31, 2012	–	8,436	8,436	–	1,17,259	1,17,259
Carrying value as at March 31, 2012	**9,032**	**21,629**	**30,661**	**1,25,543**	**3,00,639**	**4,26,182**
Carrying value as at March 31, 2011	**7,747**	**26,500**	**34,247**	**1,07,682**	**3,68,345**	**4,76,026**

5. INVESTMENT PROPERTY

	2012	2011	2012	2011
	Amount in AED		Amount in ₹	
Investment in Apartment - Completed Properties	12,50,009	12,61,425	1,73,74,875	17,533,555
Total	**12,50,009**	**12,61,425**	**1,73,74,875**	**17,533,555**

6. INTANGIBLE ASSETS

Goodwill	92,868	92,868	12,90,847	12,90,847
Total	**92,868**	**92,868**	**12,90,847**	**12,90,847**

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Prepayments	2,205	–	30,649	–
Deposits	6,710	3,430	93,268	47,676
Advances for Expenses	37,313	3,556	5,18,643	49,428
Staff Loans & Advances	1,000	–	13,900	–
Pre-acquisition Expenses	1,688	2,812	23,463	39,086
Other Receivables	3,42,42,940	3,31,50,819	47,59,70,017	46,07,89,754
Total	**3,42,91,856**	**3,31,60,617**	**47,66,49,940**	**46,09,25,944**

8. CASH AND BANK BALANCES

Cash in Hand	6,971	588	96,896	8,173
Cash at Banks	1,37,496	79,220	19,11,167	11,01,142
Total	**1,44,467**	**79,808**	**20,08,062**	**11,09,315**

9. SHARE CAPITAL

Authorised, issued and paid up capital of the KRBL Group is AED 1,800,000 divided into 1800 shares of AED 1,000 each fully paid up and held by the shareholder, M./S KRBL Limited, India, 100% holding company.

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

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10. RETAINED EARNINGS

	2012	2011	2012	2011
	Amount in AED		Amount in ₹	
Balance at the Beginning of the year	3,28,17,249	2,88,51,482	45,61,53,198	40,10,29,830
Comprehensive Income for the year	38,88,564	39,65,767	5,40,50,262	5,51,23,368
Dividends Proposed	(1,53,00,000)	–	(21,26,66,940)	-
Interim Dividend	(27,00,000)	–	(3,75,29,460)	-
Balance at the End of the year	**1,87,05,813**	**3,28,17,249**	**26,00,07,060**	**45,61,53,198**

11. SHAREHOLDERS' CURRENT ACCOUNT

Balance at the beginning of the year	–	(119,674)	0	(1,663,445)
Net Movement dutring the year	–	119,674	0	1,663,445
Balance at the End of the year	–	–	–	–

12. TRADE AND OTHER PAYABLE

Proposed Dividend	1,53,00,000	–	21,26,66,940	-
Accruals	4,000	11,716	55,599	1,62,850
Foreign Exchange Translation Reserve	48	–	667	-
	1,53,04,048	**11,716**	**21,27,23,206**	**1,62,850**

13. OTHER INCOME

Foreign Currency Exchange Gain - Net	–	19,941	–	2,77,176
Interest	50,82,538	45,29,944	7,06,46,262	6,29,65,316
	50,82,538	**45,49,885**	**7,06,46,262**	**6,32,42,492**

14. ADMINISTRATIVE EXPENSES

Salaries & Related Benefits	5,68,977	1,69,769	79,08,667	23,59,755
Rent	10,106	2,936	1,40,471	40,810
Printing & Stationery	1,374	–	19,098	-
Travelling & Entertainment	38,069	18,659	5,29,151	2,59,356
Legal, Visa, Professional & Related Expenses	1,06,453	83,797	14,79,675	11,64,762
Utilities	21,146	7,473	2,93,925	1,03,873
Advertisement	2,78,716	1,48,830	38,74,097	20,68,707
Depreciation on Property, Plant & Equipment (note 4)	8,436	569	1,17,259	7,909
Insurance	31,350	4,356	4,35,759	60,548
Amortization on Intangible Assets	1,127	1,127	15,665	15,665
Bank Charges	1,667	1,162	23,171	16,152
Vehicle Maintenance	4,164	37,905	57,879	5,26,872
Miscellaneous Expenses	1,22,389	1,07,535	17,01,183	14,94,715
	11,93,974	**5,84,118**	**1,65,96,000**	**81,19,123**

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

15. FINANCIAL INSTRUMENTS

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

b) Categories of financial instruments

	2012	2011	2012	2011
	Amount in AED		Amount in ₹	
Financial assets				
Other receivables	3,42,91,856	3,51,54,249	47,66,49,940	48,86,37,030
Cash & bank balances	1,44,467	79,808	2,00,77,802	11,09,315
	3,44,36,323	**3,52,34,057**	**49,67,27,742**	**48,97,46,345**
Financial liabilities at amortised cost				
Trade & other payable	1,53,04,048	11,716	21,27,23,206	1,62,850
	1,53,04,048	**11,716**	**21,27,23,206**	**1,62,850**

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

c) Fair values of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, investments, due from related parties and certain other assets. Financial liabilities consist of trade payables and accruals, due to related parties, term loans, bank overdrafts and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in U.A.E. Dirhams and U.S. Dollar to which Dirham to USD conversion is pegged.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Entity's financial assets. The contractual maturities of the financial assets have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity were maintained. The maturity profile of the assets and liabilities at the financial

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position date based on contractual repayment arrangements were also show on the following table

Particulars	Interest Bearing			Non Interest Bearing Total			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2012							
Financial Assets							
Other Receivables (in AED)	–	–	–	–	3,42,91,856	–	3,42,91,856
Other Receivables (in ₹)	–	–	–	–	47,66,49,940	–	47,66,49,940
Cash and Bank Balances (in AED)	–	–	–	1,44,467	–	–	1,44,467
Cash and Bank Balances (in ₹)	–	–	–	20,08,062	–	–	20,08,062
	–	–	–	–	–	–	–
Financial Liabilities							
Trade and other payables (in AED)	–	–	–	–	1,53,04,048	–	1,53,04,048
Trade and other payables (in ₹)	–	–	–	–	21,27,23,206	–	21,27,23,206

Particulars	Interest Bearing			Non Interest Bearing Total			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2011							
Financial Assets							
Other Receivables (in AED)	–	–	–	–	3,31,54,249	–	3,31,54,249
Other Receivables (in ₹)	–	–	–	–	46,08,37,430	–	46,08,37,430
Cash and Bank Balances (in AED)	–	–	–	79,808	–	–	79,808
Cash and Bank Balances (in ₹)	–	–	–	11,09,315	–	–	11,09,315
	–	–	–	–	–	–	–
Financial Liabilities							
Trade and other payables (in AED)	–	–	–	–	11,716	–	11,716
Trade and other payables (in ₹)	–	–	–	–	19,82,681	–	19,82,681

* Converted into Indian Rupees at the exchange rate, 1 AED= ₹ 13.8998 as on 30.03.12

c) **Credit risk management**

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counter parties. The Entity uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties. Credit exposure is controlled by counter party limits that are reviewed and approved by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

The Entity does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. The Entity defines counter parties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

17. FINANCIAL INSTRUMENTS

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Entity's financial statements as of reporting date.

18. COMPARATIVE AMOUNTS

Certain amounts for the prior year were reclassified to conform to current year presentation, however such reclassification have a impact on the previously reported profit or equity.