

**RUCHI AGRI  
PRIVATE LIMITED COMPANY**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**ABRAHAM TESHOME & CO.**  
*CHARTERED CERTIFIED ACCOUNTANTS*

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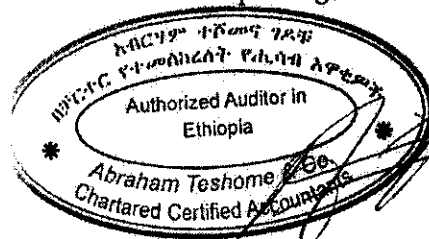
Addis Ababa

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUCHI AGRI PRIVATE LIMITED COMPANY**

We have audited the accompanying Balance Sheet of Ruchi Agri Private Limited Company as of 31<sup>st</sup> March, 2015 and related Profit and Loss Account for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. 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 management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly the financial position of Ruchi Agri Private Limited Company as of 31<sup>st</sup> March, 2015 and related profit and loss account for the year then ended in accordance with International Financial Reporting Standards.



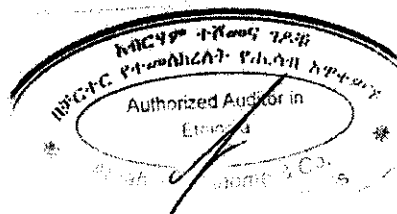
Addis Ababa  
15<sup>th</sup> April, 2015

Abraham Teshome & Co.  
Chartered Certified Accountants

**RUCHI AGRI PRIVATE LIMITED COMPANY**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2015.**

(Figures in Ethiopian Birr )

Particulars	Note No.		Figures as at the end of current reporting period from 1.04.2014 to 31.03.2015		Figures as at the end of previous reporting period from 1.04.2013 to 03.03.2014
<b>I. EQUITY AND LIABILITIES</b>					
(1) Shareholders' funds					
(a) Share capital	4	126,742,000		126,742,000	
(b) Reserves and surplus	5	(107,906,078)	18,835,923	(78,808,508)	47,933,492
(2) Share application money pending allotment	4	1,110,316	1,110,316	-	-
(3) Non-current liabilities					
(a) Long-term borrowings	6	67,478,714		67,478,714	
(b) Long-term provisions	7	11,100,000	78,578,714	8,325,000	75,803,714
(4) Current liabilities					
(a) Trade payables	8	25,535		78,781	
(b) Other current liabilities	9	2,052,523		130,284	
(c) Short Term Provisions	10	11,403		32,139	
			2,089,462		241,204
<b>TOTAL</b>			<b>100,614,414</b>		<b>123,978,409</b>
<b>II. ASSETS</b>					
(1) Non-current assets					
(a) Fixed assets	11				
(i) Tangible assets		67,999,523		78,192,216	
(ii) Capital work-in-progress		-		239,056	
		67,999,523		78,431,272	
(b) Other non-current assets	12	17,014,079	85,013,602	19,444,663	97,875,935
(2) Current assets					
(a) Inventories	13	1,361,849		3,190,221	
(b) Cash and cash equivalents	14	912,789		7,800,687	
(c) Short-term loans and advances	15	3,448,635		4,193,873	
(d) Other current assets	16	9,877,539		10,917,693	
			15,600,812		26,102,474
<b>TOTAL</b>			<b>100,614,414</b>		<b>123,978,409</b>



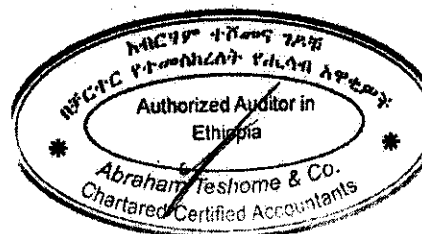
**RUCHI AGRI PRIVATE LIMITED COMPANY**

**INCOME STATEMENT**

**FOR THE YEAR ENDED MARCH 31, 2015**

(Figures in Ethiopian Birr)

Particulars	Note No.	Figures as at the end of current reporting period from 1.04.2014 to 31.03.2015	Figures as at the end of Previous reporting period from 1.04.2013 to 31.03.2014
<b>REVENUE</b>			
I. Revenue from operations	17	1,028,245	1,503,900
II. Other Income		-	-
<b>III. Total Revenue ( I + II )</b>		<b>1,028,245</b>	<b>1,503,900</b>
<b>IV. EXPENSES</b>			
Cost of Sales	18	2,475,056	5,408,615
(Increase)/Decrease in inventories of finished goods	19	861,441	2,288,286
Employee benefits expenses	20	2,336,957	3,003,458
Finance costs	21	5,713,943	5,504,100
Other Expenses	22	5,835,192	10,351,870
Depreciation, amortization and impairment expenses	11	10,472,641	12,703,480
Deferred Expenditure Written off	12	2,430,584	2,430,584
<b>Total expenses</b>		<b>30,125,814</b>	<b>41,690,393</b>
<b>V. Profit (Loss) before exceptional and extraordinary Items and tax (III - IV)</b>		<b>(29,097,570)</b>	<b>(40,186,493)</b>
VI. Exceptional Items		-	-
<b>VII. Profit (Loss) before extraordinary items and tax (V - VI)</b>		<b>(29,097,570)</b>	<b>(40,186,493)</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit (Loss) before tax (VII - VIII)</b>		<b>(29,097,570)</b>	<b>(40,186,493)</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Tax for earlier years		-	-
<b>XI. Profit (Loss) for the period (IX - X)</b>		<b>(29,097,570)</b>	<b>(40,186,493)</b>
<b>XII. Earning per equity share:</b>			
(1) Basic		<b>(229.58)</b>	<b>(317.07)</b>
(2) Diluted		<b>(229.58)</b>	<b>(317.07)</b>
See accompanying notes to the financial statements			



**AGRI PRIVATE LIMITED COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**GENERAL**

The Company [ Principal Trade Registration No -EIA -PC 01/3349/09 & Investment Permit No - EIA-IP 18307/09 issued pursuant to the Investment Proclamation No 280/2002] is a Private Limited Company having primary business objectives include . To engage in Soya bean & maize farming, to engage in palm tree plantation & processing, to establish palm tree nurseries and development, to engage in cotton plantation and manufacturing textiles, to engage in farming of different types of crops, coffee tree, tea, sugar and cocoa plantation, to engage in different types of agro -industries and agro- processing, and to engage in Manufacturing and processing of different types of containers, packing materials, metal including tin, alloy, glass, HDPE, LDPE, plastic, hard board, car board from any other material or substance whether synthetic or not.

**SIGNIFICANT ACCOUNTING POLICIES**

**FIXED ASSETS:**

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of fixed assets includes taxes, duties, freight and other incidental expenses related to acquisition and installation

**DEPRECIATION AND AMORTISATION:**

Depreciation is provided on all assets of company on reducing balance basis ,except depreciation on Building which is on Straight line basis at 5%, at the rates prescribed in proclamation 286/2002 which is as follows:

Motor Vehicles: 20%, Office Furniture & equipment, Container: 20%, Computer & software: 25%

**INVENTORIES:**

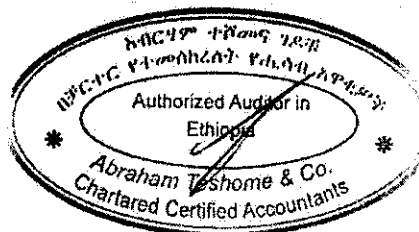
The cost of inventories is arrived at on lower of cost or net realizable value.

**RETIREMENT BENEFIT**

Defined Contribution Plan - Contribution to pension fund are accrued in accordance with applicable statute & deposited with appropriate authorities .

**FOREIGN EXCHANGE TRANSACTIONS:**

Transactions in foreign currency are accounted at the exchange spot rate prevailing on the date of the transaction. The difference on account of fluctuation in the rate of exchange as recognized in the profit and loss account



**RUCHI AGRI PRIVATE LIMITED COMPANY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2015.**

**BORROWING COSTS**

Borrowing cost attributable to acquisition, construction of qualifying assets are capitalized.

**REVENUE RECOGNITION :**

The Income & Expenditure are recognized on accrual basis.

**PROVISIONS & CONTINGENT LIABILITIES**

A provision is made based on a reliable estimate when it is probable that an outflow of resources will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date.

**DEFERRED EXPENDITURE (PRE-OPERATIONAL EXPENSES)**

According to International Accounting Standards (IAS38), expenditure at the Project stage that are not specifically attributed to either of the physical assets shall be charged to the income statements. Such expenses will therefore be transferred to the Income statement from the first year of operation over ten year in line with Income tax Proclamation 286/2002.

**LAND LEASE RENTAL**

Ministry of Agriculture and Rural Development (MORD) of Federal Democratic Republic of Ethiopia is allotted land on lease for the period of 25 years measuring 25000 hectares in Apr 2010, located in Gambella Regional State, Agnuwa Zones, Goge District Puchal, Pugnido and Teta Kebeles, for soyabean and other crops farming and related activities on rental of ETB 111 / ha yearly.

**NOTES ON ACCOUNTS :**

Notes 1 to 21 form part of accounts for the year ending on March 31, 2015.

**SEGMENT REPORTING :-**

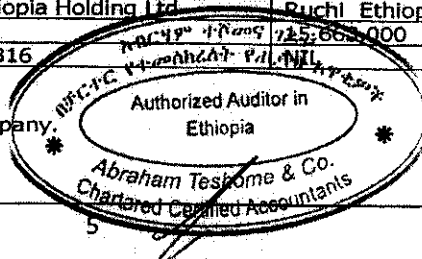
The cultivation of soya been and maize is considered as a single segment thus the disclosure requirement of segment reporting are Not applicable.

**EARNING PER SHARE :-**

	<b>01.04.2014 to 31.03.2015</b>	<b>01.04.2013 to 31.03.2014</b>
Nominal Value per Equity Share ( Birr )	1000	1000
Profit/Loss after Tax (Birr)	(29,097,570)	(40,186,493)
Weighted Average No of Equity Share	1,26,742	1,26,742
Basic & Diluted Earnings Per Share (Birr)	(229.58)	(317.07)

Disclosure of transaction with related parties - Related parties have been identified on the basis of representation made by the management and information available with the company.

Nature of transactions	Period	
	<b>01.04.2014 to 31.03.2015</b>	<b>01.04.2013 to 31.03.2014</b>
Equity Contribution	Ruchi Ethiopia Holding Ltd	Ruchi Ethiopia Holding Ltd
Share Application Money	1,110,316	125,662,000
Note -		
A. Ruchi Ethiopia Holding Ltd- Holding Company.		



**RUCHI AGRI PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(Figures in Birr)

**Note-4. Share Capital**

	Particulars	Opening Balance as on April 1, 2014	Additions during the Quarter	Reductions during the Quarter	Closing Balance as on March 31, 2015
<b>A</b>	<b>Authorized</b>				
	i) Equity Shares				
	126,742 ( Previous Quarter 126,742)	126,742,000	-	-	126,742,000
	face value of 1000/- each				
		<b>126,742,000</b>	<b>-</b>	<b>-</b>	<b>126,742,000</b>
<b>B</b>	<b>Issued, Subscribed and paid-up</b>				
	i) Equity Shares				
	126,742 ( Previous Quarter 126,742)	126,742,000	-	-	126,742,000
	face value of 1000/- each fully paid-up				
		<b>126,742,000</b>	<b>-</b>	<b>-</b>	<b>126,742,000</b>
<b>C</b>	<b>Share Application Money</b>				
	Share Application Money	-	1,110,316	-	1,110,316
		-	<b>1,110,316</b>	-	<b>1,110,316</b>

(a) From the above shares, the following shareholder hold more than 5 % of Shares :-

S. No	Name of shareholder	No of Shares held	% as to total Equity
	<b>EQUITY SHARES</b>		
A	Ruchi Ethiopia Holdings Plc	126,742	99.999

**Note-5. Reserve and Surplus**

	Particulars	Opening Balance as on April 1, 2014	Additions during the quarter	Reductions during the quarter	Closing Balance as on March 31, 2015
	<b>Profit and Loss Account</b>	(78,808,508)	(29,097,570)	-	<b>(107,906,078)</b>
		<b>(78,808,508)</b>	<b>(29,097,570)</b>	-	<b>(107,906,078)</b>

1.04.2014 to 31.03.2015      1.04.2013 to 31.03.2014

**Note-6. Long -Term Borrowings**

**Secured**

Term Loans from Bank:  
 - From Development Bank of Ethiopia

	67,478,714	67,478,714
	<b>67,478,714</b>	<b>67,478,714</b>

The Development Banks Of Ethiopia agreed to lend an amount of Birr 410,070,365/- for financing the project, secured by first degree mortgage up on the entire assets and property of the project.

**Note-7. Long Term Provisions**

Provisions For Lease Rent

	11,100,000	8,325,000
	<b>11,100,000</b>	<b>8,325,000</b>

**Note-8. Trade payables**

Other Liabilities

	25,535	78,781
	<b>25,535</b>	<b>78,781</b>

**Note-9. Other current liabilities**

- a Pension Fund payable
- b Staff Credit Balance
- c Other liabilities
- d Interest & commitment Charges payable

	3,276	4,284
	44,844	7,929
	64,735	118,071
	1,939,669	-
	<b>2,052,523</b>	<b>130,284</b>

**Note-10. Short Term Provisions**

**Taxations:**

- a Withholding tax payable
- b Payroll tax payable

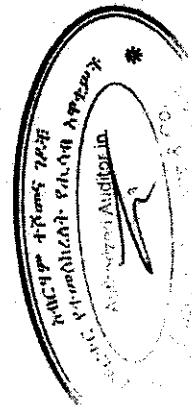
	1,607	15,634
	9,796	16,505
	<b>11,403</b>	<b>32,139</b>

RUCHI ETHIOPIA HOLDINGS PLC  
 Authorize: \_\_\_\_\_  
 Auditor in \_\_\_\_\_  
 Date: \_\_\_\_\_

**RUCHI AGRI PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**  
 Note-11 Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.2014	Additions	Deductions	As on 31.03.2015	Upto 31.03.2014	For the Year	Adjustments	As on 31.03.2015	As on 31.03.2014
<b>(I) TANGIBLE ASSETS</b>									
Buildings	7,040,680	275,148	0	7,315,828	760,472	355,473	0	6,199,883	6,280,208
Land Development	33,706,101	0	0	33,706,101	3,928,242	1,685,305	0	28,092,554	29,777,859
Plant & Machinery	61,094,990	0	0	61,094,990	24,134,932	7,392,012	0	29,568,047	36,960,058
Furniture & Fixtures	398,294	0	0	398,294	204,893	38,680	0	154,721	193,401
Vehicles	8,516,842	0	0	8,516,842	3,894,665	924,436	0	3,697,742	4,622,177
Office Equipments	698,297	4,800	0	703,097	339,785	76,735	0	286,577	358,512
<b>Total</b>	<b>111,455,204</b>	<b>279,948</b>	<b>0</b>	<b>111,735,152</b>	<b>33,262,988</b>	<b>10,472,641</b>	<b>0</b>	<b>67,999,523</b>	<b>78,192,216</b>
<b>(II) INTANGIBLE ASSETS</b>									
Trade Marks	0	0	0	0	0	0	0	0	0
Computer Software	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(III) CAPITAL WORK IN PROGRESS</b>									
<b>Total</b>	<b>239,056</b>	<b>36,092</b>	<b>275,148</b>	<b>239,056</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>239,056</b>
<b>Total (I+II+III)</b>	<b>111,694,260</b>	<b>316,040</b>	<b>275,148</b>	<b>111,735,152</b>	<b>33,262,988</b>	<b>10,472,641</b>	<b>-</b>	<b>67,999,523</b>	<b>78,431,272</b>

(Figures in Bhr)





**LUCHI AGRI PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(Figures in Birr)

**1.04.2014 to  
31.03.2015**

**1.04.2013 to  
31.03.2014**

**Note-12.**

**Other non-current assets**

Deferred Expenditures  
 Less : Amortization of Deferred Expenditure

	19,444,663	21,875,247
	2,430,584	2,430,584
	<b>17,014,079</b>	<b>19,444,663</b>

**Note-13.**

**Inventories**

(As valued and certified by the Management) Stock-in-trade (At lower of cost and net realizable value except realizable by-products which are valued at net realizable value)

**a) Raw Materials :**

Seeds  
 Chemical  
 Fertilizer  
 Fuel and Lubricants

	-	-
	-	287,639
	1,294,950	1,735,500
	66,899	305,642
	<b>1,361,849</b>	<b>2,328,781</b>

**b) Finished Product :**

Soya bean  
 Maize

	-	861,441
	-	-
	-	861,441
	<b>1,361,849</b>	<b>3,190,222</b>

**Note-14.**

**Cash and cash equivalents**

A Bank Balances with Scheduled Banks  
 In Current Accounts  
 B Cash in hand

	815,658	7,737,142
	97,132	63,545
	<b>912,789</b>	<b>7,800,687</b>

**Note-15.**

**Short-term loans and advances**

A Advance for Capital Expenditure  
 B Other Advances recoverable in cash or in kind  
 Secured ,considered good  
 Unsecured ,considered good  
 Considered doubtful

	2,607,944	2,607,944
	833,679	1,574,930
	<b>3,441,623</b>	<b>4,182,874</b>
	-	-
	<b>3,441,623</b>	<b>4,182,874</b>

Less: Provision for doubtful advances

	-	-
	<b>3,441,623</b>	<b>4,182,874</b>

C Dues from officers  
 D Balance with Excise and Custom authorities

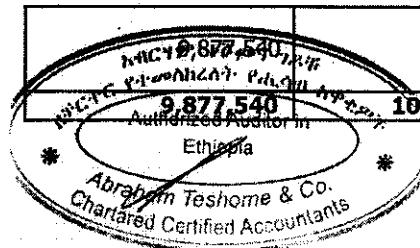
	7,012	10,999
	-	-
	<b>3,448,635</b>	<b>4,193,873</b>

**Note-16.**

**Other current assets**

V.A.T. Receivable  
 Interest & Commitment Charges Payable

	9,880,670	9,880,670
	1,037,023	1,037,023
	<b>9,877,540</b>	<b>10,917,693</b>



**RUCHI AGRI PRIVATE LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(Figures in Birr')

**1.04.2014 to**  
**31.03.2015**

**1.04.2013 to**  
**31.03.2014**

**Note-17. Revenue from operations**

a Sale of Produce

1,028,245	1,503,900
<b>1,028,245</b>	<b>1,503,900</b>

**Total**

**Note-18. Crop cultivation expenses**

a. **Farm Material Consumed**

Opening Stock  
 Add: Purchase

Less: Closing Stock

**Farm Material Consumed**

2,023,139	3,078,937
107,487	1,154,964
2,130,626	4,233,901
1,294,950	2,023,139
<b>835,676</b>	<b>2,210,762</b>
<b>389,940</b>	<b>871,303</b>
305,642	826,230
1,010,697	1,805,962
1,316,339	2,632,192
66,899	305,642
<b>1,249,440</b>	<b>2,326,550</b>
<b>2,475,056</b>	<b>5,408,615</b>

**Total ( A+B+C)**

**Note-19. Changes in inventories of finished goods**

Inventories at the beginning of the year:

Finished goods

Inventories at the end of the year:

Finished goods

**Net (Increase) / decrease**

861,441	3,149,727
-	861,441
<b>861,441</b>	<b>2,288,286</b>

**Note-20. Employee benefits expense**

Salary, Wages and Bonus  
 Contribution to Provident and Other Funds  
 Workmen & Staff Welfare expenses

1,791,211	2,285,806
24,786	27,971
520,960	689,681
<b>2,336,957</b>	<b>3,003,458</b>

**Note-21. Finance costs**

**Interest -**

- On Fixed loans  
 - Working Capital

694,361	5,096,176
4,059,582	407,925
<b>5,713,943</b>	<b>5,504,100</b>

Authorized Auditor  
 Ethiopia  
 Abraham Tashome & Co.  
 Chartered Certified Accountants

**RUCHI AGRI PRIVATE LIMITED COMPANY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AS AT MARCH 31, 2015**

(Figures in Birr)

**Note-22. Other Expenses**

Transport cost  
 Stationery and printing  
 Communication  
 Electricity and Water  
 Rent-Lease Land  
 Repairs - Plant & Machinery  
 Insurance  
 Rent  
 Travelling & Conveyance  
 Legal & Professional Charges  
 Fees & Subscriptions  
 Loading & Unloading  
 Warehousing & Demurrage  
 Miscellaneous expenses  
 Social Welfare Activity  
 Bank Commission & Charges  
 Advertisement

	<b>1.04.2014 to 31.03.2015</b>	<b>1.04.2013 to 31.03.2014</b>
	26,430	114,882
	18,227	32,210
	71,809	82,643
	7,660	13,795
	2,775,000	2,775,000
	992,107	2,775,904
	588,780	883,002
	595,503	1,575,531
	424,095	1,390,602
	211,036	199,859
	27,417	92,108
	6,115	13,302
	331	42,521
	50,704	98,603
	34,304	253,467
	4,148	2,926
	1,526	5,516
	<b>5,835,192</b>	<b>10,351,870</b>

