



Creating the right formula  
for growth



GUJARAT  
FLUORO-CHEMICALS  
LIMITED



GROUP COMPANY

**24th Annual Report 2010-11**

Creating the right formula  
for **growth**



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## GUJARAT FLUORO CHEMICALS LIMITED

### TWENTY-FOURTH ANNUAL GENERAL MEETING

Friday, the 15th July, 2011

at 3.30 p.m.

at

Survey No. 16/3, 26 & 27

Ranjitnagar 389 380

Taluka Ghoghamba

District Panchmahal

Gujarat

### Request to Shareholders

1. Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as copies of the Report will not be distributed at the Meeting.
2. Kindly send all your transfer deeds together with Share Certificates for transfer of Shares to our Registrar and Share Transfer Agents at the following address :

#### Link Intime India Private Limited

B-102 & 103,

Shangrila Complex, First Floor,

Near Radhakrishna Char Rasta,

Akota, Vadodara - 390 020

3. Kindly notify change of your address and write only to the Registrar and Share Transfer Agents in respect of any matter connected with your Shares.

### BOARD OF DIRECTORS

Shri D.K. Jain

Shri Shailendra Swarup

Shri Pavan Jain

Shri Vivek Jain

Shri D.K. Sachdeva

Shri J.S. Bedi

Shri O.P. Lohia

Dr. S. Rama Iyer

Shri Deepak Asher

Shri S.P. Jain

Shri Mahesh Prasad

*Chairman*

*Director*

*Director*

*Managing Director*

*Whole-Time Director*

*Whole-Time Director*

*Director*

*Director*

*Director and Group Head*

*Corporate Finance*

*Director*

*Additional Director*

### Audit Committee

Shri D.K. Jain

Shri S.P. Jain

Shri Shailendra Swarup

### Company Secretary

Shri B.V. Desai

### Auditors

M/s. Patankar & Associates

Chartered Accountants

### Bankers

Canara Bank

Royal Bank of Scotland

DBS Bank Ltd.

BNP Paribas

ICICI Bank Limited

Oriental Bank of Commerce

HDFC Bank Limited

Citi Bank N.A.

### Registered Office

Survey Number 16/3, 26 & 27,

Ranjitnagar 389 380

Taluka Ghoghamba,

District Panchmahal,

Gujarat.

Tel.: 02678-248 153

### Corporate Office

ABS Towers, 2nd Floor,

Old Padra Road,

Vadodara 390 007,

Gujarat. 0265 - 6198111

## PLANT LOCATION

### Ranjitnagar Project

Survey No. 16/3, 26 & 27,

Ranjitnagar 389 380,

Taluka Ghoghama,

District Panchmahal,

Gujarat - State

### Dahej Project

Plot No. 12A,

GIDC Dahej Industrial Estate,

Taluka Vagra,

District Bharuch,

Gujarat - State

### Wind Farm Project

Village Gudhe Panchgini, Maharashtra State

Village Sadiya & Ossiya, Rajasthan State

Village Vellankottai, Tamilnadu State

## GUJARAT FLUORO CHEMICALS LIMITED

### NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Twenty-Fourth Annual General Meeting** of the Company will be held at the Registered Office of the Company at Survey Number 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghamba, District Panchmahal, Gujarat, on Friday, the 15<sup>th</sup> July, 2011, at 03:30 p.m., to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011, the Balance Sheet as at that date, the report of the Auditors thereon and the report of the Board of Directors for the said year.
2. To note payment of interim dividend and declare final dividend for the year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Shri Deepak Asher who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shanti Prasad Jain who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

6. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  

“RESOLVED THAT Shri Mahesh Prasad, who having been appointed as an Additional Director and in respect of whom Notice under Section 257 of the Companies Act, 1956, has been received from a Member of the Company be and is hereby appointed as a Director of the Company.”
7. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof (“Act”) read with Schedule XIII to Act, Shri D K Sachdeva be re-appointed, as a Whole-time Director of the Company for a further period of one year commencing from 29<sup>th</sup> November, 2011 on such terms and conditions including remuneration as set out below, with the authority to the Board of Directors / Managing Director to grant increments within the range stated below:

1. Remuneration: Remuneration of upto Rs. 42 lakhs per annum.

The aforesaid remuneration is to be bifurcated by way of salary, allowances, performance pay and perquisites as per the rules and regulations of the Company for the time being in force and as determined by the Managing Director of the Company.

In addition to remuneration within the above range, Shri D K Sachdeva would also be entitled to the Company car with driver, telephone facility, furnished Company owned or leased accommodation, and other perquisites including medical expenses reimbursement and leave travel concession as per the rules of the Company. Use of Car and telephone for the Company’s business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

2. Leave encashment payable in addition to the aforesaid remuneration as per the rules of the Company.
3. Gratuity payable in addition to the above remuneration at the rate of half month’s salary for each completed year of service.

However, the overall remuneration to Shri D K Sachdeva shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.



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

8. To consider and, if, thought fit, to pass, with or without modification, the following resolution as a Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof ("Act") read with Schedule XIII to Act, Shri JS Bedi be re-appointed as Whole-time Director of the Company for a further period of one year commencing from 1<sup>st</sup> December, 2011 on such terms and conditions including remuneration as set out below, with the authority to the Board of Directors / Managing Director to grant increments within the range stated below:

1. Remuneration: Remuneration of upto Rs 52 lakhs per annum.

The aforesaid remuneration is to be bifurcated by way of salary, allowances, performance pay and perquisites as per the rules and regulations of the Company for the time being in force and as determined by the Managing Director of the Company.

In addition to remuneration within the above range, Shri JS Bedi would also be entitled to the Company car with driver, telephone facility, insurance for self; furnished Company owned or leased accommodation, and other perquisites including medical expenses reimbursement and leave travel concession as per the rules of the Company. Use of Car and telephone for the Company's business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

2. Leave encashment payable in addition to the aforesaid remuneration as per the rules of the Company.  
3. Gratuity payable in addition to the above remuneration at the rate of half month's salary for each completed year of service.

However, the overall remuneration to Shri JS Bedi shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956

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

By Order of the Board of Directors

Noida  
27<sup>th</sup> May, 2011

**DK JAIN**  
Chairman

**Registered Office :**

Survey No. 16/3, 26 & 27, Ranjitnagar 389 380  
Taluka Goghamba,  
District Panchmahal, Gujarat

**Notes :**

- a) A Member entitled to attend the Meeting and vote thereat is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a Member. Duly executed proxies must be registered with the Company not later than forty-eight hours before the scheduled time of the Meeting.
- b) The Register of Members and the Share Transfer Books of the Company will be closed from 11<sup>th</sup> July, 2011 to 15<sup>th</sup> July, 2011 (both days inclusive).
- c) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.
- d) Those Members who have not received interim dividend and / or final dividend for 2003-2004 and / or 2004-2005 and / or 2005-2006 and / or 2006-2007 and / or 2007-2008 and / or 2008-2009 and / or 2009-2010 / 2010-2011 declared and paid by the Company, are requested to write to our Registrar & Share Transfer Agents.

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Items No. 6

Shri Mahesh Prasad was appointed as an additional director of the Company pursuant to Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company with effect from 27 May, 2011. The term of his office expires at the ensuing Annual General Meeting of the Company. The Company has received notice from the Member proposing to appoint Shri Mahesh Prasad as Director of the Company.

The Directors commend that the proposed Resolutions be approved.

None of the Directors of the Company are interested in the Resolution, except Shri Mahesh Prasad to the extent of his appointment as Director of the Company.

### Items No. 7

At the Twenty-Third Annual General Meeting of the Company, the Members had appointed Shri DK Sachdeva as a Whole-Time Director of the Company for a period from 29<sup>th</sup> November, 2011 to 28<sup>th</sup> November, 2012. It is desirable that the Company should continue to avail his services as a Whole-Time Director of the Company, on the terms as contained in the Resolution.

The Directors commend that the proposed Resolution be approved.

None of the Directors of the Company is concerned or interested in the proposed Resolution except Shri DK Sachdeva to the extent of his appointment as a Whole-Time Director of the Company.

### Item No. 8

At the Twenty-Third Annual General Meeting of the Company, the Members had appointed Shri JS Bedi as a Whole-Time Director of the Company for a period from 1<sup>st</sup> December, 2011 to 30<sup>th</sup> November, 2012. It is desirable that the Company should continue to avail his services as a Whole-Time Director of the Company, on the terms as contained in the Resolution.

The Directors commend that the proposed Resolution be approved.

None of the Directors of the Company is concerned or interested in the proposed Resolution except Shri JS Bedi to the extent of his appointment as a Whole-Time Director of the Company.

By Order of the Board of Directors

Noida  
27<sup>th</sup> May, 2011

**DK JAIN**  
Chairman

### Registered Office :

Survey No. 16/3, 26 & 27, Ranjitnagar 389 380  
Taluka Goghamba,  
District Panchmahal, Gujarat



## DIRECTORS' REPORT

To the Members of

### GUJARAT FLUOROCHEMICALS LIMITED

Your Directors take pleasure in presenting to you their Twenty-Fourth Annual Report for the year ended 31<sup>st</sup> March, 2011.

#### 1. FINANCIAL RESULTS

Following are the working results for the year 2010-2011:

(Rs. in Lacs)

	<b>2010-2011</b>	<b>2009-2010</b>
Turnover	102470.81	98634.50
Gross Profit before Interest and Depreciation	45423.33	52271.98
Less: Interest	3454.64	4803.33
Profit before Depreciation	41968.69	47468.65
Less: Depreciation and amortization for the year	6758.98	5703.07
Less: Provision for diminution in value of investments	60.75	1559.84
Profit before Taxation	35148.96	40205.74
Provision for Taxation	10211.08	6799.05
<b>Profit for the year</b>	<b>24937.88</b>	<b>33406.69</b>
Add: Taxation pertaining to earlier years	1424.93	8.66
Add: Profit brought forward from previous year	292.74	169.19
	<b>26655.55</b>	<b>33584.54</b>
<b>Appropriations</b>		
Transferred to General Reserve	22000.00	28800.00
Interim dividend	1098.50	2197.00
Proposed Dividend subject to approval of the shareholders	2746.25	1647.75
Tax on Dividend	627.96	647.05
Balance carried to Balance Sheet	182.84	292.74
	<b>26655.55</b>	<b>33584.54</b>

#### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### a) Industry structure and developments

The Company makes HCFC22 – a product that is used as a refrigerant and as feedstock in the manufacture of PTFE. There are 4 major manufacturers of refrigerants in India, of which your company is the largest. Around 50% of your Company's HCFC22 production was captively consumed last year at its Dahej plant for production of PTFE, and the balance 50% was sold. Of the sales of HCFC22, 88% was exported to around 75 countries across the globe.



The Refrigerant Gas market in India comprises of two distinct customer categories - distributors, who cater to the replacement demand, and OEs, who represent requirements for new equipment. Internationally, the market is serviced predominantly by a network of distributors. The commissioning and stabilisation of the chemical complex set up by the Company at Dahej, including the PTFE plant, will ensure a steadily increasing demand for the HCFC22 produced by the Company.

Your company has set up a chemical complex at Dahej, District Bharuch, Gujarat. The Company manufactures Caustic Soda, Chlorine, Chloromethanes and Poly Tetra Fluoro Ethane (PTFE) at this facility, and also operated a captive power plant. These products add to the Company's product portfolio, improve its competitive advantage due to forward and backward integration, and provide longevity to the Company's HCFC22 production beyond the control provisions of the Montreal Protocol. After fully stabilising its existing capacities and attaining acceptable levels of product quality and capacity utilisation, the Company has increased its plant capacity of Caustic Soda to 1,15,000 tpa, Chloromethane capacity 1,05,000 tpa and Poly Tetra Fluoro Ethane (PTFE) to 12,500 tpa, with corresponding increase in the capacity of its captive power plant.

The Company has been successfully operating, for more than 5 years now, a Clean Development Mechanism Project which effects Greenhouse Gas Emission Reductions by Thermal Oxidation of HFC23, and earns Carbon Credits. Your Company is amongst the largest Carbon Credit generating projects in the world. Industrial installations and utilities in Europe and Japan buy these Carbon Credits for compliance under the Kyoto Protocol and / or the European Union Emissions Trading Scheme.

Your Company already has around 65 MW of installed capacity in wind power generation. Your Company has set up a subsidiary, "Inox Wind Limited" (IWL) which has set up manufacturing facilities for wind turbines at Una, Himachal Pradesh and Bawla, Gujarat and has commenced commercial production of nacelles, hubs, blades and towers for wind turbines, in pursuance of its business plans to set up and operate wind farms. Your Company has also set up a subsidiary, "Inox Renewables Limited" (IRL) to implement the business of owning and operating of wind farms and has obtained approval of its Shareholders to transfer, by way of slump sale, of the existing wind energy business of the Company to IRL so as to be able to pursue growth opportunities and improve operational efficiencies in the said business. The slump sale will be executed after obtaining all statutory permissions required for the purpose. It has also acquired land banks, and is in the process of acquiring further land banks for its wind farms at wind-rich sites. The Company has set up a robust and energetic operating team for this business.

## **b) Opportunities and threats**

The Refrigerant Business of your Company is operating at near full capacity. Prices of HCFC-22 have improved over the past six months, increasing the profitability of this business. The key threat to the Refrigerant Gas Business would be pressures on margins that may arise due to competition from China. However, your Company's competitive advantage has been enhanced with the stabilisation and expansion of the integration projects set up at Dahej.

The Chemical Complex at Dahej has now stabilised and, after attaining full levels of capacity utilisation, the Company has embarked upon an expansion plan to increase capacities of Caustic Soda to 1,15,000 tpa, Chloromethane capacity to 1,05,000 tpa and Poly Tetra Fluoro Ethane (PTFE) capacity to 12,500 tpa, with corresponding increase in the capacity of its captive power plant. Prices of PTFE have improved significantly over the past six months, and margins are therefore attractive. The key threats to this business are availability and cost of energy (being one of the key inputs) and your company's ability to meet the stringent quality standards of the export markets.

On the Carbon Credit Business, your Company continues its strong presence in the international markets, and the sale of Carbon Credits to European buyers has added a healthy revenue stream to your Company's operating results and is expected to do so, at least upto 2012. After an investigation that was carried out by the CDM Executive Board on the Methodology that governed HFC-23 destruction projects, and all CDM projects globally that were governed by this methodology, issuances of Carbon Credits to your Company have resumed. The key threat to this business is the price volatility in the carbon markets, and uncertainty about market for your Company's Carbon Credits post 2012. Your Company has implemented an effective price hedging strategy to mitigate the price volatility risk.

The Wind Energy Business is quite nascent in the country, and there is a good opportunity of creating value by identifying viable sites, a cost-effective equipment manufacturing strategy and ability to raise capital efficiently. The key threat in this business is increasing costs due to supply constraints of components, wind uncertainty, and regulatory restrictions leading to inability to sell the power generated at viable tariffs.

**c) Segment-wise and product-wise performance**

In line with the requirements of the Accounting Standard on Segment Reporting (AS-17), the Company has disclosed performance of each segment in the Note No 20 of Notes to the Accounts of Annual Report of the Company.

**d) Outlook**

HCFC22 is expected to witness a growth of more than 5% per annum globally, largely due to growth in PTFE demand. Due to production shifts accentuated by the Montreal Protocol, and the inherent cost competitiveness of Asian plants, HCFC22 plants in India have been witnessing a 20% growth rate for the past several years. Your company, due to its vast marketing reach and increasing cost competitiveness, as also due to faster Montreal Protocol mandated phase-out schedules in developed countries, has been able to maintain a healthy growth rate over the past few years, and, with the stabilisation and increased production levels at the Dahej chemical complex, expects to be able to operate at near full capacity levels, into the future.

The outlook on the Chemical Complex at Dahej is quite positive, with increasing volumes due to higher capacities and improved PTFE realizations due to better product quality and increasing global prices.

On the Carbon Credit front, it is expected that with deeper emission reduction targets contemplated by Europe, prices of Carbon Credits generated by your Company should remain firm. There is uncertainty about the market post 2012, over which some clarity could perhaps evolve over the next year(s).

As regards the Wind Energy Business, there continues to be a demand-supply gap for energy in general and renewable energy in particular, and regulatory framework is evolving to encourage more investments in renewable energy projects. This should provide the impetus to further improve the viability of this business.

**e) Internal control system and their adequacy**

The company has an adequate internal audit system commensurate with its size and the nature of its business. The internal audit is carried out by independent firms of Chartered Accountants, who interact with the Audit Committee on a regular basis, with respect to the scope of audit, significant audit observations, and remedial action required, if any.

**f) Discussion on financial performance with respect to operational performance**

The financial performance of your Company continues to remain strong, and is expected to show an improvement in the coming years, with the higher production levels at the chemical complex at Dahej, the firming up of Carbon Credit prices, and the commencement of revenues from the Wind Energy business.

**f) Material developments in human resources / industrial relations front, including number of people employed**

The company has around 1253 employees on its rolls. Your company continues to have cordial and harmonious relations with all its employees.

**3. RESPONSIBILITY STATEMENT**

Your Directors would like to confirm that

- I. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- II. the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period;

- III. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the Directors have prepared the Annual Accounts on a going concern basis.

#### **4. DIVIDEND**

Your Company had paid an interim dividend of Re 1 per share and your Directors now recommend a final dividend of Rs 2.50 per share (250%) subject to approval of the shareholders. The total dividend payout (including dividend distribution tax) for the year will be Rs 4472.71 lacs.

#### **5. DIRECTORS**

Shri Deepak Asher and Shri Shanti Prasad Jain retire by rotation and being eligible, offer themselves for re-appointment.

Shri Mahesh Prasad is appointed as an Additional Director of the Company at the Meeting of the Board of Directors of the Company held on 27 May, 2011. He holds his office upto the forthcoming Annual General Meeting of the Company. Notice has been received from a Member of the Company specifying his intention to propose the candidature of Shri Mahesh Prasad as a Director of the Company. The Board recommends his appointment as a Director of the Company.

#### **7. SUBSIDIARIES**

Ministry of Corporate Affairs, New Delhi vide its Circular No 5/12/2007-CL-III dated 08<sup>th</sup> February, 2011 has granted general exemption to the Holding Companies for not attaching the Balance Sheet(s) of Subsidiary Company(ies) concerned as required under Section 212 of the Companies Act, 1956. In view of the above, the Board of Directors of the Company has by resolution 27<sup>th</sup> May, 2011 accorded consent to not attaching Annual Accounts of the financial year ended on 31<sup>st</sup> March, 2011 of all the Company's subsidiaries.

#### **8. AUDITORS' REPORT**

The notes forming part of the accounts are self-explanatory and do not call for any further clarifications under Section 217(3) of the Companies Act, 1956. The observations made by the Auditors in their report on the Corporate Governance are explained in Para 2 and 3 of the Corporate Governance Report.

#### **9. AUDITORS**

Members are requested to appoint Auditors for the current year and to fix, or authorise the Board to fix, their remuneration. The Auditors, M/s. Patankar & Associates, retire and offer themselves for re-appointment. Due notice has been received from them that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

#### **10. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

In compliance with the requirements of Clause 49(V), a certificate from the Managing Director and Director and Group Head (Corporate Finance) of the Company, who are responsible for the finance function, was placed before the Board.

All the Board Members and Senior Management Personnel of the Company had affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Managing Director is enclosed as a part of the Corporate Governance Report.



#### **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to the matters contained therein is given by way of an Annexure to this Report.

#### **12. PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars are set out in the Annexure to the Directors' Report. In terms of the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Shareholders of the Company excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of the Company. Any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

#### **13. SUSTAINABLE DEVELOPMENT ACTIVITIES**

The Company undertakes sustainable development work as part of its ongoing efforts to improve the quality of life of the people in the areas surrounding its plant. Your company has spent around Rs 88.24 lacs in the last financial year on these initiatives. Diligent and sincere efforts in this direction have had a positive and lasting impact on the neighbouring community. During the year, the Company has had its Corporate Social Responsibility initiatives certified by Ernst and Young.

#### **14. SAFETY, HEALTH AND ENVIRONMENT**

Safety, health and environment have been of prime concern to the Company and necessary efforts were made in this direction in line with the safety, health and environment policy laid down by the Company. The Company has achieved certification of ISO: 14001:2004 (Environment Management System) and ISO 18001:2007 (Occupational Health and Safety Management System) for its Ranjitnagar Unit. Health of employees is being regularly monitored and environment has been maintained as per statutory requirements.

#### **15. INSURANCE**

The Company's property and assets have been adequately insured.

#### **16. ACKNOWLEDGEMENT**

Your Directors express their gratitude to all other external agencies for the assistance, co-operation and guidance received. Your Directors place on record their deep sense of appreciation for the dedicated services rendered by the workforce of the Company.

By Order of the Board of Directors

Noida  
27<sup>th</sup> May, 2011

**DK JAIN**  
Chairman

## ANNEXURE

To The Directors' Report

Information as required under Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### (A) CONSERVATION OF ENERGY

#### Ranjitnagar Unit :

##### (a) Energy conservation measures taken :

1. Benefits of energy savings are continued to be obtained due to implementation of jacket hot water recovery scheme in the Gas Based Co-generation plant was further enhanced during the year by augmenting the utilization of the low grade heat for evaporating treated effluent. This resulted in increase in the fuel utilization efficiency of Gas Based Co-generation plant from about 75% to 79% during the year.
2. The following measures were taken during the year for reducing power consumption for plant and office illumination.
  - Replacement of 125 W HPMV lamps with 20 Watt CFL lamps at 45 locations of plant lighting points.
  - Replacement of ordinary tube lights of 40 Watts with Energy Efficient Fluorescent tube light of 14/28 Watt.
3. Cooling media changed from expensive chilled water to cooling water for Sulphuric Circulation cooler of C409 column and E212 and E213 coolers thereby reducing 25 TR load from chillers saving around 2088 units of power per day.
4. AHF plant Refrigeration Compressor drive speed was increased by changing the drive pulley. This increased the refrigeration output per compressor, thereby, enabling operation with reduced number of compressors. This resulted in a net reduction in power consumption by 1.23 lacs kWh per annum.

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

1. Heat recovery from AHF Klin fuel gases is proposed to be augmented, for use in Spar Dryer. This will reduce fuel consumption in AHF plant by 1180 MMBTU per annum.
2. Better utilization of recovered water in process and to reduce water consumption. Water meters were installed at various locations for better monitoring of water consumption. Water level switches were installed in all the water tanks to avoid water flow.
3. Solar water heater is being proposed in Guest House.
4. Variable Frequency Drive is proposed to be installed for Air compressor.

#### Dahej Unit :

##### (a) Energy conservation measures taken :

1. Energy Audit of all the plant units was conducted and relevant suggestions were implemented resulting into substantial power saving in each plant operations.
  - Flow control of Terpene metering of TFE optimized with the help of VFD resulting in saving of 36 kWh / day.
  - HPMV Lamps of 250/125 Watt rating metal Halide and CFL Lamps strategic locations giving effect direct power saving.

- TFE Utility Cooling tower fan provided with VFD to control speed. During winter speed is reduced automatically without affecting the required temperature resulting in saving of 96 kWh / day.
- Optimised lighting load at PTFE complex resulting in saving of 36 kWh / day.
- SOP improvement for PTFE by stopping compressor and using Nitrogen for back flushing of washing kettles strainers. Now compressor is being used at PT-PTFE Plant resulting in saving of 50kWh / day.
- Phase angle system implemented at PTFE Air Heater, Actual saving impact on load fluctuation at Power Plant, Hence Power Export limit increases by 200kw.
- Additional Booster Heater installed at PTFE Air Heater to achieve required temperature during winter. This results production rate increased during that period resulting in saving 120 kWh / day.
- Thermo oil an additive applied in twenty numbers of Split Air Conditioners (continuous running) to improve the efficiency and cooling resulting in saving of 93 kWh / day.
- Installed a number of Solar Street lights in plant at strategic location.

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

1. PTFE Air Heater capacity to be increased upto 90 kW per Heater for enhancing production capacity.
2. Further 50 numbers of Split Air Conditioners to be provided with Thermo oil additive.
3. Conventional street light to be replaced with Solar Lights.

**(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;**

1. The impact of the measures indicated in (a) and (b) above are expected to be favourable i.e., reduced energy consumption and its consequential effect on cost of production.

**(d) Total energy consumption and energy consumption per unit of production as per Form A;**

				Current Year	Previous Year
<b>A</b>	1	A	<b>Power and Fuel Consumption</b>		
			Electricity		
			Purchased		
		Units (in lacs)	<b>97.42</b>	87.47	
		Total Amount (Rs in lacs)	<b>830.92</b>	914.45	
		Rate/Unit (Rs.)	<b>8.53</b>	10.45	
	B	Own Generation			
		Units (in lacs)	<b>3500.66</b>	2392.89	
		Total Amount (Rs in lacs)	<b>15112.67</b>	11958.33	
	2	Coal	Quantity (MT)	<b>129275.47</b>	83714.74
Total amount (Rs in lacs)			<b>4734.56</b>	3394.82	
Average Rate (Rs)			<b>3662.38</b>	4055.22	

			<b>Current Year</b>	<b>Previous Year</b>
<b>B</b>	3	Furnace Oil		
		Quantity (k. Itrs.)	<b>89.26</b>	229.82
		Total Amount (Rs. in lacs)	<b>31.94</b>	63.89
		Average Rate (Rs.)	<b>35.78</b>	27.80
	4	RLNG SCM		
		Quantity (scm)	<b>762.92</b>	661.90
		Total Amount (Rs. in lacs)	<b>10601.60</b>	9575.53
		Average Rate (Rs.)	<b>13.90</b>	14.47
		<b>Consumption per unit of production</b>		
		Ranjitnagar (Fluorochemicals) Unit		
	1	Electricity KWH/MT	<b>758</b>	771
	2	Fuel Oil LTR/MT	<b>2</b>	6
	3	RLNG SCM/MT	<b>285</b>	275
	4	Coal	<b>0</b>	0
	5	Others	<b>0</b>	0
		Dahej (Chloroalkalies)		
	1	Electricity KWH/MT	<b>2214</b>	2198
	2	Fuel Oil LTR/MT	<b>0.09</b>	0.14
3	RLNG SCM/MT	<b>533</b>	562	
4	Coal Qty MT/Coal Power unit lacs	<b>110</b>	74.26	
5	Others	<b>0</b>	0	

## **(B) TECHNOLOGY ABSORPTION**

### **(e) efforts made in technology absorption as per Form B ;**

#### **Ranjitnagar Unit:**

#### **Research and Development**

- 1. Specific areas in which R & D carried out by the Company : Nil**
- 2. Benefits derived as a result of the above R & D: Nil**
- 3. Future plan of action: Nil**

#### **Technology absorption, adaptation and innovation :**

#### **1. Efforts, in brief, made towards technology absorption, adaptation and innovation.**

- i. The Company has dedicated professionals working on ongoing development for improvement in process efficiency, product quality, Energy and Emission control and enhancing process of safety.

#### **2. Benefits derived as a result of the above efforts.**

- i. The benefit of development work has resulted in improved throughput, improved efficiency and better quality, better capacity utilization and consistency in product and by-product quality and improved profitability.



**Dahej Unit:**

**Research and Development**

**1. Specific areas in which R & D carried out by the Company**

- i. Specialty grade value added TFE product - Heptafluoropropane (HFP), a fire retardant from it's by product.
- ii. Dispersion type and Modified type of PTFE other than suspension type polymer.
- iii. Development of new PTFE/PBT blend.
- iv. Development of filled PTFE compounds.
- v. Development & optimization of PTFE processing technique for various type of PTFE.

**2. Benefits derived as a result of the above R & D**

- i. Technical support in terms of process optimization and performance of the final product was provided to all the PTFE processors as a part of the Company's policy to grow along with the Company's valued customers.
- ii. New application areas were explored and continuous efforts being put to grow new business.
- iii. GFRC is equipped with latest testing facilities to understand and develop Fluoropolymer with improved properties in terms of purity of resin and with better mechanical properties to cater the global market.
- iv. Validation studies being carried out to improve operational efficiency and product performance.
- v. GFRC has contributed positively to grow domestic market of PTFE by setting up new applications in various fields including chemical, marine and power sector.
- vi. GFRC is working actively with the marketing team to increase awareness among domestic processors about the latest technological advancements in the field of fluoropolymer processing.

**3. Future plan of action**

- i. Project activities of following plants are under progress to be commissioned in the financial year 2011-12.
  - a. TFE-2
  - b. PTFE-2
  - c. D-PTFE
  - d. Calcium Chloride
  - e. Modified PTFE & PT-PTFE
- ii. Pilot plant trials before scale up of Tetra Fluoro Propanol production.
- iii. Development of surfactant system for polymerization of fluoropolymers.
- iv. Development of PTFE micro fine powders and fluoroadditives.
- v. To develop process for in-house manufacturing of Perfluoro Propylene Vinyl Ether (PPVE)
- vi. To develop new grades and optimize process of paste extrusion for thin wall tubing.

**Technology absorption, adaptation and innovation :**

**1. Efforts, in brief, made towards technology absorption, adaptation and innovation.**

- i. 2 \* 18.5 MW Combined Circle Gas Turbine commissioned during the year thereby the total power generation of the complex has increased to 66 MW from Gas based Power Plant and 25.1 MW from Coal based Power Plant.

- ii. Capacity enhancement of Caustic Alkali Plant from 150 MT in July 2010 to 335 MT in December, 2010 has been commissioned.
- iii. Flaker plant mechanically made ready for commissioning. Evaporation part commissioned satisfactory.
- iv. Mechanical completion of CMS-II (125 MT) has achieved in record period of 11 months (Zero date April'10). Commissioning of the plant is slated in April 2011
- v. New columns for improvement of Chloroform quality was commissioned successfully.
- vi. TFE Process optimized and reached to the highest 24TPD level of production.
- vii. PTFE plant capacity augmented by process improvements and debottlenecking to achieve continuous production over and above 5-7% of its design capacity.
- viii. Modified PTFE has been successfully commercialized after 2-3 campaigns of trial runs. Product launched in domestic and international markets with appreciation.
- ix. PT-PTFE- Alpine-2 : Successfully Commissioned & at full rated Capacity. Post treatment PTFE facilities developed for different grades of suspension and modified PTFE. Almost 100% capacity enhancement has been successfully done over its initial design capacity.
- x. Recovery of Hexa Fluoro Propylene has been part of continuous operation and marketable as value added product from Tetra Fluoro Ethylene plant. Benefits achieved by way of environment protection.
- xi. Successfully completed lab scale experiment of the production of Tetra Fluoro Propanol as a value added product.

**2. Benefits derived as a result of the above efforts.**

- i. Improvements in operational efficiency.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (f) Foreign exchange used - Refer to Note No. 16 of Schedule 15 of Annual Accounts
- Foreign exchange earned - Refer to Note No. 17 of Schedule 15 of Annual Accounts

By Order of the Board of Directors

Noida  
27<sup>th</sup> May, 2011

**DK JAIN**  
Chairman

## CORPORATE GOVERNANCE REPORT

In compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company is pleased to submit this report on the matters mentioned in the said clause and the practices followed by the Company in this regard.

### 1. Company's philosophy on Code of Governance

Corporate Governance is the system by which companies are directed and controlled by the management in the best interest of the shareholders and others ensuing greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its shareholders.

Gujarat Fluorochemicals Limited believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, the Company has initiated significant measures for compliance with corporate governance.

### 2. Board of Directors

The Board of Directors consists of eleven directors of which one is Managing Director and two are Whole-Time Directors. There are eight non-executive Directors. The Chairman of your Company is related to the Managing Director of the Company and as per provisions of the Listing Agreement, 50% of the Board shall consist of Independent Directors. However, the Board of your Company consists of five Independent Directors.

Subsequent to the end of the year, Shri VP Mittal, an Independent Director on the Board of the Company, passed away on 16<sup>th</sup> May, 2011.

Shri Mahesh Prasad is appointed as an additional director of the Company at the meeting of the Board of Directors of the Company held on 27<sup>th</sup> May, 2011 and the Company is in process of appointing one more independent director as per the requirement of the Listing Agreement.

During the year, 2010-2011, the Board met four times on following dates, namely, 22<sup>nd</sup> May, 2010, 31<sup>st</sup> July, 2010, 29<sup>th</sup> October, 2010, 31<sup>st</sup> January, 2011.

The following table gives details of Directors, details of attendance of Directors of Board Meetings, at the Annual General Meeting, number of memberships held by Directors in the Board / Committees of various Companies:

Name	Category	Attendance Particulars		Number of other directorship / Committee Membership / Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri DK Jain	Non-Independent Director	4	No	11	4	3
Shri VP Mittal *	Independent Director	-	No	6	6	3
Shri Shailendra Swarup	Independent Director	3	No	9	1	-
Shri VK Jain	Managing Director	4	Yes	19	10	-
Shri DK Sachdeva	Whole-time Director	-	No	-	-	-
Shri PK Jain	Director	-	No	17	9	9
Shri OP Lohia	Independent Director	3	No	5	1	1
Shri JS Bedi	Whole-time Director	-	No	-	-	-
Dr S Rama Iyer	Independent Director	2	No	6	2	-
Shri Deepak Asher	Non-Independent Director	4	Yes	9	7	-
Shri SP Jain	Independent Director	4	No	1	1	1

\*Deceased

### Directors seeking re-appointment / appointment

Shri Deepak Asher and Shri Shanti Prasad Jain retire by rotation and, being eligible offers themselves for re-appointment. Shri DK Sachdeva and Shri JS Bedi are to be re-appointed as Whole time Directors of the Company. Shri Mahesh Prasad is appointed as an additional director of the Company at the meeting of the Board of Directors of the Company held on 27<sup>th</sup> May, 2011 and holds office upto the forthcoming Annual General Meeting. Notice has been received from a Member of the Company signifying his intention to propose the candidature of Shri Mahesh Prasad as a Director of the Company.

#### Shri Deepak Asher

Shri Deepak Asher is graduated in Commerce and Law, and is a Chartered Accountant and a Cost Accountant by profession. He has been associated with the Inox Group for almost twenty three years now, in different capacities. He is the founder President of the Multiplex Association of India, and was awarded the Theatre World Newsmaker of the Year Award for his contribution to the cinema exhibition industry. He has been responsible for spearheading the Group's diversification into the cinema and CDM business and now its foray into the wind energy business.

#### Shri Shanti Prasad Jain

Shri Shanti Prasad Jain is a leading Chartered Accountant and practicing since 1963. He has specialized in taxation matters of various reputed companies and banks.

#### Shri DK Sachdeva

Shri DK Sachdeva is a Chemical Engineer from the India Institute of Technology, Kharagpur, and has over 40 years of experience in the technical field of various chemical / process plants.

#### Shri JS Bedi

Shri JS Bedi is a Chemical Engineer and has over 34 years of experience in the technical field of various chemical / process plants.

#### Shri Mahesh Prasad

Shri Mahesh Prasad is retired IAS and at present Chairman of Confederation of Indian Exporters. He topped in the country in the Indian Police Service Examination of 1956 and was in the first few in the All India Merit list of IAS and Indian Foreign Service. He held a number of prestigious appointments during his career in the IAS. In the year 1974, he was awarded by the Uttar Pradesh State Government for outstanding work as Collector and District Magistrate, Varanasi. He has been Secretary of many departments in the State of Uttar Pradesh. During his three years' tenure as Principal Secretary, Industries, the State witnessed rapid industrialization through dynamic and aggressive mix policy, planning and implementation. At the Centre, he has been Joint Secretary in the Ministries of Home and Commerce and Advisor, Planning Commission. He has also served as Minister (Economic) in London for more than three years. He has held Secretary Level jobs at the Centre, in the Ministries of Finance, Industry Environment, Forests and wildlife and Information & Broadcastings & films. He retired in the year 1995 in the rank of Cabinet Secretary to the Government of India. Shri Mahesh Prasad has been conferred awards by private bodies for distinguished services such as Indira Gandhi Priyadarshini Award (1998), Bharat Gaurav Award (1999), Pride of India Award (2000), International Millennium Goldstar Award (2001), Rashtriya Ratna Award (2001) and UP Ratan Award (2003). Shri Mahesh Prasad has held various prestigious assignments including in the corporate field during the tenure of his services and is afterwards and associated with a number of social and charitable projects.

### 3. Audit Committee

The composition of Audit Committee and the details of the Meetings attended by the Directors are given below:

Name	Category	Attendance			
		22 <sup>nd</sup> May, 2010	31 <sup>st</sup> July 2010	29 <sup>th</sup> October 2010	31 <sup>st</sup> January 2011
Shri DK Jain	Director	Yes	No	Yes	Yes
Shri Shailendra Swarup	Director	Yes	Yes	No	Yes
Shri SP Jain	Chairman	Yes	Yes	Yes	Yes

The Company Secretary acts as the Secretary to the Audit Committee. The terms of reference and powers of the Audit Committee are in accordance with the Clause 49 of the Listing Agreement. The Chairman of the Audit Committee was unable to attend Annual General Meeting held on 10<sup>th</sup> July, 2010 due to unavoidable circumstances.

#### 4. Directors Remuneration

The Board of Directors approves the remuneration of Directors before it is placed to the Shareholders for their approval. The remuneration payable to the Managing Director, Whole-time Directors and commission to Chairman was approved by the Board of Directors in its Meeting when all the Directors were present. The Remuneration Committee being optional is not formed so far. The following are the details of remuneration drawn by Directors:

##### Remuneration paid during 2010-2011

Name of Director	Relationship With other Directors	Business Relationship with the Company, if any	All elements of Remuneration package i.e. salary, benefits, bonuses, pension, etc.	Service Contracts, NoticePeriod, Severance Fee												
Shri Vivek Jain	Relative of Shri DK Jain and Shri PK Jain	Managing Director	<table border="0"> <tr> <td>Particulars</td> <td>Rs.in Lacs</td> </tr> <tr> <td>Salary &amp; Allowances :</td> <td>29.40</td> </tr> <tr> <td>Perquisites :</td> <td>28.72</td> </tr> <tr> <td>Contribution To PF :</td> <td>3.53</td> </tr> <tr> <td>Commission :</td> <td>1307.39</td> </tr> <tr> <td>Total :</td> <td>1369.04</td> </tr> </table>	Particulars	Rs.in Lacs	Salary & Allowances :	29.40	Perquisites :	28.72	Contribution To PF :	3.53	Commission :	1307.39	Total :	1369.04	Service Contract 01.01.2008 to 31.12.2012
Particulars	Rs.in Lacs															
Salary & Allowances :	29.40															
Perquisites :	28.72															
Contribution To PF :	3.53															
Commission :	1307.39															
Total :	1369.04															
Shri DK Sachdeva	None	Whole-Time Director	<table border="0"> <tr> <td>Particulars</td> <td>Rs.in Lacs</td> </tr> <tr> <td>Salary :</td> <td>13.33</td> </tr> <tr> <td>Allowances :</td> <td>19.48</td> </tr> <tr> <td>Perquisites :</td> <td>1.35</td> </tr> <tr> <td>Contribution To PF :</td> <td>1.60</td> </tr> <tr> <td>Total :</td> <td>35.76</td> </tr> </table>	Particulars	Rs.in Lacs	Salary :	13.33	Allowances :	19.48	Perquisites :	1.35	Contribution To PF :	1.60	Total :	35.76	Service Contract 29.11.2010 to 28.11.2011
Particulars	Rs.in Lacs															
Salary :	13.33															
Allowances :	19.48															
Perquisites :	1.35															
Contribution To PF :	1.60															
Total :	35.76															
Shri JS Bedi	None	Whole-Time Director	<table border="0"> <tr> <td>Particulars</td> <td>Rs.in Lacs</td> </tr> <tr> <td>Salary :</td> <td>14.69</td> </tr> <tr> <td>Allowances :</td> <td>22.95</td> </tr> <tr> <td>Perquisites :</td> <td>1.50</td> </tr> <tr> <td>Contribution To PF :</td> <td>1.76</td> </tr> <tr> <td>Total :</td> <td>40.90</td> </tr> </table>	Particulars	Rs.in Lacs	Salary :	14.69	Allowances :	22.95	Perquisites :	1.50	Contribution To PF :	1.76	Total :	40.90	Service Contract 01.12.2010 to 30.11.2011
Particulars	Rs.in Lacs															
Salary :	14.69															
Allowances :	22.95															
Perquisites :	1.50															
Contribution To PF :	1.76															
Total :	40.90															
Shri DK Jain	Relative of Shri PK Jain and Shri VK Jain	Chairman	<table border="0"> <tr> <td>Particulars</td> <td>Rs.in Lacs</td> </tr> <tr> <td>Commission :</td> <td>326.85</td> </tr> </table>	Particulars	Rs.in Lacs	Commission :	326.85									
Particulars	Rs.in Lacs															
Commission :	326.85															

The following are the details of sitting fees paid to the Directors for attending the Board / Committee Meetings:

Name of the Director	Total Rupees
Shri D K Jain	100000
Shri Shailendra Swarup	60000
Dr S Rama Iyer	25000
Shri Deepak Asher	50000
Shri Shanti Prasad Jain	100000

## 5. Shareholders and Investors Grievance Committee

The Committee comprises of Shri DK Jain, Chairman, Shri PK Jain, Director and Shri Vivek Jain, Managing Director. The Committee approves the share transfers and issue of duplicate share certificates. The Committee also takes note of the dematerialization requests received and attended by the transfer agents. Shri Bhavin Desai, Company Secretary is Compliance Officer of the Company. During the year the company has received 48 complaints which were replied / resolved to the satisfaction of the shareholders and no requests for transfer were pending for approval as on 31<sup>st</sup> March, 2011.

The following table gives details of Directors / attendance of Directors of Share transfer and Investor Grievance Committee Meeting:

Name	Category	Attendance
Shri DK Jain	Director	13
Shri Vivek Jain	Managing Director	13

## 6. General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2007-2008	Survey No.16/3, 26 & 27, Ranjitnagar – 389 380 Taluka Ghoghamba, Dist. Panchmahal, Gujarat	20.09.2008	11:30 am
2008-2009	Same as above	29.06.2009	03.00 pm
2009-2010	Same as above	10.07.2010	11:30 am

### Note

The following Special Resolution was passed at the Annual General Meeting held on 20<sup>th</sup> September, 2008:

- Appointment of Shri Devansh Jain, relative of Shri DK Jain and Shri VK Jain, Directors of the Company, to hold office or place of profit of the Company.

No special resolution was passed at the last Annual General Meeting held on 29<sup>th</sup> June, 2009.

The Ordinary Resolution in respect of transfer, by way of slump sale, of the wind energy business of the Company, to Inox Renewables Limited, a subsidiary of the Company, was passed on 15<sup>th</sup> March, 2011 by sending Postal Ballot Notice to the Shareholders of the Company who have conveyed their assent to the said resolution.

## 7. Disclosures

### (a) Disclosures on materially significant related party transactions

There are no related party transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives etc. that may have potential conflict with interests of the Company at large. The Register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval.

Transactions with the related parties are disclosed in the Note No 25 of Schedule 15 to the accounts in the Annual Report.

### (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other authority on any matter related to capital markets during last three years.

There were no instances of non-compliance of any matter related to capital markets during last three years.

## 8. Means of communication

- The Company has published its quarterly results in The Financial Express and Vadodara Samachar.
- The Management discussion and analysis form part of the Annual Report, which is posted to the shareholders of the Company.



**9. General Shareholder information**

- 9.1 Annual General Meeting : Friday, 15<sup>th</sup> July, 2011  
Survey No 16/3, 26&27, Ranjitnagar 389 380,  
Taluka Ghoghamba, Dist. Panchmahal, Gujarat
- 9.2 Financial Year : April to March
- 9.3 Book Closure Date : 11<sup>th</sup> July, 2011 to 15<sup>th</sup> July, 2011
- 9.4 Dividend Payment Date : on or before 14<sup>th</sup> August, 2011
- 9.5 Listing of Equity Shares : National Stock Exchange of India Limited, Exchange Plaza,  
Bandra – Kurla Complex, Bandra (E), Mumbai 400 051  
The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001  
The Calcutta Stock Exchange Association Limited, 7,  
Lyons Range, Kolkata 700 001  
The Company's application for voluntarily delisting of its  
equity shares with The Calcutta Stock Exchange Association  
Limited is pending with the stock exchange since 2004.
- 9.6 Stock code  
Mumbai Stock Exchange : 500173  
Demat ISIN No in NSDL & CDSL : INE538A01037

**9.7 Market Price data**

	Bombay Stock Exchange (BSE) (in Rs.)				National Stock Exchange (NSE) (in Rs.)			
	Monthly low price	Monthly high price	Quantity in Nos.	Value in Rs. in lacs	Monthly low price	Monthly high price	Quantity in Nos.	Value in Rs. in lacs
April, 2010	141.45	177.35	1591798	2601.29	139.00	176.25	2261451	3698.77
May, 2010	140.05	168.00	461977	711.57	140.15	167.95	1390330	2157.29
June, 2010	148.70	162.00	554827	865.16	147.00	162.00	1667164	2603.90
July, 2010	150.65	209.80	2709044	4991.40	152.70	209.75	5691163	10283.36
August, 2010	184.55	228.05	1504380	3156.34	188.25	228.90	2700782	5651.11
September, 2010	189.70	231.00	977486	2072.98	190.00	231.00	2112447	4516.69
October, 2010	183.00	207.40	800891	1568.85	182.50	207.90	1125266	2204.02
November, 2010	160.00	196.00	481241	864.31	161.15	196.70	1128482	2026.22
December, 2010	175.50	229.90	2166246	4520.34	176.20	230.30	3606632	7543.66
January, 2011	215.50	283.95	1957206	4883.56	216.20	283.50	3709043	9280.75
February, 2011	231.50	299.00	1389126	3751.64	232.00	298.80	2573005	6937.50
March, 2011	265.00	370.05	2951350	9715.27	263.20	370.50	5420956	17795.21

**9.8 Company's share price performance in comparison to BSE Sensex based on share price on 31.03.2011**

Period	% change		Company in comparison to Sensex
	Co's share price	Sensex	
2010-2011	157.09	10.94	143.15

**Company's share price performance in comparison to NIFTY based on share price on 31.03.2011**

Period	% change		Company in comparison to Nifty
	Co's share price	Nifty	
2010-2011	157.95	11.14	146.81



### 9.9 Registrar and Transfer Agents

**Link Intime India Private Limited**, B-102 & 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020

### 9.10 Share Transfer System

Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

### 9.11 Distribution of Shareholding as on 31 March, 2011

Shareholding of nominal value of Rs	No of shareholders	% to total	Number of shares	Amount in Rs	% to total
Upto 500	7601	62.27	908099	908099	0.83
501 to 1000	3079	25.23	2912849	2912849	2.65
1001 to 2000	585	4.79	1020929	1020929	0.93
2001 to 3000	220	1.80	596539	596539	0.54
3001 to 4000	116	0.95	437101	437101	0.40
4001 to 5000	133	1.09	649651	649651	0.59
5001 to 10000	196	1.61	1520476	1520476	1.38
10001 and above	276	2.26	101804356	101804356	92.68
<b>Total</b>	<b>12206</b>	<b>100.00</b>	<b>109850000</b>	<b>109850000</b>	<b>100.00</b>

Shareholding pattern of the Company as on 31 March, 2011 is as under :

Sr. No.	Category	No of shares held	% of total share holding
<b>A</b>	<b>Shareholding of Promoters and Promoters' Group</b>		
1	Indian Promoters	76906715	70.01
	Sub-Total of A	76906715	70.01
<b>B</b>	<b>Non-Promoters; Holding</b>		
1	Institutions		
a	Mutual Funds and UTI	3801114	3.46
b	Banks, Financial Institutions, Insurance Companies	12000	0.01
c	Central / State Government	1000	0.00
d	Foreign Institutional Investors	1615796	1.47
	Sub-Total of B (1)	5429910	4.94
2	Non-Institutions		
a	Bodies Corporate	8952481	8.15
b	Individual	15034845	13.68
c	Non-Resident	797599	0.73
d	Foreign companies	2000	0.00
e	Overseas Bodies Corporate	2000371	1.82
f	Clearing Member	700651	0.64
g	Others	25428	0.02
	Sub-Total B (2)	27513375	25.05
	Sub-Total of B (1) + B (2)	32943285	29.99
	<b>Grand Total (A+B)</b>	<b>109850000</b>	<b>100.00</b>

**Particulars of shareholding of Non-Executive Directors :**

<b>Sr No</b>	<b>Name of Non-Executive Director</b>	<b>No of shares held</b>	<b>% of total share holding</b>
1	Shri DK Jain	10100	0.01
2	Shri PK Jain	20100	0.02
3	Shri Shailendra Swarup	10000	0.01
4	Shri VP Mittal	17000	0.01
5	Dr S Rama Iyer	30000	0.02
6	Shri Shanti Prasad Jain	1000	0.00

**9.12 Dematerialization of shares**

Approximately 33.75% of the shares issued by the Company have been dematerialized upto 31st March, 2011.

Trading in equity shares of the Company is permitted only in dematerialized form with effect from 28<sup>th</sup> August, 2000, as per Notification issued by Securities and Exchange Board of India bearing No. PR 35/2000 dated 28<sup>th</sup> February, 2000.

**Liquidity**

Company's shares are traded on Bombay Stock Exchange and National Stock Exchange. Relevant data of National Stock Exchange for the Financial Year 2010-2011 is given 9.7 above.

**9.13 Plant location**
**Ranjitnagar Project**

Survey No. 16/3, 26 and 27, Ranjitnagar 389 380, Taluka Ghoghamba, District Panchmahal, Gujarat State

**Dahej Project**

Plot No 12-A, GIDC, Dahej Industrial Estate, Taluka Vagra, District Bharuch, Gujarat State

**Wind Farm Project**

Village Gudhe Panchgini, Maharashtra State

Village Sadiya, District Jaisalmer, Rajasthan State

Village Osiya, District Jodhpur, Rajasthan State

Village Vellankottai, District Tuticorin, Tamilnadu State

**9.14 (i) Address for Investor Correspondence**

Link Intime India Private Limited, B-102 & 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020

**(ii) Any query on Annual Report**

Company Secretary, Gujarat Fluorochemicals Limited,

ABS Tower, 2<sup>nd</sup> Floor, Old Padra Road, Vadodara 390 007

**9.15 Code of Conduct**

The Board of Directors of the Company had laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

### 9.16 CEO / CFO Certification

The certificate in compliance with Clause 49(V) of the Listing Agreement was placed before the Board of Directors of the Company.

## DECLARATION

I, Vivek Jain, Managing Director of Gujarat Fluorochemicals Limited, declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Board and Senior Management Personnel for the year ended 31<sup>st</sup> March, 2011.

27<sup>th</sup> May, 2011  
Noida

**Vivek Jain**  
Managing Director

## CERTIFICATE

To the Members of Gujarat Fluorochemicals Limited

We have examined the compliance of conditions of corporate governance by Gujarat Fluorochemicals Limited, for the year ended on 31<sup>st</sup> March 2011, 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 the abovementioned Listing Agreement, in all material respect, except as per the details given below.

- (a) The Chairman of the audit committee had not attended the Annual General Meeting of the Company for the reasons mentioned in paragraph 3 of the Corporate Governance report prepared by the Company.
- (b) As per the Listing Agreement, the Company is required to have six independent directors on the Board. However, during the year, the Company has only five independent directors on the Board.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

**For and on behalf of Patankar & Associates**

Chartered Accountants  
Firm Registration No. 107628W

Pune  
27<sup>th</sup> May, 2011

**MY Kulkarni**  
Partner  
Mem. No. 35524



## AUDITOR'S REPORT

TO THE MEMBERS OF  
GUJARAT FLUOROchemicals LIMITED

1. We have audited the attached Balance Sheet of Gujarat Fluorochemicals Limited (the "Company"), as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011.
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Patankar & Associates**  
Chartered Accountants  
Firm Registration No. 107628W

Pune,  
Dated: 27<sup>th</sup> May, 2011

**(M.Y.Kulkarni)**  
Partner  
Membership No. 35524

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT TO THE MEMBERS OF GUJARAT FLUORO-CHEMICALS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

In terms of the Companies (Auditor's Report) Order, 2003, on the basis of information and explanations given to us and the books and records examined by us in the normal course of audit and such checks as we considered appropriate, to the best of our knowledge and belief, we state as under:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

The Company has drawn out a regular program of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.

Fixed assets disposed of during the year were not substantial and therefore do not affect the going concern assumption.

2. The inventories were physically verified by the management at reasonable intervals during the year.

In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.

3. The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 13300 lacs and the year-end balance is Rs. 13300 lacs. In our opinion, the rate of interest and other terms and conditions on which this loan is granted are not, *prima facie*, prejudicial to the interest of the Company. The company is regular in repayment of interest and no amounts were due towards repayment of principal.

The Company has not taken any loan, secured or unsecured, from the parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion, there are generally adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.

5. In our opinion, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

In our opinion, the transactions made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lacs in respect of any party during the year have been made at a price which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under and hence the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said Rules are made applicable, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.

9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

No undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Service-tax, Customs Duty, Excise Duty and Cess were in arrears, as at the end of the year, for a period of more than six months from the date they became payable.

Particulars of dues of Income-tax, Sales-tax, Wealth-tax, Service-tax, Custom Duty, Excise Duty or Cess which have not been deposited on account of disputes are as under:

Name of the Statute	Nature of dues and the period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
West Bengal Sales Tax	Sales Tax for the period 1995-96	2.83	Sales Tax Appellate Tribunal, Kolkatta
	Sales Tax for the period 1997-98	1.30	Asst. Commissioner (Appeals), WBST, Kolkatta
Gujarat Sales Tax	Sales Tax for the year 1995-96	13.35	Joint Commissioner of Sales Tax, Vadodara
	Sales Tax for the year 2001-02	1.79	Deputy Commissioner (Appeals), of Sales Tax, Ahmedabad
Income Tax	TDS & Interest on TDS for 2007-08, 2008-09 & 2009-10	71.53	Commissioner of Income Tax (Appeals) (VI), Vadodara.
Income Tax	Income Tax for the financial year 2007-08	3083.99	Commissioner of Income Tax (Appeals) (I), Vadodara.
Service Tax	Service tax interest and penalty for the period 10.09.2004 to 30.06.2007	6.85	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad
Service Tax	Service tax interest & penalty for the period 01.04.2005 to 30.09.2009	15.41	Commissioner Central Excise and Customs (Appeals), Vadodara.

10. The Company does not have accumulated losses. The Company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. 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 has invested in shares, mutual funds, bonds, debentures and other securities in the course of its investment activity. In our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein. These investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
15. According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion, the term loans availed during the year by the Company were applied for the purpose for which they were raised.
17. In our opinion, on an overall examination of the Balance Sheet and the Cash Flow Statement, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
18. During the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by way of public issues during the year.
21. No fraud on or by the Company was noticed or reported during the course of our audit.

**For Patankar & Associates**  
Chartered Accountants  
Firm Registration No. 107628W

Pune,  
Dated: 27<sup>th</sup> May, 2011

**(M.Y.Kulkarni)**  
Partner  
Membership No. 35524

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**Balance Sheet as at 31 st March, 2011**

	Schedule Number	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
(a) Capital	1	<b>1098.50</b>	1098.50
(b) Reserves and Surplus	2	<b>173622.70</b>	151732.60
		<b>174721.20</b>	152831.10
<b>2 Loan Funds</b>			
(a) Secured Loans	3	<b>41248.11</b>	28058.29
(b) Unsecured Loans	4	<b>17083.13</b>	25729.15
		<b>58331.24</b>	53787.44
<b>3 Deferred Tax Liability (Net)</b>		<b>13364.68</b>	9773.60
Total		<b>246417.12</b>	216392.14
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	5		
(a) Gross Block		<b>152171.49</b>	125136.42
(b) Less : Depreciation		<b>25375.87</b>	18647.12
(c) Net Block		<b>126795.62</b>	106489.30
(d) Capital work-in-progress (including capital advances)		<b>40130.84</b>	13363.83
		<b>166926.46</b>	119853.13
<b>2 Investments</b>	6	<b>57084.46</b>	74867.04
<b>3 (i) Current Assets, Loans and Advances</b>	7		
(a) Inventories		<b>18051.30</b>	18786.49
(b) Sundry Debtors		<b>17559.06</b>	9276.29
(c) Cash and Bank Balances		<b>1876.39</b>	7558.25
(d) Other Current Assets		<b>728.01</b>	296.07
(e) Loans and Advances		<b>30143.64</b>	23314.86
Sub-Total (i)		<b>68358.40</b>	59231.96
<b>(ii) Less : Current Liabilities and Provisions</b>	8		
(a) Liabilities		<b>41994.65</b>	35049.89
(b) Provisions		<b>3957.55</b>	2510.10
Sub-Total (ii)		<b>45952.20</b>	37559.99
Net Current Assets (i) - (ii)		<b>22406.20</b>	21671.97
Total		<b>246417.12</b>	216392.14
Notes forming part of Accounts	15		

As per our report of even date attached

For **PATANKAR & ASSOCIATES**  
Chartered Accountants**V. K. JAIN**  
Managing Director**DR. S. RAMA IYER**  
Director**SHAILENDRA SWARUP**  
Director**M. Y. Kulkarni**  
Partner**DEEPAK ASHER**  
Director**B. V. DESAI**  
Company Secretary**S. P. JAIN**  
DirectorPlace : Pune  
Dated : 27th May, 2011Place : Noida  
Dated : 27th May, 2011

## Profit and Loss Account for the year ended 31 st March, 2011

	Schedule Number	2010-2011 Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>INCOME</b>			
1 Sales - Gross		<b>105909.98</b>	100649.46
Less: Excise Duty		<b>3439.17</b>	2014.96
Sales - Net		<b>102470.81</b>	98634.50
2 Other Income	9	<b>10376.90</b>	7063.78
		<b>112847.71</b>	105698.28
<b>EXPENDITURE</b>			
1 (Increase) / Decrease in Stocks	10	<b>3966.15</b>	(910.16)
2 Materials Consumed and Purchase of Goods	11	<b>21730.19</b>	18480.48
3 Manufacturing and other expenses	12	<b>36013.54</b>	30599.51
4 Salaries and benefits	13	<b>5714.50</b>	5256.47
5 Provision for diminution in value of investments (Net)		<b>60.75</b>	1559.84
6 Interest	14	<b>3454.64</b>	4803.33
7 Depreciation & Amortization	5	<b>6758.98</b>	5703.07
Total Expenditure		<b>77698.75</b>	65492.54
8 Profit before Taxation		<b>35148.96</b>	40205.74
9 Provision for Taxation			
Current tax		<b>6990.00</b>	6960.00
MAT Credit Entitlement		<b>(370.00)</b>	(810.00)
Deferred tax		<b>3591.08</b>	649.05
		<b>10211.08</b>	6799.05
10 Profit after taxation for the year		<b>24937.88</b>	33406.69
11 Add: Taxation pertaining to earlier years			
MAT Credit Entitlement		<b>1410.00</b>	0.00
Others		<b>14.93</b>	8.66
		<b>1424.93</b>	8.66
Balance Profit		<b>26362.81</b>	33415.35
12 Profit brought forward from previous year		<b>292.74</b>	169.19
13 Profit available for appropriation		<b>26655.55</b>	33584.54
Less : Appropriations			
General Reserve		<b>22000.00</b>	28800.00
Interim Dividend		<b>1098.50</b>	2197.00
Proposed Dividend		<b>2746.25</b>	1647.75
Tax on Dividend		<b>627.96</b>	647.05
		<b>26472.71</b>	33291.80
14 Balance carried to Balance Sheet		<b>182.84</b>	292.74
Basic and diluted Earnings Per Share of Re 1 each		<b>24.00</b>	30.42
Notes forming part of Accounts	15		

As per our report of even date attached

**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**V. K. JAIN**  
Managing Director

**DR. S. RAMA IYER**  
Director

**SHAILENDRA SWARUP**  
Director

**M. Y. Kulkarni**  
Partner

**DEEPAK ASHER**  
Director

**B. V. DESAI**  
Company Secretary

**S. P. JAIN**  
Director

Place : Pune  
Dated : 27th May, 2011

Place : Noida  
Dated : 27th May, 2011



## Cash Flow Statement for the year ended 31 st March, 2011

	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
<b>A Cash flow from operating activities</b>		
Net profit before tax	<b>35148.96</b>	40205.74
Adjustments for :		
Depreciation and Amortisation	<b>6758.98</b>	5703.07
Loss on assets sold/scrapped (Net)	<b>4.66</b>	0.58
Provision for diminution in value of investments	<b>60.75</b>	1559.84
Provision for doubtful debts	<b>0.00</b>	11.15
Bad debts and remissions	<b>0.00</b>	0.47
Liabilities and provisions written back	<b>(112.54)</b>	(580.62)
Amounts written-off	<b>16.99</b>	0.00
Unrealised Foreign exchange (Gain)/Loss	<b>452.97</b>	(4868.38)
Income in respect of investing activities (Net)	<b>(6309.08)</b>	(2615.53)
Interest	<b>3454.64</b>	4803.33
	<b>4327.37</b>	4013.91
Operative profit before working capital changes	<b>39476.33</b>	44219.65
Adjustments for :		
Trade and other receivables	<b>(8862.10)</b>	17241.48
Inventories	<b>735.19</b>	434.62
Trade payables	<b>6099.54</b>	14647.05
	<b>(2027.37)</b>	32323.15
Cash generated from operations	<b>37448.96</b>	76542.80
Income-tax paid (Net)	<b>(7688.95)</b>	(6070.11)
<b>Net cash from operating activities</b>	<b>29760.01</b>	70472.69
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets (including change in capital work in progress and advances)	<b>(53843.61)</b>	(23643.45)
Sale of fixed assets	<b>6.63</b>	10.16
Purchase of investments	<b>(83017.55)</b>	(136964.28)
Redemption/Sale of Investments	<b>104719.51</b>	112274.74
Inter-corporate and other loans given (Net)	<b>(3282.19)</b>	(13431.34)
Interest and Dividend received (Net of expenses)	<b>1597.02</b>	3094.58
Adjustment for receivables on investment account	<b>145.06</b>	5.50
<b>Net cash (used ) in investment activities</b>	<b>(33675.14)</b>	(58654.09)
<b>C Cash flow from financing activities</b>		
Proceeds from Long Term Loan (Net)	<b>(8363.76)</b>	(31586.45)
Proceeds from Short Term Loan (Net)	<b>7877.78</b>	18014.09
Proceeds from Cash Credit/Overdraft (Net)	<b>5254.39</b>	0.00
Interest paid	<b>(3349.39)</b>	(4843.76)
Dividend paid (Including Tax on Dividend)	<b>(3185.76)</b>	(7018.05)
<b>Net cash (used ) in financing activities</b>	<b>(1766.74)</b>	(25434.17)
<b>D Capital receipts</b>	<b>0.00</b>	824.73
(Please refer to Note No. 3 in Notes to Accounts)		
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>(5681.86)</b>	(12790.83)
Cash and cash equivalents as at the beginning of the year	<b>7558.25</b>	20349.08
Cash and cash equivalents as at the end of the year	<b>1876.39</b>	7558.25

As per our report of even date attached

**For PATANKAR & ASSOCIATES**

Chartered Accountants

**V. K. JAIN**

Managing Director

**DR. S. RAMA IYER**

Director

**SHAILENDRA SWARUP**

Director

**M. Y. Kulkarni**

Partner

**DEEPAK ASHER**

Director

**B. V. DESAI**

Company Secretary

**S. P. JAIN**

Director

Place : Pune

Dated : 27th May, 2011

Place : Noida

Dated : 27th May, 2011

## Schedule Forming part of the Balance Sheet

	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 1 : CAPITAL</b>		
<b>Authorized</b>		
20,00,00,000 Equity Shares of Re 1 each	2000.00	2000.00
<b>Issued and Subscribed and Paid Up</b>		
10,98,50,000 Equity Shares of Re 1 each	1098.50	1098.50
- Out of above 5,77,15,310 shares are held by the Holding Co.- Inox Leasing & Finance Limited		
<b>Total</b>	<b>1098.50</b>	<b>1098.50</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
As per last Balance Sheet	11880.56	11055.83
Additions during the year (refer Note No. 3 )	0.00	824.73
	<b>11880.56</b>	11880.56
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	59.30	59.30
<b>General Reserve</b>		
As per last Balance Sheet	139500.00	110700.00
Add: Transfer from Profit and Loss Account	22000.00	28800.00
	<b>161500.00</b>	139500.00
<b>Profit and Loss Account</b>		
Balance as per Annexed Account	182.84	292.74
<b>Total</b>	<b>173622.70</b>	<b>151732.60</b>
<b>SCHEDULE 3 : SECURED LOANS</b>		
(for securities please refer Note No. 4 )		
<b>From Banks</b>		
- Cash Credit/Overdraft	5254.39	0.00
- Rupee Loans (amount payable within one year Rs. 4246.41 Lacs, Previous year Rs. 9556.24 Lacs)	5357.52	19551.86
- Foreign Currency Loans (amount payable within one year Rs. 11081.34 Lacs, Previous year Rs. 4001.25 Lacs)	30636.20	18596.12
<b>Total</b>	<b>41248.11</b>	<b>38147.98</b>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
<b>From Banks</b>		
<b>Short Term Loans</b>		
- Rupee Loans	11000.00	9642.44
- Foreign Currency Loans	6083.13	5997.02
<b>Total</b>	<b>17083.13</b>	<b>15639.46</b>

## Schedule Forming part of the Balance Sheet

**SCHEDULE 5 – FIXED ASSETS**
**Amount (Rs. in Lacs)**

Particulars	Gross Block			Depreciation/Amortization			Net Block	
	As at 1-Apr-10	Additions	Deductions	As at 31-Mar-11	For the year	Deductions	As at 31-Mar-11	As at 31-Mar-10
<b>(a) Tangible Assets</b>								
Land								
- Freehold Land	68.13	103.78		171.91			171.91	68.13
- Leasehold Land	1646.36	2642.89		4289.25	23.92		4163.35	1544.38
Buildings and Roads	12168.22	588.75		12756.97	372.27		11323.64	11107.16
Plant and Machinery	62023.60	20752.05	4.93	82770.72	3604.54	4.93	67419.95	50272.44
Wind Mills	41469.54	1561.99		43031.53	2256.93		36917.87	37612.81
Electrical Installations	4321.14	1137.36		5458.50	218.86		4437.12	3518.62
Manufacturing and other Equipments	1441.13	145.78	7.23	1579.68	95.93	2.05	1001.87	957.20
Furniture and Fixtures	594.12	105.95		700.07	38.69		496.38	429.12
Vehicles	409.99	25.23	29.37	405.85	36.12	23.26	251.57	268.57
<b>Total (a)</b>	<b>124142.23</b>	<b>27063.78</b>	<b>41.53</b>	<b>151164.48</b>	<b>6647.26</b>	<b>30.24</b>	<b>126183.66</b>	<b>105778.43</b>
<b>(b) Intangible Assets</b>								
Technical Know How	804.22			804.22	80.42		529.49	609.91
Software	189.97	12.82		202.79	31.31		82.47	100.96
<b>Total ( b )</b>	<b>994.19</b>	<b>12.82</b>		<b>1007.01</b>	<b>111.73</b>		<b>611.96</b>	<b>710.87</b>
<b>Grand Total ( a + b )</b>	<b>125136.42</b>	<b>27076.60</b>	<b>41.53</b>	<b>152171.49</b>	<b>6758.98</b>	<b>30.24</b>	<b>126795.62</b>	<b>106489.30</b>
Previous year	92676.40	32490.57	30.55	125136.42	5703.07	19.80		
<b>(c) Capital-work in-progress</b> (including capital advance)*							40130.84	13363.83
<b>Grand Total ( a + b + c )</b>							<b>166926.46</b>	<b>119853.13</b>

\* Capital Advances includes Rs.1853.06 paid to Subsidiary company ( Previous Year Rs. Nil)

## Schedule Forming part of the Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 6 : INVESTMENTS</b>					
(Long term, non-trade, at cost, unless otherwise stated)					
<b>A] UNQUOTED</b>					
<b>i) In Venture Capital Fund</b>					
Indiareit Fund Scheme III	100000	850.78	1,000	850.78	1,000.00
Kshitij Venture Capital Fund	940	2,50,000	2,50,000	2,350.00	2,500.00
	<b>(1000)</b>			<b>3,200.78</b>	<b>3,500.00</b>
<b>ii) In Fully Paid-up Equity Shares</b>					
<b>i) In subsidiary companies</b>					
Inox Infrastructure Private Limited (a company under the same management)	10	5,00,00,000	5,00,00,000	5,000.00	5,000.00
Inox Renewable Limited (a company under the same management)	10	49,400	0	4.94	0.00
Inox Motion Pictures Limited	10	30,00,000	30,00,000	300.00	300.00
Inox Wind Limited	10	2,99,99,400	2,99,99,400	2,999.94	2,999.94
Gujarat Fluorochemicals Americas LLC				564.71	204.84
				<b>8,869.59</b>	<b>8,504.78</b>
<b>ii) In Other companies</b>					
Humsay i Global Services Limited	10	0	23,92,500	0.00	239.25
Future Ventures India Limited	10	1,50,00,000	1,50,00,000	1,500.00	1,500.00
The Ratnakar Bank Limited	100	0	2,21,919	0.00	998.64
Xuancheng Hengyuan Chemical Technology Co. Ltd (a Joint Venture)				1,263.89	1,263.89
Kaleidoscope Entertainment Private Limited	1	5,62,500	5,62,500	60.75	60.75
				<b>2,824.64</b>	<b>4,062.53</b>
<b>iii) In Cummulative, Non-convertible, Redeemable Preference Shares (fully paid-up)</b>					
Humsay i Global Services Limited	64	0	16,38,210	0.00	1,048.45
				<b>0.00</b>	<b>1,048.45</b>
<b>iv) In Equity linked Debentures</b>					
<b>i) Citicorp Finance (India) Limited</b>					
Redeemable NCD Issue Series 173	1000000	0	150	0.00	1,500.00
Redeemable NCD Issue Series 184	1000000	0	100	0.00	1,000.00
Redeemable NCD Issue Series 200	1000000	0	100	0.00	1,000.00
<b>ii) Citifinancial Consumer Financial India Series 355</b>					
	100000	0	1,000	0.00	1,000.00
				<b>0.00</b>	<b>4,500.00</b>
<b>v) In Units of Mutual Funds</b>					
Birla Sunlife Income Plus-Growth	10	0	25,33,281	0.00	1,000.00
Birla Sunlife FMP Series.CQ-Growth	10	1,00,00,000	0	1,000.00	0.00
Birla Sunlife FMP Series CP Growth	10	1,00,00,000	0	1,000.00	0.00
Birla Sunlife Midcap Fund- Plan A-Dividend-Reinvestment	10	4,57,330	26,68,337	108.72	560.30
Birla Sunlife Short Term Fund-Inst.Pl.-Fnd	10	0	29,49,928	0.00	300.60
BNP Paribas FTF Series.21B-Growth	10	1,00,00,000	0	1,000.00	0.00
BNP Paribas FTF Series.21 E-Growth	10	1,00,00,000	0	1,000.00	0.00
Canara Robeco FMP - Series 6 - 13M (Plan A) - Growth	10	1,00,00,000	0	1,000.00	0.00
DSP Blackrock Small & Midcap Fund-Regular Plan-Dividend	10	39,09,152	35,79,300	544.74	500.00
DSP Blackrock Strategic Bond Fund-Institutional Plan-Daily Dividend	10	0	99,998	0.00	1,002.12
DSP Blackrock FMP-12 Month Series.14-Growth	10	1,00,00,000	0	1,000.00	0.00
DWS Fixed Term Fund-Series 68 - Growth	10	50,00,000	50,00,000	500.00	500.00
DWS Fixed Term Fund-Series 69 - Growth	10	50,00,000	50,00,000	500.00	500.00
FTF Series 16D - Growth	10	50,00,000	50,00,000	500.00	500.00
Fidelity FMP Series.5 Plan A-Growth	10	50,00,000	0	500.00	0.00
HDFC Top 200 Fund-Dividend	10	2,80,960	29,99,000	119.96	1,109.66
HDFC Income Fund - Growth	10	0	47,96,669	0.00	1,000.00

## Schedule Forming part of the Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 6 : INVESTMENTS (Contd...)</b>					
HDFC FMP 24 Months Feb 10-Series XII - Growth	10	50,00,000	50,00,000	500.00	500.00
ICICI Prudential Infrastructure Fund - Dividend	10	9,80,689	41,12,541	110.09	458.40
ICICI Prudential Discovery Fund-Dividend	10	29,71,809	26,24,672	567.61	500.00
ICICI Prudential FMP Series 51-15 Monthly Plan E - Cumulative	10	1,00,00,000	1,00,00,000	1,000.00	1,000.00
ICICI Prudential FMP Series 55-1 Year Plan B - Cumulative	10	1,00,00,000	0	1,000.00	0.00
ICICI Prudential Institutional Income Plan-Growth	10	0	1,01,06,645	0.00	3,000.00
ICICI Prudential FMP Series.55-1 Year.Plan.B-Growth	10	1,50,00,000	0	1,500.00	0.00
ICICI Prudential.FMP Series.55-1 Year.Plan.C-Growth	10	1,00,00,000	0	1,000.00	0.00
IDFC FMP Yearly Series.38-Growth	10	1,00,00,000	0	1,000.00	0.00
IDFC Super Saver Income Fund-Investment Plan B-Growth	10	0	48,53,003	0.00	500.00
IDFC Dynamic Bond Fund Plan B-Growth	10	0	97,48,489	0.00	1,000.00
IDFC FMP Yearly Series.37-Growth	10	1,00,00,000	0	1,000.00	0.00
JM Money Manager Fund Super Plus Plan-Daily Dividend	10	0	1,00,17,526	0.00	1,002.28
JPMORGAN India FMP 400 Days Series.1-Growth	10	1,00,00,000	0	1,000.00	0.00
Kotak Flexi Debt Scheme Institutional-Daily Dividend	10	0	1,99,53,904	0.00	2,004.87
Kotak FMP 13 Months Series 6 - Growth	10	50,00,000	50,00,000	500.00	500.00
Kotak FMP 24 Months Series 1-Growth	10	50,00,000	50,00,000	500.00	500.00
Kotak FMP Series 37 - Growth	10	50,00,000	0	500.00	0.00
Kotak FMP Series 35 - Growth	10	1,00,00,000	0	1,000.00	0.00
Kotak FMP Series 34 - Growth	10	1,00,00,000	0	1,000.00	0.00
Kotak Bond-Regular-Growth	10	0	98,19,155	0.00	2,500.00
Liquid Benchmark Daily Dividend (Current Investment)	10	782	0	7.82	0.00
L&T FMP-III(JAN 369 Days)-Growth	10	1,00,00,000	0	1,000.00	0.00
Reliance Diversified Power Sector Fund- Retail Dividend Plan	10	1,44,797	27,43,596	67.20	1,065.11
Reliance Equity Opportunities Fund Retail Plan-Dividend Plan	10	25,81,455	23,62,960	547.26	500.00
Reliance Banking Fund-Institutional Plan-Dividend Plan	10	0	8,81,305	0.00	517.07
Reliance Income Fund -Retail Plan-Growth Option	10	0	1,00,78,647	0.00	3,000.00
Reliance Regular Savings Fund - Equity Plan- Dividend Plan	10	0	27,19,815	0.00	500.00
SBI- Magnum Global Fund- Dividend	10	17,68,991	17,68,991	500.00	500.00
SBI- Magnum Sector Funds Umbrella Contra-Dividend	10	3,65,187	24,23,799	84.83	503.90
Sundaram FMP AX 366 Days Growth	10	50,00,000	0	500.00	0.00
SBNPP Ultra ST Fund Super Institutional Daily Dividend	10	0	1,49,81,046	0.00	1,503.65
Sundaram Select Midcap - Dividend	10	13,71,196	78,22,621	230.80	1,268.05
Templton India Ultra short Bond Fund Super Institutional Plan-Daily Dividend	10	0	1,20,06,381	0.00	1,202.25
Tata Floater Fund-Daily Dividend	10	0	1,29,74,681	0.00	1,302.09
TATA FMP Series.31 Scheme A-Growth	10	1,00,00,000	0	1,000.00	0.00
Templeton India Equity Income Fund-Dividend Reinvestment	10	2,56,370	48,97,997	36.00	563.56
UTI Treasury Advantage Fund-Institutional Plan-Daily Dividend	10	0	2,20,934	0.00	2,209.81
				<b>24,925.03</b>	<b>35,073.71</b>
<b>Total Unquoted Investments</b>				<b>39,820.04</b>	56,689.47
Less: Provision for diminution in value of Investment				<b>60.75</b>	1,286.81
<b>Net Unquoted Investments</b>				<b>39,759.29</b>	55,402.66
<b>B] QUOTED</b>					
<b>i) In Fully Paid-up Equity Shares</b>					
<b>i) In subsidiary company</b>					
Inox Leisure Limited (a company under the same management)	10	4,06,15,092	4,06,15,092	4,620.44	4,620.44
				<b>4,620.44</b>	4,620.44
<b>ii) In Other companies</b>					
Advanta India Limited	10	48,590	48,590	598.39	598.39
Borosil Glass Works Limited	10	0	63,512	0.00	366.48
Bhilwara Technical Textile Limited (Received pursuant to a scheme of arrangement)	1	0	3,01,138	0.00	0.00

## Schedule Forming part of the Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 6 : INVESTMENTS (Contd...)</b>					
Dalmia Bharat Sugar And Industries Limited	2	1,91,881	1,91,881	155.15	492.54
Deepak Fertilisers & Petrochemicals Corporation Limited	10	0	6,00,531	0.00	996.90
TCS E-Serve Ltd.	10	200	200	1.93	1.93
ElH Limited	2	4,39,950	4,39,950	963.28	963.28
Garware Wall Ropes Limited	10	4,41,308	4,41,308	729.88	729.88
Gujarat NRE Coke Limited	10	0	1,66,000	0.00	165.14
Housing Development & Infrastructure Limited	10	1,56,556	1,56,556	1,176.01	1,176.01
HEG Limited	10	1,16,000	1,16,000	500.91	500.91
K S Oil Limited	1	6,21,081	6,21,081	552.01	552.01
Kesoram Textile Mills Limited (Received pursuant to a scheme of arrangement)	10	1,31,893	1,31,893	0.00	0.00
Mount Everest Mineral Water Limited	10	23,35,592	23,35,592	2,613.06	2,613.06
OCL India Limited	2	1,12,950	1,52,950	150.05	203.19
Praj Industries Limited	2	9,93,630	9,93,630	2,461.04	2,461.04
Prime Focus Limited	1	7,72,560	7,72,560	989.21	989.21
Reliance Communication Limited	5	56,981	56,981	362.76	362.76
RSWM Limited	10	0	3,47,695	0.00	431.30
Shree Global Tradefin Limited	5	6,51,093	6,51,093	1,601.57	1,601.57
Taneja Aerospace & Aviation Limited	5	3,65,559	3,65,559	738.06	738.06
Tantia Construction Limited	10	2,24,774	3,20,585	332.94	461.03
Bajaj Finance Limited	10	640	0	4.79	0.00
Central Bank of India	10	2,007	0	4.40	0.00
City Union Bank Limited	1	9,013	0	4.27	0.00
Dewan Housing Finance Corporation.Limited	10	1,542	0	4.82	0.00
Edelweiss Capital Services Limited	1	10,144	0	5.85	0.00
Emkay Global Finance Services Limited	10	1,976	0	2.10	0.00
GIC Housing Finance Limited	10	3,017	0	3.99	0.00
India Infoline Limited	2	4,294	0	4.92	0.00
Indian Bank	10	1,835	0	4.71	0.00
Mahindra & Mahindra Financial Services Limited	10	573	0	4.55	0.00
Motilal Oswal Financial Services Limited	1	2,075	0	3.82	0.00
Phoneix Mills Limited	2	1,946	0	4.10	0.00
Sobha Developers Limited	10	1,530	0	5.12	0.00
Geojit Financial Services Limited	1	7,787	0	2.97	0.00
Federal Bank Limited	10	924	0	3.96	0.00
LIC Housing Finance Limited	2	1,835	0	4.93	0.00
Shriram City Union Finance Limited	10	144	0	0.99	0.00
Sundaram Finance Limited	10	453	0	2.98	0.00
Cholamandalam Investment & Finance Limited	10	1,048	0	1.93	0.00
Manappuram General Finance & Leasing Limited	2	2,535	0	3.68	0.00
YES Bank Limited	10	1,789	0	5.02	0.00
Shriram Transport Finance Company Limited	10	309	0	2.23	0.00
				<b>14,012.38</b>	16,404.69
<b>Total Equity shares</b>				<b>18,632.82</b>	21,025.13
<b>Total Quoted Investments</b>				<b>18,632.82</b>	21,025.13
Less: Provision for diminution in value of Investment				<b>1,307.64</b>	1,560.74
<b>Net Quoted Investments</b>				<b>17,325.18</b>	19,464.39
<b>Total Investments</b>				<b>57,084.46</b>	74,867.04
<b>Market value of quoted investments</b>				<b>23,683.18</b>	34,738.15



## Schedule Forming part of the Balance Sheet

**SCHEDULE 6 : INVESTMENTS (Contd.)**
**Details of purchase & redemption of mutual fund units**

	Face Value	Purchased & Sold during the year Nos.	Amount (Rs. in Lacs)
1 Baroda Pioneer Treasury Advantage Fund- Regular Plan - Growth Option	10	469594	50.00
2 Birla Sun Life Cash Manager (Institutional Growth)	10	10906691	1721.30
3 Birla Sun Life Cash Plus-Institutional Premium Plan (Growth)	10	3990733	1002.25
4 Birla Sun Life Income Plus (Growth)	10	4686319	2000.00
5 Birla Sun Life Savings Fund-Institutional Plan- Daily Dividend	10	20056002	2006.96
6 Birla Sun Life Ultra Short Term Fund- Institutional Plan (Fortnightly Dividend)	10	345342	35.39
7 Birla Sun Life Ultra Short Term Fund Institutional Plan (Growth)	10	9047072	1000.00
8 Canara Robeco Income-Growth option	10	15086306	3000.00
9 DSP BlackRock Floating Rate Fund - Institutional Plan-Growth	10	37399	500.00
10 DSP BlackRock Liquidity Fund- Institutional Plan-Growth	10	86990	1200.00
11 DSP BlackRock Money Manager Fund - Institutional Plan - Growth	10	113937	1500.00
12 DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend	10	189	1.89
13 DWS Premier Bond Fund Inst Plan - Growth	10	4605960	500.00
14 DWS Ultra Short Term Fund- Inst Plan - Growth	10	4573812	500.00
15 Fortis Overnight Fund-Institutional Plan-Growth Option	10	3458149	500.00
16 HDFC Cash Management Fund - Savings Plan-Growth Option	10	3967526	800.00
17 HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	10	14999173	1504.64
18 HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Growth Option	10	18400006	3797.58
19 HDFC High Interest Fund-Growth Option	10	3197186	1000.00
20 HDFC Income Fund-Growth	10	6775557	1500.00
21 HSBC Income Fund - Investment - Inst. - Growth	10	5000000	500.00
22 HSBC Ultra Short Term Bond Fund - Inst. Plus - Growth	10	3878856	500.00
23 ICICI Prudential Flexible Income Plan Premium-Growth	10	2937165	5131.47
24 ICICI Prudential Income Plan-Institutional Option-Growth	10	1576834	500.00
25 ICICI Prudential Institutional Income Plan Growth	10	6307338	2000.00
26 IDFC Cash Fund - Super Insti. Plan C - Growth	10	8493723	1000.00
27 IDFC - Money Manager Treasury Plan - Super Insti. Plan C - Growth	10	14127126	1580.87
28 ING Liquid Fund-Institutional Growth Option	10	6675701	1000.00
29 JM High Liquidity Fund— Institutional Plan - Growth	10	6441696	1000.00
30 JM Money Manager Fund - Super Plus Plan - Dividend option - Daily dividend	10	64666	6.47
31 Kotak Bond-Regular-Growth	10	7430055	2000.00
32 Kotak Flexi Debt - Institutional Plan Daily Dividend	10	45560	4.58
33 Kotak Flexi Debt - Institutional Plan Growth	10	31387934	3636.82
34 Kotak Liquid-Institutional Premium Plan - (Growth)	10	5094036	1000.00
35 LIC MF Bond Fund-Growth	10	1914572	500.00

## Schedule Forming part of the Balance Sheet

**SCHEDULE 6 : INVESTMENTS (Contd.)**

	Face Value	Purchased & Sold during the year Nos.	Amount (Rs. in Lacs)
36 Liquid Benchmark Daily Dividend	10	1015	10.15
37 Pramerica Ultra Short Term Bond Fund - Growth Option	1000	49818	500.00
38 Principal Income Fund- Long Term Plan - Growth Option	10	3161416	500.00
39 Reliance Income Fund-Retail Plan - Growth Plan Growth Option	10	6363408	2000.00
40 Reliance Money Manager Fund-Institutional Plan Growth Option	10	479403	6166.65
41 Religare Liquid Fund - Institutional - Growth	10	16938367	2200.00
42 Religare Short Term Plan - Institutional - Growth	10	3936667	500.00
43 SBI Magnum Income Fund-Growth	10	2222538	500.00
44 SBI Magnum Insta Cash Fund - Cash Option	10	2907335	609.03
45 SBI-Magnum Insta Cash Fund - Daily Dividend Option	10	5983048	1002.18
46 Sundaram Money Fund-Institutional Plan-Growth Option	10	5041771	1000.00
47 Sundaram Ultra Short Term Inst Growth	10	10647121	1355.62
48 Sundaram BNP Paribas Ultra Short Term Super Inst Daily Dividend	10	34137	3.43
49 Tata Floater Fund Daily Dividend	10	39310	3.95
50 Templeton India Income Builder Account Plan A-Growth	10	1630183	500.00
51 Templeton India Treasury Management Account-Super Institutional Plan - Growth	10	105405	1476.78
52 Templeton India Ultra-short Bond Fund - Super Institutional - Dividend	10	55828	5.58
53 UTI - Treasury Advantage Fund - Institutional-Daily Dividend	10	433	4.33
54 UTI-Bond Fund - Growth Plan-Regular	10	3745487	1000.00
<b>TOTAL OF MUTUAL FUNDS</b>			<b>63817.93</b>
<b>Details of purchase &amp; sales of equity shares</b>			
1 Aditya Birla Chemicals (India) Ltd	10	1271	1.52
2 Ahmednagar Forgings Ltd	10	2105	2.56
3 Aro Granite Industries Ltd	10	15014	8.94
4 Bajaj Holding & Investment Ltd	10	335	2.77
5 Balaji Telefilms Ltd	2	4949	2.42
6 Balkrishna Industries Ltd	2	12029	16.59
7 Cheviot Company Ltd	10	3812	13.67
8 Greenply Industries Ltd	5	9171	18.31
9 Jetking Infotrain Ltd	10	700	1.05
10 Piramal Healthcare Ltd	2	1560	7.65
11 Sintex Industries Ltd	1	100	0.31
12 TV Today Network Ltd	5	1470	1.33
13 Zen Technologies Ltd	10	4231	9.16
<b>TOTAL OF EQUITY SHARES</b>			<b>86.27</b>

## Schedule Forming part of the Balance Sheet

**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES**
**A CURRENT ASSETS**
**1 Inventories**

(for basis of valuation, please refer to the accounting policies)

Stores and Spares

Packing Materials

Finished Goods

- Manufactured Goods

- Traded Goods

By-products

Material-in-process

Raw Materials

Carbon credits

**2 Sundry Debtors (Unsecured)**
**Considered good**

Exceeding 6 months

Others

 (includes amount due from subsidiary companies  
Rs. 884.93 Lacs (previous year Rs. 20.44 Lacs))

**Considered Doubtful**

Exceeding 6 months

Others

Less: Provision for Doubtful Debts

**3 Cash and Bank Balances**

Cash on Hand

Bank Balances with Scheduled Banks

(a) in Current Accounts

(b) in Cash Credit Accounts

(c) Fixed Deposits

**4 Other Current Assets**

Interest accrued

**B LOANS AND ADVANCES**
**(Unsecured, considered good, unless otherwise stated)**
**1 Advances recoverable in cash or in kind  
or for value to be received**

 ((includes amount due from subsidiary companies  
Rs. 23.54 Lacs (previous year Rs.14.54 Lacs))

**2 Deposits**

	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>A CURRENT ASSETS</b>		
<b>1 Inventories</b>		
(for basis of valuation, please refer to the accounting policies)		
Stores and Spares	3595.76	3153.39
Packing Materials	227.97	278.98
Finished Goods		
- Manufactured Goods	3880.78	6892.32
- Traded Goods	0.00	4.46
	<b>3880.78</b>	<b>6896.78</b>
By-products	10.93	1.79
Material-in-process	434.71	1720.43
Raw Materials	9377.31	6516.21
Carbon credits	523.84	218.91
	<b>18051.30</b>	<b>18786.49</b>
<b>2 Sundry Debtors (Unsecured)</b>		
<b>Considered good</b>		
Exceeding 6 months	646.52	519.95
Others	16912.54	8756.34
(includes amount due from subsidiary companies Rs. 884.93 Lacs (previous year Rs. 20.44 Lacs))	<b>17559.06</b>	<b>9276.29</b>
<b>Considered Doubtful</b>		
Exceeding 6 months	11.15	11.15
Others	0.00	0.00
	<b>11.15</b>	<b>11.15</b>
	<b>17570.21</b>	<b>9287.44</b>
Less: Provision for Doubtful Debts	<b>(11.15)</b>	<b>(11.15)</b>
	<b>17559.06</b>	<b>9276.29</b>
<b>3 Cash and Bank Balances</b>		
Cash on Hand	2.25	5.00
Bank Balances with Scheduled Banks		
(a) in Current Accounts	1355.05	2236.31
(b) in Cash Credit Accounts	218.46	1301.30
(c) Fixed Deposits	300.63	4015.64
	<b>1876.39</b>	<b>7558.25</b>
<b>4 Other Current Assets</b>		
Interest accrued	728.01	296.07
<b>B LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
<b>1 Advances recoverable in cash or in kind or for value to be received</b>	<b>1190.56</b>	<b>831.87</b>
((includes amount due from subsidiary companies Rs. 23.54 Lacs (previous year Rs.14.54 Lacs))		
<b>2 Deposits</b>	<b>570.39</b>	<b>424.42</b>

## Schedule Forming part of the Balance Sheet

	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES (Contd...)</b>		
3 Inter-corporate Deposits		
Considered Good		
- to subsidiary companies	20525.00	17125.00
- to others	1316.22	1434.03
	21841.22	18559.03
Considered Doubtful	99.00	99.00
	21940.22	18658.03
Less: Provision for Doubtful Inter-corporate deposits	99.00	99.00
	21841.22	18559.03
4 Share Application Money- to subsidiary company	300.00	0.00
5 Balances in Excise , Service Tax and VAT Accounts	2545.39	2294.34
6 Income tax paid (Net of provisions)	1105.93	395.20
7 MAT Credit Entitlement	2590.15	810.00
	30143.64	23314.86
<b>Total</b>	68358.40	59231.96
<b>SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A CURRENT LIABILITIES</b>		
1 Sundry Creditors		
- dues to Micro and Small Enterprises	7.57	8.32
- others	15252.55	12715.23
(includes amount due to subsidiary companies Rs. 21.33 Lacs (previous year Rs. 864.41))	15260.12	12723.55
2 Trade Deposits	593.85	534.78
3 Investor Education and Protection Fund shall be credited by the following amounts namely:		
- Unclaimed dividends (refer Note No. 6 )	174.04	157.43
4 Advances from Customers	24747.57	20617.68
5 Other Liabilities	948.30	850.93
6 Interest accrued but not due	270.77	165.52
	41994.65	35049.89
<b>B PROVISIONS</b>		
1 For Fringe Benefit Tax (Net of Payment)	4.50	7.50
2 Proposed Dividend	2746.25	1647.75
3 Tax on Proposed Dividend	445.51	273.67
4 For Gratuity and Leave Encashment	761.29	581.18
	3957.55	2510.10
<b>Total</b>	45952.20	37559.99

## Schedule Forming part of the Profit and Loss Account

**SCHEDULE 9 : OTHER INCOME**
**Interest**

- On inter corporate deposits - from subsidiary companies  
(tax deducted at source of Rs. 134.13 lacs,  
previous year Rs. 29.65 lacs) **1341.31**
- On inter corporate deposits- from others  
(tax deducted at source of Rs. 9.22 lacs,  
previous year Rs. 28.56 lacs) **92.11**
- From banks  
(tax deducted at source of Rs. 12.56 lacs,  
previous year Rs. 102.52 lacs) **122.99**
- On Income-tax refunds **0.00**
- Others  
(tax deducted at source of Rs. 1.18 lacs previous year Rs 5.04 lacs) **16.11**

**1572.52**
**1806.19**
**Dividend-**

- on current investments **55.78**
- on long term investments **428.76**

**484.54**
**1060.61**
**4303.73**
**27.67**

 Profit on sale of Long Term investments (Net)  
(Net of provision for diminution made in earlier years)

 Liabilities written back no longer required **112.54**
**535.11**

 Provision for doubtful advance written back **0.00**
**45.51**

 Foreign Exchange Fluctuation Gain (Net) **2526.04**
**2498.60**

 Lease Rent **773.28**
**738.17**

 Miscellaneous income **604.25**
**351.92**
**Total**
**10376.90**
**7063.78**
**SCHEDULE 10 : (INCREASE) / DECREASE IN STOCKS**
**Opening Stock**

- Finished Goods **6896.79**
- Material-in-process **1720.43**
- By-products **1.79**
- Carbon Credits **218.91**

**8837.92**
**7918.29**
**Less : Closing Stock**

- Finished Goods **3880.78**
- Material-in-process **434.71**
- By-products **10.93**
- Carbon Credits **523.84**

**4850.26**
**8837.92**
**(21.51)**
**9.46**

Excise Duty on Stock of Finished Goods (Net)

**( Increase) / Decrease In Stock**
**3966.15**
**(910.16)**
**SCHEDULE 11 : MATERIAL CONSUMED AND PURCHASE OF FINISHED GOODS**

- Raw Materials consumed **17703.11**
- Packing Materials consumed **3513.05**
- Purchase of Finished Goods **514.03**

**14405.03**
**3927.12**
**148.33**
**Total**
**21730.19**
**18480.48**

## Schedule Forming part of the Profit and Loss Account

	2010-2011 Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>SCHEDULE 12: MANUFACTURING AND OTHER EXPENSES</b>		
Stores and Spare parts Consumed	2422.57	1953.19
Power and Fuel	17382.56	17471.80
Freight and Octroi	2517.30	1439.38
Insurance	384.68	394.64
Excise Duty, Custom Duty and Sales Tax	103.03	68.22
Production Labour Charges	366.89	251.79
Processing Charges	77.92	46.42
Factory Expenses	359.02	290.96
Repairs to		
- Buildings	65.91	203.26
- Machinery	2106.40	1709.99
- Others	290.56	106.27
	<b>2462.87</b>	2019.52
Directors' Sitting Fees	3.35	1.55
Commission to Chairman	326.85	440.34
Rent	192.27	148.63
Rates and Taxes	293.93	77.35
Travelling and Conveyance	779.03	688.43
Communication expenses	140.43	155.69
Legal and Professional Fees and Expenses	1666.05	2227.53
Lease Rentals and Hire Charges	192.45	333.13
Discount	249.28	276.14
Loss on assets sold/scrapped (Net)	4.66	0.58
Bank Charges	114.79	110.98
Provision for doubtful debts	0.00	11.15
Bad debts and Remissions	0.00	0.47
Expenditure on Sustainable Development Plan	88.24	106.92
Commission	330.72	227.87
Royalty	391.70	31.63
Purchase of Carbon Credits	3665.41	0.00
Miscellaneous Expenses	1497.54	1825.20
<b>Total</b>	<b>36013.54</b>	<b>30599.51</b>
<b>SCHEDULE 13: SALARIES AND BENEFITS</b>		
Salaries, Wages, Allowances and Benefits	5255.27	4904.28
Contribution to Provident and other Funds	201.84	162.22
Gratuity	98.50	79.28
Staff Welfare Expenses	158.89	110.69
<b>Total</b>	<b>5714.50</b>	<b>5256.47</b>
<b>SCHEDULE 14 : INTEREST</b>		
Interest on fixed loans (Net of interest capitalised Rs.167.63 Lacs, previous year Rs. 103.00 Lacs)	3317.28	4645.67
Other Interest	137.36	157.66
<b>Total</b>	<b>3454.64</b>	<b>4803.33</b>

**SCHEDULE 15: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**b) FIXED ASSETS**

Freehold land is carried at cost. Leasehold land is carried at cost, comprising of lease premium and expenses on acquisition thereof, as reduced by accumulated amortisation. Other Fixed Assets are carried at cost less accumulated depreciation. Cost comprises of purchase price / cost of construction, including any expenses attributable to bring the asset to its working condition for its intended use, and is net of CENVAT & VAT Credit.

**c) DEPRECIATION & AMORTIZATION**

- i) On tangible fixed assets: Cost of Leasehold land is amortised over the period of the lease. Depreciation on other Fixed Assets, excluding Freehold land, is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Fixed Assets costing Rs. 5,000 or less are fully depreciated in the year of acquisition. Based on technical opinion Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.
- ii) On intangible fixed assets: Cost of Technical Know-how is amortized equally over a period of ten years and cost of Software is amortized @ 16.21% p.a. on straight line method.

**d) IMPAIRMENT OF ASSETS**

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets and impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

**e) INVESTMENTS**

Long Term Investments are carried at cost. Provision for diminution is made to recognise the decline, other than temporary, in the values of these investments. Current Investments are carried at lower of cost and fair value. Income from investments is accounted for on accrual basis except that no income is recognised in respect of doubtful investments.

**f) INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Cost is determined using Weighted Average Method and is inclusive of appropriate overheads. Closing stock of finished goods and imported materials include excise duty and customs duty payable thereon, wherever applicable. Obsolete, defective and unserviceable stocks are duly provided for.

**g) REVENUE RECOGNITION**

The Company recognises sales when the significant risks and rewards of ownership of the goods have passed to the customers, which is generally at the point of dispatch of goods. Gross sales includes excise duty but are exclusive of sales tax. Revenue from Carbon Credits is recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer and is net of payment towards cancellation of contracts. Income on sale of electricity generated is recognised on the basis of actual units generated and transmitted to the purchaser and is net of unscheduled interchange charges paid. Interest income is recognised on accrual basis, except in cases where interest is doubtful of recovery.

**h) EMPLOYEE BENEFITS**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which the related service is rendered. Company's contributions towards provident and pension funds viz. Defined Contribution Plan paid/payable during the year are charged to the Profit and Loss Account. Retirement benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Profit and Loss Account at the present value of the amounts payable determined on the basis of actuarial valuation techniques, using the projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss Account.

**i) BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset. Other borrowing costs are charged to Profit and Loss Account.

**j) TAXES ON INCOME**

Income tax expense comprises of current tax & deferred tax charge. Deferred tax is recognised on timing differences, subject to consideration of prudence, being the differences between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income-tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period prescribed for utilization of such credit.

**k) CENVAT and VAT CREDIT**

Excise duty, Service tax and VAT on inputs and services are carried forward in current assets and is included in "Balance in Excise, Service Tax and VAT Accounts" till it is utilized. Consequently such inputs and services are accounted for exclusive of excise duty, service tax and VAT credits.

**l) FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or Losses on settlement of the transactions are recognised in the Profit and Loss Account. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognised in the Profit and Loss Account. In respect of forward exchange contracts entered, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of such contract. Currency and interest rate swaps are accounted in accordance with their contract. All other derivatives, which are not covered by AS 11, are measured using the mark-to-market principles and the net loss after considering the offsetting effect on the underlying hedge items is charged to the Profit and Loss account. Net gains on the marked to market basis are not recognised.

**m) PROVISIONS**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

2. Figures of the previous year have been regrouped or rearranged, wherever necessary, to make them comparable with those of the current year.
3. The company has been advised that the compensation received for phased reduction and cessation of CFC production and dismantling of plant, unless otherwise used, as stipulated, is a capital receipt and hence, the said amount is credited to capital reserve.
4. Foreign Currency Term Loan from ICICI Bank Limited is secured by equitable mortgage of land and hypothecation of all movable property of the Company for wind mills situated at Gude Panchgani, District Sangli, Maharashtra. Further, the lender also has a charge/lien over the escrow account, where the collections of sales of electricity are to be deposited. Foreign Currency Term Loan from BNP Paribas Limited is secured by hypothecation of all movable property of the Company's 18 MW coal based captive power plant situated at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, Gujarat.  
Foreign Currency Term Loan from Citibank NA is secured by first pari passu charge over Company's fixed assets situated at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat (Security is yet to be created).  
Foreign Currency Term Loan from DBS Bank Limited is secured by first pari passu charge over moveable and immoveable fixed assets of the Company at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch (Security is yet to be created).  
Rupee Term Loan from United Bank of India, UCO Bank and Oriental Bank of Commerce are secured by joint equitable mortgage of lease hold land and building and hypothecation of all movable fixed assets of the Company situated at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, Gujarat, excluding assets related to Company's 18 MW coal based captive power plant situated at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, on first pari passu basis and by way of second pari passu charge over fixed assets situated at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat.  
Working Capital Loan from Canara Bank is secured by equitable mortgage of land and hypothecation of stocks and book debts of the Company's refrigerant plant located at Ranjitnagar, Survey No 16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat.



Working Capital Loans from HDFC Bank Limited and Royal Bank of Scotland are secured by first pari passu charge over stock and book debts of the Company's Dahej Plant situated at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, Gujarat.

5. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and the provisions for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.
6. In respect of unclaimed dividends, the actual amount to be transferred to the Investor Education and Protection Fund shall be determined on the due date.
7. **Particulars of Capacity & Production :**

Sr. No.	Products	UOM	Quantity 2010-2011	Quantity 2009-2010
I	<b>Refrigerant Gases</b>			
	- installed capacity	MT	<b>25000</b>	25000
	- production	MT	<b>24643</b>	24387
II	<b>Anhydrous Hydrochloric Acid</b>			
	- installed capacity	MT	<b>5000</b>	5000
	- production	MT	<b>745</b>	828
III	<b>Power</b>			
	- installed capacity	MW	<b>128.60</b>	90.20
	- production	Units	<b>248839144</b>	183313625
IV	<b>Caustic Soda</b>			
	- installed capacity	MT	<b>117000</b>	54000
	- production	MT	<b>62428</b>	53329
V	<b>Chloromethanes</b> (Methylene Chloride, Chloroform and Carbon Tetrachloride)			
	- installed capacity	MT	<b>41250</b>	41250
	- production	MT	<b>50570</b>	43667
VI	<b>Poly Tetrafluoroethylene (PTFE)</b>			
	- installed capacity	MT	<b>5500</b>	5500
	- production	MT	<b>5843</b>	2169
VII	<b>Post Treated Poly Tetrafluoroethylene (PT PTFE)</b>			
	- installed capacity	MT	<b>6300</b>	3750
	- production	MT	<b>5290</b>	1215

- i. Above information is furnished in respect of the products of the Company which are primarily meant for sale.
- ii. Vide notification No SO 477(E) dated 25th July, 1991, issued by the Ministry of Industry, the Company's products are exempted from licensing provisions under the Industries (Development and Regulation) Act, 1951.
- iii. Installed capacities are as certified by the management on which the Auditor's have relied, being a technical matter.
- iv. Production is net of filling and other losses.
- v. In terms of Notification no. S.O.301 (E) dated 8<sup>th</sup> February, 2011 by Ministry of Corporate Affairs, Government of India, exempting certain classes of companies from certain disclosure requirement under Part-II of Schedule VI of the Companies Act, 1956, the Company being export oriented company (export is more than 20% of the turnover) is exempted from the disclosure requirements under paragraph 3(i)(a), 3(ii)(a), 3(ii)(b), 3(ii)(d) of Part-II of Schedule VI of the Companies Act, 1956 and hence, disclosure relating to turnover, consumption, opening stock, closing stock and purchases in respect of goods manufactured/traded are not made by the Company.

**8 Imported and indigenous raw material consumed**

 Imported  
 Indigenous  
 Total

Percentage	
2010-2011	2009-2010
<b>75.95</b>	74.69
<b>24.05</b>	25.31
<b>100.00</b>	100.00

Value (Rs. in Lacs)	
2010-2011	2009-2010
<b>13445.52</b>	10758.77
<b>4257.59</b>	3646.26
<b>17703.11</b>	14405.03

**9 Imported and indigenous stores and spares consumed**

 Imported  
 Indigenous  
 Total

Percentage	
2010-2011	2009-2010
<b>15.47</b>	22.53
<b>84.53</b>	77.47
<b>100.00</b>	100.00

Value (Rs. in Lacs)	
2010-2011	2009-2010
<b>374.79</b>	440.00
<b>2047.78</b>	1513.19
<b>2422.57</b>	1953.19

**10 Managerial Remuneration**

 Salary and allowances  
 Commission to Chairman and Managing Director  
 Perquisites  
 Contribution to Provident Fund  
 Total

**Amount (Rs. in Lacs)**

2010-2011	2009-2010
<b>99.85</b>	88.06
<b>1634.24</b>	2201.71
<b>31.57</b>	30.23
<b>6.89</b>	6.22
<b>1772.55</b>	2326.22

**Computation of Net Profit for Commission to Chairman and Managing Director**

 Profit as per Profit & Loss Account  
 Add: Directors' Sitting Fees  
 Managing Director's and Whole Time Directors Remuneration & Commission to Chairman  
 Provision for doubtful debts/advances  
 Provision for Diminution in value of Investments (Net)  
 Wealth Tax (Net)  
 Taxation (Net)  
 Sub-total  
 Less: Provision for doubtful debts/advances written back/adjusted  
 Profit on Sale of Investments (Net)  
 Sub-total  
 Net Profit for Managing Director's Commission  
 Commission payable to Chairman for the year @ 1%  
 Commission payable to Managing Director for the year @ 4%  
 Total Commission payable for the year @ 5%

<b>26362.81</b>	33415.35
<b>3.35</b>	1.55
<b>1772.55</b>	2326.22
<b>0.00</b>	11.15
<b>60.75</b>	1559.84
<b>3.00</b>	3.00
<b>8786.15</b>	6790.39
<b>10625.80</b>	10692.14
<b>0.00</b>	45.51
<b>4303.73</b>	27.67
<b>4303.73</b>	73.18
<b>32684.88</b>	44034.21
<b>326.85</b>	440.34
<b>1307.39</b>	1761.37
<b>1634.24</b>	2201.71

**11. Particulars of Payments to Auditors**
**Particulars**  
 Audit Fees  
 Tax Audit Fees  
 Fees for taxation matters  
 Limited Review, Corporate Governance, Consolidated Accounts  
 Certification & Other Matters  
 Out of pocket expenses  
 Service Tax  
**Total**
**Amount (Rs. in Lacs)**

2010-2011	2009-2010
<b>8.00</b>	6.00
<b>4.00</b>	3.00
<b>2.50</b>	5.90
<b>7.00</b>	3.35
<b>4.75</b>	0.25
<b>0.13</b>	0.44
<b>2.72</b>	1.95
<b>29.10</b>	20.89

**12. Contingent liabilities not provided for in respect of :-**
**Particulars**

Sales Tax  
Income Tax  
Service Tax  
Bills discounted  
Bank Guarantees  
Electricity Duty

Claims in respect of labour matters

Note:

Amount of Rs. 149.38 Lacs (previous year Rs. 36.94 Lacs) has been paid in respect of above Sales Tax, Income Tax, Service Tax and Electricity duty demands and not charged to the Profit and Loss Account.

**Amount (Rs. in Lacs)**

2010-2011	2009-2010
7.12	7.12
3191.25	107.27
268.93	48.55
0.00	68.08
1478.18	872.03
1317.30	0.00

**Amount is not ascertainable**

- 13.** Power and Fuel expenses of previous year include Rs. 2886 Lacs on account of price difference paid pursuant to out of court settlement with Gujarat Gas Company Limited, for gas supplied, from April, 2008 till December, 2008.
- 14.** Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances – Rs. 3146.76 Lacs (previous year Rs. 10067.58 Lacs)

**15. CIF value of imports of :-**
**Particulars**

Raw materials  
Stores and spares  
Capital goods ( Including capital work in progress)  
  
Total

**Amount (Rs. in Lacs)**

2010-2011	2009-2010
14494.35	10221.53
785.40	492.13
11094.53	1205.59
26374.28	11919.25

**16. Expenditure in foreign currency :  
(Including Amount Capitalized)**
**Particulars**

Royalty  
Professional and Consultation fees  
Know How  
Interest  
Others-Lease Rent, Sales Commission, Travelling, Carbon Credits, Coal etc.  
  
Total

**Amount (Rs in Lacs)**

2010-2011	2009-2010
383.77	28.44
997.85	496.16
885.95	0.00
827.32	1153.48
9093.43	1721.33
12188.32	3399.41

**17. Earning in foreign exchange :**
**Particulars**

FOB value of exports  
Other recoveries on exports  
  
Total

**Amount (Rs. in Lacs)**

2010-2011	2009-2010
60516.24	65342.03
403.43	394.82
60919.67	65736.85

**18 Major components of the net deferred tax liability :**
**(A) Deferred Tax Liabilities**

(i) Depreciation

Total

**(B) Deferred Tax Assets**

(i) Retirement benefits

(ii) Others

Total

**Net Deferred Tax Liability (A-B)**
**Amount (Rs. in Lacs)**

2010-2011	2009-2010
<b>13654.72</b>	9999.70
<b>13654.72</b>	9999.70
<b>252.88</b>	193.05
<b>37.16</b>	33.05
<b>290.04</b>	226.10
<b>13364.68</b>	9773.60

**19 Calculation of Earnings Per Share (EPS)**
**Particulars**

- Amount used as the numerator - Profit after taxation (Rs. in Lacs)
- Equity shares outstanding at the beginning & end of the year – (Nos.)
- Nominal value of each share – (Re)
- Basic and Diluted Earnings per share (Rs.)

2010-2011	2009-2010
<b>26362.81</b>	33415.35
<b>109850000</b>	109850000
<b>1</b>	1
<b>24.00</b>	30.42

**20. Segment Information**
**(A) Information about Primary (Business) Segment:**

Description

**Amount (Rs. in Lacs )**
**[I] Segment Revenue**

- Chemicals
- Power
- Un-allocable and Corporate

**Total Segment Revenue**

Less : Inter Segment Revenue- Power

**Total External Revenue**
**[II] Segment Result**

- Chemicals
- Power

**Total Segment Result**

Add/(Less): Un-allocable Income /(Expenses)(net)

Less :Interest expenses

**Total Profit Before Tax**

Less : Taxation (net )

**Net Profit After Tax**
**[III] Other Information**
**a] Segment Assets**

- Chemicals
- Power
- Un-allocable and Corporate

**Total**

Year Ended 31.03.2011	Year Ended 31.03.2010
<b>98154.53</b>	89432.10
<b>21869.56</b>	23924.24
<b>6466.90</b>	5974.96
<b>126490.99</b>	119331.31
<b>13643.28</b>	13633.03
<b>112847.71</b>	105698.28
<b>33730.00</b>	39304.43
<b>777.81</b>	3933.57
<b>34507.81</b>	43237.99
<b>4095.79</b>	1771.07
<b>3454.64</b>	4803.33
<b>35148.96</b>	40205.74
<b>8786.15</b>	6790.39
<b>26362.81</b>	33415.35
<b>130049.66</b>	88035.18
<b>74252.38</b>	62795.58
<b>88067.27</b>	103121.37
<b>292369.31</b>	253952.13

Description	Amount (Rs. in Lacs )	
	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>b] Segment Liabilities</b>		
i. Chemicals	<b>38730.02</b>	31489.17
ii. Power	<b>1496.55</b>	1343.64
iii. Un-allocable and Corporate	<b>77421.55</b>	68288.22
<b>Total</b>	<b>117648.12</b>	101121.03
<b>c] Capital Expenditure (Including Capital Advances)</b>		
i. Chemicals	<b>38402.56</b>	5324.55
ii. Power	<b>15249.76</b>	17887.70
iii. Un-allocable and Corporate	<b>191.28</b>	451.00
<b>Total</b>	<b>53843.60</b>	23663.24
<b>d] Depreciation &amp; Amortization</b>		
i. Chemicals	<b>3091.41</b>	3091.34
ii. Power	<b>3457.23</b>	2409.77
iii. Un-allocable and Corporate	<b>210.34</b>	201.96
<b>Total</b>	<b>6758.98</b>	5703.07
<b>e] Non-cash expenses (other than depreciation)</b>		
i. Chemicals	<b>16.99</b>	11.62
ii. Power	<b>0.00</b>	0.00
iii. Un-allocable and Corporate	<b>60.75</b>	1559.84
<b>Total</b>	<b>77.74</b>	1559.84

**[B] Information about Secondary (Geographical) Segment:**

The Company derives revenue from both domestic and overseas markets, which are considered different geographical segments. Segment-wise revenues are as under:

Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
Domestic	<b>41551.13</b>	32897.64
Overseas	<b>60919.68</b>	65736.86
Total	<b>102470.81</b>	98634.50

As the Company has integrated manufacturing facilities, it is not possible to directly attribute or allocate on a reasonable basis, the expenses, assets and liabilities to these geographical segments.

**[C] Notes:**

- 1) The Company operates in following business segments:
  - a. Chemicals - Comprising of Refrigerant gases, Anhydrous Hydrochloric acid, Caustic-Chlorine, Chloromethane, PTFE, PT-PTFE and revenue from Carbon Credits.
  - b. Power - Comprising of Power Generation.
- 2) Inter-segment revenue comprise of power generated by Captive Power Generation Units and consumed in Chemical Business and is priced at estimated market value.
- 3) Chemicals business is operated in two geographical markets, in domestic and overseas market. In respect of power segment, the entire production is indigenously sold/consumed. The disclosures regarding geographical segments are made accordingly.
- 4) The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**21. Prior period items :**

	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
<b>A) Debits</b>		
Legal and Professional Expenses	69.07	3.38
Freight	5.49	0.47
Repairs to Plant & Machinery	2.31	22.23
Repairs to Building	0.00	0.18
Repairs-Others	3.21	0.00
Travelling expenses	0.24	0.40
Production & Maintenance Labour charges	2.14	3.35
Foreign Exchange Loss	189.91	0.00
Others	3.08	32.06
Total (a)	275.45	62.07
<b>B) Credits</b>		
Depreciation	399.34	0.00
Foreign Exchange Fluctuation Gain	0.00	231.15
Repairs and Maintenance	16.40	0.00
Others	0.59	0.00
Total (b)	416.33	231.15
Net Prior Period Items	(140.88)	(169.08)

**22. The Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006;**

Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
Principal amount due to suppliers under MSMED Act, 2006 at the year end.	7.38	8.20
Interest accrued and due to suppliers under MSMED Act,2006 on the above amount, unpaid at the year end.	0.01	0.03
Payment made to suppliers (other than interest) beyond the appointed date during the year	6.85	14.64
Interest paid to suppliers under MSMED Act, 2006 (Sec 16) during the year	0.00	2.32
Interest due and payable to suppliers under MSMED Act for payments already made.	0.06	0.09
Interest accrued and not paid to suppliers under MSMED Act,2006 up to the year end.	0.19	0.12

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

**23. Joint Venture:**

The Company has a Joint Venture interest of 33.77% in Xuancheng HengYuan Chemical Technology Company Ltd., a company incorporated in the People's Republic of China. As on 31.3.2011 the company has invested a sum of Rs.1263.89 Lacs in the share capital of this Joint Venture.

The JVC is engaged in the business of manufacture of anhydrous hydrogen fluoride and allied activities.

- a) The financial year of the JVC is January to December. The Company's share of each of the assets, liabilities, income and expenses etc. (each, without elimination of the effect of the transactions between the Company and the JVC)

related to its interest in this JVC, based on the audited accounts for the year ended 31<sup>st</sup> December, 2010 are as under:

S.No.	Particulars	Amount (Rs. in Lacs)	
		2010	2009
i)	Assets	<b>3870.77</b>	2894.44
ii)	Liabilities	<b>2182.35</b>	1505.40
iii)	Income	<b>4585.44</b>	2069.66
iv)	Expenses	<b>4256.83</b>	2287.36

- b) The Company's share of capital commitments in the JVC as at 31<sup>st</sup> December, 2010 is Rs. Nil (previous year Nil).  
 c) The Company's share of contingent liability of the JVC as at 31<sup>st</sup> December, 2010 is Rs. Nil (previous year Nil).  
 d) The Company's transactions with JVC, being a related party, are disclosed in note no.25.

#### 24. Pre-Operative Expenditure incurred during the year (included in Capital Work in Progress):-

S.No.	Particulars	Amount (Rs. in Lacs)	
		2010-2011	2009-2010
1	Interest on Loan	200.77	0.00
2	Freight charges	2.21	0.00
3	Vehicle charges	8.57	0.00
4	Travelling charges	44.13	0.00
5	Legal & Professional Fees	225.70	0.00
6	Salary	1.92	0.00
7	Other Miscellaneous charges	3.54	0.00
	<b>Total</b>	<b>486.84</b>	0.00

#### 25. Related Party Disclosures :

- (i) Names of Related Parties

##### (A) Where control exists:

Holding Company:

Inox Leasing & Finance Limited

Subsidiary Companies:

Inox Leisure Limited

Inox Infrastructure Private Limited

Inox Motion Pictures Limited

Inox Wind Limited (Incorporated on 09<sup>th</sup> April 2009)

Gujarat Fluorochemicals Americas LLC, U.S.A. (GFL Americas LLC) (Incorporated on 08<sup>th</sup> September 2009)

Inox Renewables Limited (Incorporated on 11<sup>th</sup> November 2010)

Fame India Limited (Subsidiary of Inox Leisure Limited w.e.f. 06<sup>th</sup> January 2011)

Fame Motion Pictures Limited (formerly Shringar Films Limited) (Subsidiary of Fame India Limited)

Big Pictures Hospitality Services Private Limited (Subsidiary of Fame India Limited)

##### (B) Other related parties with whom there are transactions during the year:

Joint Venture

Xuancheng HengYuan Chemical Technology Co. Ltd (XHCT Co. Ltd)

Key Management Personnel

Shri V K Jain (Managing Director)

Shri D K Sachdeva (Whole Time Director)

Shri J S Bedi (Whole Time Director)

**Relatives of Key Management Personnel**

Shri D K Jain (Father of Shri V K Jain)  
 Shri P K Jain (Brother of Shri V K Jain)  
 Shri Devansh Jain (Son of Shri V.K. Jain)

**Enterprises over which Key Management Personnel, or his relative, has significant influence**

Devansh Gases Private Limited  
 Devansh Trading and Finance Private Limited  
 Inox India Limited  
 Inox Air Products Limited  
 Inox Chemicals Private Limited  
 Refron Valves Limited  
 Rajni Farms Private Limited  
 Sidhapavan Trading and Finance Private Limited  
 Siddho Mal Investments Private Limited

**(ii) Particulars of transactions**
**Amount (Rs. in Lacs)**

Particulars	Holding Company		Subsidiary Company		Joint Venture		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>A) Transactions during the year</b>														
<b>Sales of Goods</b>														
Inox Air Products Limited											19.58	16.97	19.58	16.97
GFL Americas LLC			1036.53	20.44							0.22	0.04	1036.53	20.44
Others													0.22	0.04
<b>Total</b>			1036.53	20.44							19.80	17.01	1056.33	37.45
<b>Purchase of Assets</b> (Including Capital Work in Progress)														
Inox Wind Limited			7335.56	793.46									7335.56	793.46
Inox Renewables Limited			288.72	0.00									288.72	0.00
<b>Total</b>			7624.28	793.46									7624.28	793.46
<b>Purchase of Goods</b>														
Inox Air Products Limited											111.57	70.08	111.57	70.08
Inox India Limited											1748.05	2902.62	1748.05	2902.62
XHCT Co. Ltd					112.91	143.86							112.91	143.86
Others											0.08	0.00	0.08	0.00
<b>Total</b>					112.91	143.86					1859.70	2972.70	1972.61	3116.56
<b>Inter-corporate Deposits given</b>														
Inox Motion Pictures Limited			0.00	300.00									0.00	300.00
Inox Wind Limited			2300.00	4700.00									2300.00	4700.00
Inox Leisure Limited			1100.00	13200.00									1100.00	13200.00
<b>Total</b>			3400.00	18200.00									3400.00	18200.00
<b>Inter-corporate Deposits received back</b>														
Inox Leisure Limited			0.00	2604.10									0.00	2604.10
Inox Motion Pictures Limited			0.00	75.00									0.00	75.00
<b>Total</b>			0.00	2679.10									0.00	2679.10
<b>Equity shares Subscribed</b>														
Inox Motion Pictures Limited			0.00	295.00									0.00	295.00
Inox Wind Limited			0.00	2999.94									0.00	2999.94
GFL Americas LLC			359.87	204.84									359.87	204.84
Inox Renewables Limited			4.94	0.00									4.94	0.00
XHCT Co. Ltd					0.00	1263.89							0.00	1263.89
<b>Total</b>			364.81	3499.78	0.00	1263.89							364.81	4763.67
<b>Share application money paid</b>														
Inox Renewables Limited			300.00	0.00									300.00	0.00
<b>Total</b>			300.00	0.00									300.00	0.00
<b>Interest received</b>														
Inox Motion Pictures Limited			15.16	12.11									15.16	12.11
Inox Wind Limited			420.07	48.81									420.07	48.81
Inox Leisure Limited			906.08	192.45									906.08	192.45
<b>Total</b>			1341.31	253.37									1341.31	253.37





Amount (Rs. in Lacs)

Particulars	Holding Company		Subsidiary Company		Joint Venture		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Expenses (Repairs)</b>														
Inox India Limited											1.67	0.50	1.67	0.50
Refron Valves Limited											9.68	2.87	9.68	2.87
<b>Total</b>											11.35	3.37	11.35	3.37
<b>Reimbursement of expenses (paid)</b>														
Inox Air Products Limited											5.05	4.93	5.05	4.93
Inox India Limited											0.00	0.55	0.00	0.55
Inox Leasing & Finance Limited	0.76	0.76											0.76	0.76
Inox Wind Limited			1.51	77.78									1.51	77.78
GFL Americas LLC			70.78	0.00									70.78	0.00
Inox Renewables Limited			4.20										4.20	
<b>Total</b>	0.76	0.76	76.49	77.78							5.05	5.48	82.30	84.02
<b>Reimbursement of expenses (received)</b>														
Inox India Limited											4.64	4.81	4.64	4.81
Inox Wind Limited			0.29	63.06									0.29	63.06
Inox Leasing & Finance Limited	0.41	0.43											0.41	0.43
GFL Americas LLC			0.83	6.40									0.83	6.40
Inox Renewables Limited			0.42	0.00									0.42	0.00
<b>Total</b>	0.41	0.43	1.54	69.46							4.64	4.81	6.59	74.70
<b>Rent Received</b>														
Inox Air Products Limited											144.90	137.03	144.90	137.03
Others											0.72	0.72	0.72	0.72
<b>Total</b>											145.62	137.75	145.62	137.75
<b>Rent paid</b>														
Inox Air Products Limited											0.60	0.60	0.60	0.60
Devansh Gases Private Limited											18.00	18.00	18.00	18.00
Inox Leasing & Finance Limited	36.00	36.00											36.00	36.00
Others							1.20	1.20					1.20	1.20
<b>Total</b>	36.00	36.00					1.20	1.20			18.60	18.60	55.80	55.80
<b>O&amp;M Charges &amp; Lease Rents paid</b>														
Inox Air Products Limited											116.31	99.66	116.31	99.66
<b>Total</b>											116.31	99.66	116.31	99.66
<b>Remuneration paid</b>														
Shri V K Jain							1369.04	1818.41					1369.04	1818.41
Others							76.67	67.46	5.38	5.38			82.05	72.84
<b>Total</b>							1445.71	1885.87	5.38	5.38			1451.09	1891.25
<b>Commission paid to Chairman</b>														
Shri D K Jain											326.85	440.34	326.85	440.34
<b>Total</b>											326.85	440.34	326.85	440.34
<b>Sitting Fees</b>														
Shri D K Jain											1.00	0.40	1.00	0.40
Shri P K Jain											0.00	0.05	0.00	0.05
<b>Total</b>											1.00	0.45	1.00	0.45
<b>B) Amounts outstanding</b>														
<b>Amount payable</b>														
Shri V K Jain							907.82	1219.80					907.82	1219.80
Shri D K Jain									225.85	304.28			225.85	304.28
Inox Wind Limited			0.00	864.41									0.00	864.41
Others					27.69	13.93	5.63	4.84	0.45	0.45	181.51	203.45	215.28	222.67
<b>Total</b>			0.00	864.41	27.69	13.93	913.45	1224.64	226.30	304.73	181.51	203.45	1348.95	2611.15

**Amount (Rs. in Lacs)**

Particulars	Holding Company		Subsidiary Company		Joint Venture		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Amount Receivables</b>														
<b>a) Inter Corporate Deposit</b>														
Inox Leisure Limited			13300.00	12200.00									13300.00	12200.00
Inox Wind Limited			7000.00	4700.00									7000.00	4700.00
Inox Motion Pictures Limited			225.00	225.00									225.00	225.00
<b>Total</b>			<b>20525.00</b>	<b>17125.00</b>									<b>20525.00</b>	<b>17125.00</b>
<b>b) Sundry Debtors</b>														
GFL Americas LLC			872.30	26.84									872.30	26.84
<b>Total</b>			<b>872.30</b>	<b>26.84</b>									<b>872.30</b>	<b>26.84</b>
<b>c) Loans &amp; Advances</b>														
Inox Wind Limited			1841.35	0.00									1841.35	0.00
Others			19.85	8.14									19.85	8.14
<b>Total</b>			<b>1861.20</b>	<b>8.14</b>									<b>1861.20</b>	<b>8.14</b>
<b>d) Interest receivable on ICD</b>														
Inox Leisure Limited			198.14	0.00									198.14	0.00
Inox Wind Limited			421.99	43.93									421.99	43.93
Others			13.65	0.00									13.65	0.00
<b>Total</b>			<b>633.78</b>	<b>43.93</b>									<b>633.78</b>	<b>43.93</b>
<b>e) Share application money paid</b>														
Inox Renewables Limited			300.00	0.00									300.00	0.00
<b>Total</b>			<b>300.00</b>	<b>0.00</b>									<b>300.00</b>	<b>0.00</b>

**26. Additional disclosure as required by Listing Agreement in respect of loans given:**

Name of the Loanee	Inox Leisure Ltd (*)	Inox Wind Ltd	Inox Motions Pictures Ltd
Amount of loan at the year end	13300.00	7000.00	225.00
Maximum balance during the year	13300.00	7000.00	225.00
Investment by the loanee in the shares of the Company	Nil	Nil	Nil

(\*) Also "a company under the under the same management"- Previous year amount outstanding Rs. 12200.00 Lacs. (Maximum balance Rs.13200.00 Lacs)

**27. Advance Recoverable from the Companies under the same management :**

	Inox Renewables Limited	
	2010-2011	2009-2010
Amount receivable at the year end	7.50	Nil
Maximum balance during the year	400.42	Nil

**28. Derivative outstanding and not hedged foreign currency exposure as at Balance Sheet date:**

a) Derivative outstanding as at Balance Sheet date:

**Figures (Rs. in Lacs)**

S.No	Nature of Contract	Foreign Currency	Buy/Sell	2010-2011	2009-2010
a)	Forward Contracts	USD	Sell	540.60	-
b)	Forward Contracts	EURO	Sell	1,777.50	2,160.00
c)	Forward Contracts	USD	Buy	-	128.32
d)	Currency and Interest Rate Swap	USD	Buy	286.25	107.81

b) Foreign currency exposure not hedged as at Balance Sheet date:

**(Figures in Lacs)**

S. No.	Particulars	2010-2011						2009-2010					
		USD	EURO	JPY	GBP	CHF	YUAN	USD	EURO	JPY	GBP	CHF	YUAN
a)	Receivables	-	-	-	-	-	-	64.93	292.02	-	-	-	-
b)	Payables	84.67	8.73	344.39	0.87	0.04	0.00	53.87	2.48	352.66	0.25	0.04	0.00
c)	Advances Received	21.45	372.79	-	0.00	0.00	0.00	31.36	596.25	-	-	-	-
d)	Advances Paid	40.37	10.79	586.77	0.85	0.01	0.00	96.49	5.60	354.57	0.29	0.05	0.00
e)	ECB/FCNRB	231.50	-	-	-	-	-	289.31	-	-	-	-	-
f)	PCFC	115.06	-	-	-	-	-	0.00	-	-	-	-	-
g)	Buyers Credit	180.14	-	-	-	-	-	5.19	-	-	-	-	-
h)	Interest Payable	0.92	-	-	-	-	-	1.17	-	-	-	-	-
i)	Bills Discounted	0.00	-	-	-	-	-	1.50	-	-	-	-	-
j)	Investments	12.24	-	-	-	-	229.89	4.41	-	-	-	-	229.89

29. Legal &amp; Professional fees includes Rs. Nil (Previous years Rs 8.39 lacs ) paid to firms in which one of the director is partner.

**30. Employee Benefits:**

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs.201.76 lacs (Previous Year Rs. 162.22 lacs) is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Profit and Loss Account.
- b) Defined Benefit Plans: The amounts recognized in respect of Gratuity and Leave Encashment – as per Actuarial valuation as on 31<sup>st</sup> March 2011

**Amount (Rs. in Lacs)**

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	2010-2011	2009-2010	2010-2011	2009-2010
<b>1. Change in Benefit Obligation</b>				
Liability at the beginning of the year	<b>339.34</b>	274.06	<b>129.86</b>	150.44
Interest Cost	<b>29.40</b>	18.69	<b>9.64</b>	10.19
Current Service Cost	<b>100.80</b>	76.08	<b>82.01</b>	65.34
Benefit paid	<b>(9.31)</b>	(13.99)	<b>(32.64)</b>	(9.56)
Actuarial (Gain)/Loss	<b>(31.72)</b>	(15.50)	<b>(6.91)</b>	(86.55)
<b>Liability at the end of the year</b>	<b>428.51</b>	339.34	<b>181.96</b>	129.86
<b>2. Expenses recognized in the Profit and Loss Account</b>				
Current Service Cost	<b>100.80</b>	76.08	<b>82.01</b>	65.35
Interest Cost	<b>29.40</b>	18.69	<b>9.64</b>	10.19
Actuarial (Gain)/Loss	<b>(31.72)</b>	(15.50)	<b>(6.91)</b>	(86.55)
Expenses recognized in the Profit and Loss Account	<b>98.50</b>	79.28	<b>84.74</b>	(11.01)
<b>3. Actuarial Assumptions</b>				
Discount Rate	<b>8.17%</b>	8.00%	<b>8.17%</b>	8.00%
Salary Escalation Rate	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Retirement Age	<b>60 years</b>			
Withdrawal Rates	<b>5%</b>			
Mortality	<b>LIC (1994-96) Published table of rates</b>			

The above defined benefit plans are unfunded. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

### 31. Disclosure as required by Accounting Standard – AS 19 on “Leases” –

#### A) In respect of assets given on Operating Lease :-

**Amount ( Rs. in Lacs)**

S. No.	Particulars	2010-2011	2009-2010
(i)	Gross carrying amount of asset given on operating lease included in Buildings & Road block of fixed assets.	<b>914.52</b>	914.52
(ii)	Accumulated Depreciation as at the end of the year	<b>76.10</b>	61.20
(iii)	Depreciation for the year	<b>14.90</b>	14.90
(iv)	Future minimum lease payments -		
(a)	Not later than one year	<b>742.70</b>	775.26
(b)	Later than one year and not later than five years	<b>2949.64</b>	2959.90
(c)	Later than five years	<b>517.84</b>	1323.20

(v) General description of significant Leasing arrangements –

Assets given on operating lease are Office Premises. The non-cancellable initial lease tenure is for five to nine years, which can be further extended at the mutual option of both the parties.

#### B) In respect of assets taken on operating lease:

The plant taken on operating lease is for an initial non-cancellable period of ten years, which can be further extended at the mutual agreement. The lease rentals are included in Lease Rentals and Hire Charges in Schedule 12 to the Profit and Loss account. The future minimum lease payments under this lease arrangement are as under:-

**Amount (Rs. in Lacs)**

S.No.	Payable in future	2010-2011	2009-2010
a)	Not later than one year	<b>35.28</b>	35.28
b)	Later than one year and not later than five years	<b>141.12</b>	141.12
c)	Later than five years	<b>26.46</b>	61.74

c) The Company's other significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations) taken on lease. Generally, these lease arrangements are non-cancellable, range between 11 months to 5 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals are charged as “Rent” in Schedule 12 to the Profit and Loss Account.

### 32. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956, is enclosed vide Annexure.

As per our report of even date attached

**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**V. K. JAIN**  
Managing Director

**DR. S. RAMA IYER**  
Director

**SHAILENDRA SWARUP**  
Director

**M. Y. Kulkarni**  
Partner

**DEEPAK ASHER**  
Director

**B. V. DESAI**  
Company Secretary

**S. P. JAIN**  
Director

Place : Pune

Place : Noida

Dated : 27th May, 2011

Dated : 27th May, 2011



## Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

## Balance Sheet Abstract and Company's General Business Profile

## I REGISTRATION DETAILS

Registration No L 2 4 1 1 0 G J 1 9 7 P L C 0 0 9 3 6 2

State Code 0 4

Balance Sheet Date 3 1 0 3 1 1

Date Month Year

## II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS THOUSAND)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

## III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS THOUSAND)

Total Liabilities

2 9 2 3 6 9 3 2

Total Assets

2 9 2 3 6 9 3 2

## Sources of Funds

Paid-up Capital

1 0 9 8 5 0

Reserves &amp; Surplus

1 7 3 6 2 2 7 0

Secured Loans

4 1 2 4 8 1 1

Unsecured Loans

1 7 0 8 3 1 3

Deferred tax Liability

1 3 3 6 4 6 8

## Application of Funds

Net Fixed Assets

1 6 6 9 2 6 4 6

Investments

5 7 0 8 4 4 6

Net Current Assets

2 2 4 0 6 2 0

Misc. Expenditure

N I L

Accumulated Losses

N I L

## IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSAND)

Turnover (Net)

1 1 2 8 4 7 7 1

Total Expenditure

7 7 6 9 8 7 5

+ / (-) Profit/(Loss) Before Tax

3 5 1 4 8 9 6

+ / (-) Profit/(Loss) After Tax

2 6 3 6 2 8 1

Earning per share (Rs.)

2 4 . 0 0

Dividend Rate @ %

3 5 0

## V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No (ITC Code)

2 9 0 3 1 0

Product Description

C H L O R O F L U O R O C A R B O N S

Item Code No. (ITC Code)

N O T A P P L I C A B L E

Product Description

C A R B O N C R E D I T R E V E N U E

Item Code No. (ITC Code)

3 9 0 4 0 0

Product Description

P O L Y T E T R A F L U O R O E T H Y L E N E

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Gujarat Fluorochemicals Limited

# **GUJARAT FLUOROCHEMICALS LIMITED**

## **CONSOLIDATED ANNUAL ACCOUNTS**

**2010 – 2011**

## Auditor's Report on Consolidated Financial Statement

### **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF GUJARAT FLUOROchemicalS LIMITED ON CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT FLUOROchemicalS LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE.**

We have audited the attached Consolidated Balance Sheet of Gujarat Fluorochemicals Limited (the "Company"), its subsidiaries, joint ventures and associate, (collectively "Group") as at 31<sup>st</sup> March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of the subsidiaries, Fame India Limited (consolidated) and Inox Wind Limited, and a joint venture, Xuancheng HengYuan Chemical Technology Co. Ltd which reflect the Group's share of total assets of Rs. 47253.01 lacs as at 31<sup>st</sup> March 2011, the Group's share of total revenue of Rs. 8084.07 lacs and net cash inflow amounting to Rs. 57.24 lacs for the year then ended, as considered in the consolidated financial statements. We also did not audit the financial statements of an associate of the Company's subsidiary whose financial statement reflect the Group's share of profit for the year of Rs. Nil and Group's share of profit upto 31<sup>st</sup> March 2011 of Rs. 1.18 lacs. The financial statements and other financial information of these subsidiaries, joint ventures and associate have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of said subsidiaries, joint venture and associate, is based solely on the reports of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Venture, notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that 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 state of affairs of the Group as at 31<sup>st</sup> March 2011;
- (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Patankar & Associates**  
Chartered Accountants  
Firm Reg. No. 107628W

**M. Y. Kulkarni**  
Partner  
Membership No. 35524

Place : Pune  
Dated : 27<sup>th</sup> May 2011





## Consolidated Balance Sheet of Gujarat Fluorochemicals Limited and its Subsidiary Companies as at 31 st March, 2011

	Schedule Number	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
(a) Capital	1	1098.50	1098.50
(b) Reserves and Surplus	2	189701.08	167061.66
		<b>190799.58</b>	168160.16
<b>2 Minority Interest</b>		<b>14392.55</b>	10708.23
<b>3 Loan Funds</b>			
(a) Secured Loans	3	52294.71	44077.31
(b) Unsecured Loans	4	26363.02	17801.52
		<b>78657.73</b>	61878.83
<b>4 Deferred Tax Liability</b>		<b>15123.28</b>	11332.78
<b>Total</b>		<b>298973.13</b>	252080.01
<b>II APPLICATION OF FUNDS</b>			
<b>1 Goodwill on consolidation</b>		<b>5053.30</b>	0.00
<b>2 Fixed Assets</b>	5		
(a) Gross Block		226928.02	169658.29
(b) Less : Depreciation		40815.45	25972.30
(c) Net Block		186112.57	143685.99
(d) Capital Work-in-progress (including capital advances)		41656.61	18877.24
(e) Pre-operative expenditure pending allocation	6	1096.97	1014.63
		<b>228866.15</b>	163577.85
<b>3 Investments</b>	7	<b>46340.95</b>	72344.69
<b>4 Deferred Tax Asset</b>		<b>233.29</b>	0.74
<b>5 (i) Current Assets, Loans and Advances</b>	8		
(a) Inventories		25502.29	20392.03
(b) Sundry Debtors		20014.79	10518.30
(c) Cash and Bank Balances		6117.10	13832.03
(d) Other Current Assets		300.65	277.00
(e) Loans and Advances		28939.82	15203.06
Sub-Total (i)		<b>80874.64</b>	60222.42
(ii) <b>Less : Current Liabilities and Provisions</b>	9		
(a) Liabilities		57977.79	41260.99
(b) Provisions		4417.41	2804.71
Sub-Total (ii)		<b>62395.20</b>	44065.69
Net Current Assets (i) - (ii)		<b>18479.44</b>	16156.73
<b>Total</b>		<b>298973.13</b>	252080.01
Notes forming part of Accounts	17		

As per our report of even date attached

**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**V. K. JAIN**  
Managing Director

**DR. S. RAMA IYER**  
Director

**SHAILENDRA SWARUP**  
Director

**M. Y. Kulkarni**  
Partner

**DEEPAK ASHER**  
Director

**B. V. DESAI**  
Company Secretary

**S. P. JAIN**  
Director

Place : Pune  
Dated : 27th May, 2011

Place : Noida  
Dated : 27th May, 2011

## Consolidated Profit and Loss Account of Gujarat Fluorochemicals Limited and its Subsidiary Companies for the year ended 31 st March, 2011

	Schedule Number	2010-2011 Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>INCOME</b>			
1 Sales and Services - Gross		147443.00	128031.14
Less: Excise Duty		3439.17	2014.96
Sales and Services - Net	10	144003.83	126016.18
2 Other Income	11	9832.61	7038.66
		<b>153836.43</b>	<b>133054.84</b>
<b>EXPENDITURE</b>			
1 (Increase) / Decrease in Stocks	12	1372.67	(910.97)
2 Materials Consumed and Purchase of Goods	13	34961.20	22279.94
3 Manufacturing, Operating and other Expenses	14	65716.42	49813.95
4 Salaries and Benefits	15	8833.59	6956.32
5 Provision for diminution in value of investments (Net)	7	60.75	1559.84
6 Interest	16	4328.24	5170.02
7 Goodwill on consolidation written off		0.00	167.85
8 Depreciation & Amortization	5	9699.84	7790.50
		<b>124972.71</b>	<b>92827.44</b>
Less : Expenses Capitalized		<b>(6918.42)</b>	<b>(784.95)</b>
<b>Net Expenditure</b>		<b>118054.30</b>	<b>92042.49</b>
9 Profit before Taxation		<b>35782.14</b>	<b>41012.35</b>
10 Provision for Taxation for the year			
Current tax		7498.79	7301.50
MAT Credit Entitlement		(693.38)	(1102.00)
Deferred tax		3586.60	969.00
		<b>10392.00</b>	<b>7168.50</b>
11 Profit after tax		<b>25390.13</b>	<b>33843.85</b>
12 Add: Taxation in respect of earlier years (refer Note No. 10 in Notes to Accounts)			
MAT Credit Entitlement		1543.39	978.00
Deferred tax Credit		0.00	192.63
Income tax		120.82	(3.95)
		<b>1664.21</b>	<b>1166.68</b>
13 Profit for the year		<b>27054.34</b>	<b>35010.52</b>
14 Add/(Less): Minority Interest		87.80	(922.61)
15 Net Profit		<b>27142.14</b>	<b>34087.91</b>
16 Profit brought forward from previous year		2212.93	1385.13
17 Share in opening profit in Joint Venture		0.00	31.69
18 Profit available for appropriation		<b>29355.07</b>	<b>35504.73</b>
19 Less : Appropriations			
Transfer to General Reserve		22000.00	28800.00
Transfer to Statutory Surplus Reserve		12.72	0.00
Interim Dividend		1098.50	2197.00
Proposed Dividend		2746.25	1647.75
Tax on Dividend		627.96	647.05
		<b>26485.43</b>	<b>33291.80</b>
20 Balance carried to Balance Sheet		<b>2869.64</b>	<b>2212.93</b>
Basic and diluted Earnings per Share of Re 1 each	17	<b>24.71</b>	<b>31.03</b>
Notes forming part of Accounts			

As per our report of even date attached

**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**V. K. JAIN**  
Managing Director

**DR. S. RAMA IYER**  
Director

**SHAILENDRA SWARUP**  
Director

**M. Y. Kulkarni**  
Partner

**DEEPAK ASHER**  
Director

**B. V. DESAI**  
Company Secretary

**S. P. JAIN**  
Director

Place : Pune  
Dated : 27th May, 2011

Place : Noida  
Dated : 27th May, 2011



## Consolidated Cash Flow Statement of Gujarat Fluorochemicals Limited and its Subsidiary Companies for the year ended 31 st March, 2011

Amount (Rs. in Lacs)

	2010-2011	2009-2010
<b>A Cash flow from operating activities</b>		
Net profit before tax	35782.14	41012.35
Adjustments for :		
Depreciation and Amortisation	9699.84	7790.50
Provision for diminution in value of investments	60.75	1559.84
Provision for doubtful debts	118.67	25.53
Provision of doubtful advances	7.06	0.00
Bad debts written off	3.41	15.37
Liabilities and provisions written back	(201.66)	(586.18)
Amounts written-off	54.82	0.00
Unrealised Foreign exchange (Gain)/Loss	432.17	(4868.38)
Loss on assets sold/written off (Net)	61.94	8.31
Amortization of Value of Stock Option	9.87	16.22
Goodwill written off	0.00	167.85
Income in respect of Investments (Net)	(5487.23)	(2591.55)
Interest	4328.24	5170.02
	<b>9087.89</b>	<b>6707.53</b>
Operating profit before working capital changes	44870.03	47719.88
Adjustments for :		
Trade and other receivables	(14725.90)	14477.41
Inventories	(5023.77)	(1008.18)
Trade payables	10391.14	18386.78
	<b>(9358.52)</b>	<b>31856.02</b>
Cash generated from operations	35511.50	79575.89
Direct taxes paid (Net)	(7649.05)	(6470.11)
<b>Net cash from operating activities</b>	<b>27862.46</b>	<b>73105.78</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets (including change in capital work in progress, capital advances and pre-operative expenses)	(61135.01)	(37769.79)
Sale of fixed assets	19.06	11.26
Acquisition of intangible assets	0.00	318.65
Purchase of investments	(88631.32)	(141591.10)
Deposit in Escrow Account for Open Offer - see note below	4221.54	(4221.54)
Redemption/Sale of Investments	110524.55	115228.36
Purchase of Investment property	0.00	(271.90)
Inter corporate and other loans (Net)	471.84	589.56
Interest , Dividend received and others (Net of expenses)	538.42	3061.47
Adjustment for receivables on investment account	145.06	7.37
<b>Net cash used in investment activities</b>	<b>(33845.85)</b>	<b>(64637.66)</b>
<b>C Cash flow from financing activities</b>		
Share issue under ESOP	7.16	4.17
Shares issued	0.06	0.06
Debentures issued	0.00	1000.00
Repayment of/Proceeds from Inter Corporate Deposits (Net)	1300.00	0.00
Proceeds from/Repayment of Long Term Loan (Net)	(10343.32)	(28543.94)
Repayment of /Proceeds from Short Term Loan (Net)	8275.39	19173.22
Proceeds from Cash Credit/Overdraft(Net)	8038.02	0.00
Interest paid	(2228.81)	(5190.94)
Dividend paid (Including Tax on Dividend)	(4616.49)	(7018.05)
<b>Net cash (used in)/from financing activities</b>	<b>432.01</b>	<b>(20575.49)</b>
<b>D Adjustment on accounts of Foreign Currency Translation Reserve</b>	<b>277.05</b>	<b>305.25</b>
<b>E Capital receipts</b>	<b>0.00</b>	<b>825.05</b>
(Please refer to Note No. 6 in Note to Accounts)		
<b>Net (increase)/decrease in cash and cash equivalent</b>	<b>(5,274.34)</b>	<b>(10977.07)</b>
Cash and cash equivalents as at 1st April, 2010 (Opening balance)	9610.49	20587.56
Add: on acquisition of subsidiary (refer Note No. 7 in Note to Accounts)	1780.95	0.00
Cash and cash equivalents as at 31st March, 2011 (Closing balance)	6117.10	9610.49

Note : Components of cash and cash equivalents are as per Schedule 8 to the Balance Sheet, excluding amount in Escrow Account.

As per our report of even date attached

For PATANKAR & ASSOCIATES  
Chartered Accountants

V. K. JAIN  
Managing Director

DR. S. RAMA IYER  
Director

SHAIENDRA SWARUP  
Director

M. Y. Kulkarni  
Partner

DEEPAK ASHER  
Director

B. V. DESAI  
Company Secretary

S. P. JAIN  
Director

Place : Pune  
Dated : 27th May, 2011

Place : Noida  
Dated : 27th May, 2011

## Schedules Forming part of Consolidated Balance Sheet

**SCHEDULE 1 : CAPITAL**
**Authorised**

20,00,00,000 Equity Shares of Re 1 each

**2000.00**

2000.00

**Issued and Subscribed and Paid Up**

10,98,50,000 Equity Shares of Re 1 each

- Out of above 5,77,15,310 shares are held by the Holding Co.

- Inox Leasing &amp; Finance Limited

**1098.50**

1098.50

Total

**1098.50**

1098.50

**SCHEDULE 2 : RESERVES AND SURPLUS**
**Capital Reserves**

As per last Balance Sheet

Addition during the year (refer Note No. 6 in Notes to Accounts )

**11880.56**

11055.83

**0.00**

824.73

**11880.56**

11880.56

**Share Premium Account**

As per last Balance Sheet

(Less)/Add: Adjustment on account of FCCB premium and grant of stock options to employees in subsidiaries

**8255.11**

8234.72

**(11.39)**

20.39

**8243.73**

8255.11

**Capital Redemption Reserve**

As per last Balance Sheet

**59.30**

59.30

**Amalgamation Reserve**

As per last Balance Sheet

**248.18**

248.18

**General Reserve**

As per last Balance Sheet

Add: Transfer from Profit and Loss Account

**144100.00**

115300.00

**22000.00**

28800.00

**166100.00**

144100.00

**281.25**

298.37

**Foreign Currency Translation Reserve**
**Profit and Loss Account**

Balance as per Annexed Account

**2869.64**

2212.93

**189682.66**

167054.46

**18.42**

7.20

**Group Share in Joint Ventures**

Total

**189701.08**

167061.66

**SCHEDULE 3 : SECURED LOANS**
**From Banks**

- Cash Credit/Overdraft

**8038.02**

0.00

- Rupee Loans

**13620.49**

25481.19

(amount payable within one year Rs. 8253.58 Lacs, Previous year Rs. 11452.46 Lacs)

- Foreign Currency Loans

**30636.20**

18596.12

(amount payable within one year Rs. 11081.34 Lacs, Previous year Rs. 1217.37 Lacs)

Total

**52294.71**

44077.31

**SCHEDULE 4 : UN SECURED LOANS**
**From Banks**
**Short Term Loans**

- Rupee Loans

**11000.00**

9642.44

- Foreign Currency Loans

**6083.13**

5997.02

**10,00,000 7% Unsecured Fully Convertible Debentures of Rs. 100 each**

(optionally convertible into fully paid equity shares at par after

a period of three years from the date of allotment viz. on 19.3.2013)

Add Interest accrued and due

**1000.00**

1000.00

**66.12**

2.93

**1066.12**

1002.93

**Foreign Currency Convertible Bonds**
**(Refer Note No. 12 in notes to accounts )**

8,000 Zero-coupon Series A Foreign Currency Convertible Bonds of

US \$ 1,000 per bond

**3572.00**

0.00

4,000 0.5% per annum Series B Foreign Currency Convertible Bonds of

US \$ 1,000 per bond

**1786.00**

0.00

**Inter Corporate Deposit-from Holding Company**
**1800.00**

500.00

**25307.25**

17142.39

**1055.77**

659.13

**Group Share in Joint Ventures**
**26363.02**

17801.52

## Schedules Forming part of Consolidated Balance Sheet

**SCHEDULE 5 – FIXED ASSETS**
**Amount (Rs. in Lacs)**

Particulars	Gross Block			Depreciation/Amortization			Net Block	
	As at 1-Apr-10 Translation Difference	Acquisition(*)	Additions Deductions	As at 1-Apr-10 Translation Difference	Acquisition(*)	For the Year	As at 31-Mar-11	As at 31-Mar-10
<b>(a) Tangible Assets</b>								
Land								
- Freehold Land	2709.44	483.60	140.28	3333.32			3333.32	2709.44
- Leasehold Land	2373.62	2642.89	2981.30	5016.51	132.64	33.56	4850.31	2240.98
Buildings and Roads	24668.61	230.31	2981.30	27880.22	2080.08	626.86	2721.10	22588.53
Lease hold improvements	7289.54	9914.08	1662.81	18852.18	834.73	683.50	4636.14	6454.81
Plant and Machinery	78083.21	4844.37	27399.41	110316.10	14907.59	4787.12	20927.85	63175.62
Wind Mill	42194.95	1561.99	9.20	43747.74	3945.01	2294.83	6239.84	38249.94
Manufacturing and other Equipments	2481.23	774.73	635.69	3814.15	932.73	267.09	1553.12	1548.50
Furniture and Fixtures	3394.08	2038.95	850.35	6184.14	928.36	399.67	1928.14	2465.72
Vehicles	460.87	49.58	115.76	584.64	158.12	43.10	206.55	302.75
<b>Total (a)</b>	<b>163655.55</b>	<b>18335.62</b>	<b>37990.48</b>	<b>219729.00</b>	<b>23919.26</b>	<b>9135.73</b>	<b>38378.94</b>	<b>181350.06</b>
<b>(b) Intangible Assets</b>								
Technical Know How	1833.29		1032.90	2866.19	203.05	245.34	448.39	1630.24
Software	456.76	137.39	70.97	665.12	225.12	73.20	435.54	231.64
Film Distribution Rights & Prints Cost	989.59	130.26		229.68	989.59	890.17	229.68	
Negative rights		2.66		2.66		37.23	2.66	
Movie Production	372.35			372.35			372.35	37.23
<b>Total (b)</b>	<b>3651.99</b>	<b>270.31</b>	<b>1103.87</b>	<b>4136.00</b>	<b>1752.88</b>	<b>890.17</b>	<b>1488.62</b>	<b>1899.11</b>
<b>(c) Group share in Joint Ventures</b>								
	2350.75	-10.34	170.17	3063.02	300.15	206.48	947.89	2050.60
<b>Grand Total (a+b+c)</b>	<b>169658.29</b>	<b>-11.39</b>	<b>39264.52</b>	<b>226928.02</b>	<b>25972.30</b>	<b>9697.98</b>	<b>40815.45</b>	<b>186112.57</b>
Previous year	126611.34	0.00	43794.63	169658.29	18796.32	728.09	25972.30	

(\*) Addition to Gross Block and Accumulated Depreciation/Amortisation on account of Acquisition in respect of Fame India Limited, as on 6th January 2011 viz. the date on which parent-subsidiary relationship came in existence- refer note no.7 in Notes to Accounts

**Notes:**

- Gross block of Building includes Rs. 4681.02 lacs in respect of building at Nariman Point, Deed of Apartment of which is to be executed.
- Freehold Land includes Company's share of undivided plot of land in respect of one of its multiplexes.

## Schedules Forming part of Consolidated Balance Sheet

**SCHEDULE 6 : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION**
**Opening balance**

Opening balance of Fame India Limited

**Add: Expenses incurred during the year**

Salaries, Wages, Allowances and benefits  
 Contribution to Provident and other funds  
 Staff welfare  
 Legal, Professional and Consultancy charges  
 Travelling and Conveyance  
 Rent  
 Insurance  
 Power & Fuel  
 Communication expenses  
 Outsourced personnel cost  
 Security charges  
 Rates and Taxes  
 Processing fees  
 Interest on fixed loans  
 Lease Rentals and Hire Charges  
 Testing Charges  
 Miscellaneous expenses  
 Depreciation

**Less:**

Dividend on current investments  
 Profit on sale of current investments  
 Miscellaneous income

Less: Capitalized

Less: Expenses on Abandoned Projects Written off

Closing Balance

	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
	<b>1014.63</b>	1049.84
	<b>311.97</b>	0.00
	<b>1326.60</b>	1049.84
	<b>287.16</b>	319.56
	<b>8.65</b>	15.83
	<b>2.57</b>	2.81
	<b>307.43</b>	249.90
	<b>130.93</b>	156.39
	<b>1.57</b>	3.74
	<b>2.67</b>	9.65
	<b>47.05</b>	51.03
	<b>3.84</b>	6.49
	<b>22.20</b>	20.60
	<b>25.21</b>	29.69
	<b>3.40</b>	8.34
	<b>0.00</b>	52.39
	<b>405.99</b>	161.40
	<b>14.15</b>	12.11
	<b>115.49</b>	94.44
	<b>47.18</b>	70.10
	<b>0.00</b>	3.38
	<b>1425.50</b>	1267.85
	<b>0.00</b>	0.91
	<b>0.00</b>	0.42
	<b>6.23</b>	3.95
	<b>6.23</b>	5.27
	<b>1419.27</b>	1262.58
	<b>2745.88</b>	2312.42
	<b>1620.56</b>	1297.79
	<b>28.34</b>	0.00
	<b>1096.97</b>	1014.63

**SCHEDULE 7 : INVESTMENTS**
**(I) Investment in Securities**
**(Long term, Non-trade, at cost, unquoted)**
**A] UNQUOTED**
**i) In Venture Capital Fund**

Indiareit Fund Scheme III  
 Kshitij Venture Capital Fund

**ii) National Savings Certificates**

(Held in the name of Directors/Employees and certificates worth Rs. 21.14 lacs(previous year Rs. 21.14 lacs) are pledged with Government Authorities)

**iii) In Fully Paid-up Equity Shares (unless otherwise stated)**

Humsay i Global Services Limited  
 Future Ventures India Limited  
 The Ratnakar Bank Limited

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March 2011 Amount (Rs. in Lacs)	As at 31st March 2010 Amount (Rs. in Lacs)
	<b>100000</b>	<b>850.78</b>	1,000	<b>850.78</b>	1,000.00
	<b>940</b>	<b>2,50,000</b>	2,50,000	<b>2,350.00</b>	2,500.00
				<b>3,200.78</b>	3,500.00
				<b>52.77</b>	<b>21.14</b>
				<b>52.77</b>	21.14
	<b>10</b>	<b>0</b>	23,92,500	<b>0.00</b>	239.25
	<b>10</b>	<b>1,50,00,000</b>	1,50,00,000	<b>1,500.00</b>	1,500.00
	<b>100</b>	<b>0</b>	2,21,919	<b>0.00</b>	998.64

## Schedules Forming part of Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March 2011 Amount (Rs. in Lacs)	As at 31st March 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 7 : INVESTMENTS (Contd...)</b>					
Megnasolance City Private Limited (Equity shares of Rs. 10 each - paid up Rs. 1.60 per share)	10	50,00,000	50,00,000	3,201.18	3,201.18
Kaleidoscope Entertainment Private Limited	1	5,62,500	5,62,500	60.75	60.75
				<b>4761.93</b>	5,999.82
<b>iii) In Cummulative, Non-convertible, Redeemable Preference Shares (fully paid-up)</b>					
Humsay i Global Services Limited	64	0	16,38,210	0.00	1,048.45
				<b>0.00</b>	1,048.45
<b>iv) In Equity linked Debentures</b>					
<b>i) Citicorp Finance (India) limited</b>					
Redeemable NCD Issue Series 173	1000000	0	150	0.00	1,500.00
Redeemable NCD Issue Series 184	1000000	0	100	0.00	1,000.00
Redeemable NCD Issue Series 200	1000000	0	100	0.00	1,000.00
<b>ii) Citifinancial Consumer Financial India</b>					
	100000	0	1,000	0.00	1,000.00
				<b>0.00</b>	4,500.00
<b>v) In Units of Mutual Funds</b>					
Birla Sunlife Income Plus-Growth	10	0	25,33,281	0.00	1,000.00
Birla Sunlife FMP Series.CQ-Growth	10	1,00,00,000	0	1,000.00	0.00
Birla Sunlife FMP Series CP Growth	10	1,00,00,000	0	1,000.00	0.00
Birla Sunlife Midcap Fund- Plan A-Dividend-Reinvestment	10	4,57,330	26,68,337	108.72	560.30
Birla Sunlife Short Term Fund-Inst.Pl.-Fnd	10	0	29,49,928	0.00	300.60
BNP Paribas FTF Series.21B-Growth	10	1,00,00,000	0	1,000.00	0.00
BNP Paribas FTF Series.21 E-Growth	10	1,00,00,000	0	1,000.00	0.00
Canara Robeco FMP Series 6 - 13M (Plan A) - Growth	10	1,00,00,000	0	1,000.00	0.00
DSP Blackrock Small & Midcap Fund-Regular Plan-Dividend	10	39,09,152	35,79,300	544.74	500.00
DSP Blackrock Strategic Bond Fund-Institutional Plan -Daily Dividend	10	0	99,998	0.00	1,002.12
DSP Blackrock FMP-12 Month Series.14 - Growth	10	1,00,00,000	0	1,000.00	0.00
DWS Fixed Term Fund-Series 68-Regular Growth	10	50,00,000	50,00,000	500.00	500.00
DWS Fixed Term Fund-Series 69-Regular Growth	10	50,00,000	50,00,000	500.00	500.00
FTF Series 16D - Growth	10	50,00,000	50,00,000	500.00	500.00
Fidelity FMP Series.5 Plan A-Growth	10	50,00,000	0	500.00	0.00
HDFC Top 200 Fund-Dividend	10	2,80,960	29,99,000	119.96	1,109.66
HDFC Income Fund - Growth	10	0	47,96,669	0.00	1,000.00
HDFC FMP 24 Months Feb 10-Series XII - Growth	10	50,00,000	50,00,000	500.00	500.00
ICICI Prudential Infrstructure Fund - Dividend	10	9,80,689	41,12,541	110.09	458.40
ICICI Prudential Discovery Fund-Dividend	10	29,71,809	26,24,672	567.61	500.00
ICICI Prudential FMP Series 51-15 Monthly Plan E - Cumulative	10	1,00,00,000	1,00,00,000	1,000.00	1,000.00
ICICI Prudential FMP Series 55-1 Year Plan B - Cumulative	10	1,00,00,000	0	1,000.00	0.00
ICICI Prudential Institutional Income Plan-Growth	10	0	1,01,06,645	0.00	3,000.00
ICICI Prudential FMP Series.55-1 Year.Plan.B-Growth	10	1,50,00,000	0	1,500.00	0.00
ICICI Prudential.FMP Series.55-1 Year.Plan.C-Growth	10	1,00,00,000	0	1,000.00	0.00
IDFC FMP Yearly Series.38-Growth	10	1,00,00,000	0	1,000.00	0.00
IDFC Super Saver Income Fund-Investment Plan B-Growth	10	0	48,53,003	0.00	500.00
IDFC Dynamic Bond Fund Plan B-Growth	10	0	97,48,489	0.00	1,000.00
IDFC FMP Yearly Series.37-Growth	10	1,00,00,000	0	1,000.00	0.00
JM Money Manager Fund Super Plus Plan-Daily Dividend	10	0	1,00,17,526	0.00	1,002.28
JPMORGAN India FMP 400 Days Series.1-Growth	10	1,00,00,000	0	1,000.00	0.00



## Schedules Forming part of Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March 2011 Amount (Rs. in Lacs)	As at 31st March 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 7 : INVESTMENTS (Contd...)</b>					
Kotak Flexi Debt Scheme Institutional-Daily Dividend	10	0	1,99,53,904	0.00	2,004.87
Kotak FMP 13 Months Series 6 - Growth	10	50,00,000	50,00,000	500.00	500.00
Kotak FMP 24 Months Series 1-Growth	10	50,00,000	50,00,000	500.00	500.00
Kotak FMP Series 37 - Growth	10	50,00,000	0	500.00	0.00
Kotak FMP Series 35 - Growth	10	1,00,00,000	0	1,000.00	0.00
Kotak FMP Series 34 - Growth	10	1,00,00,000	0	1,000.00	0.00
Kotak Bond-Regular-Growth	10	0	98,19,155	0.00	2,500.00
Liquid Benchmark Daily Dividend (Current Investment)	10	782	0	7.82	0.00
L&T FMP-III(JAN 369 Days)-Growth	10	1,00,00,000	0	1,000.00	0.00
Reliance Diversified Power Sector Fund- Retail Dividend Plan	10	1,44,797	27,43,596	67.20	1,065.11
Reliance Equity Opptunities Fund Retail Plan-Dividend Plan	10	25,81,455	23,62,960	547.26	500.00
Reliance Banking Fund-Institutional Plan-Dividend Plan	10	0	8,81,305	0.00	517.07
Reliance Income Fund -Retails Plan-Growth Option	10	0	1,00,78,647	0.00	3,000.00
Reliance Regular Savings Fund - Equity Plan- Dividend Plan	10	0	27,19,815	0.00	500.00
SBI- Megnum Global Fund- Dividend	10	17,68,991	17,68,991	500.00	500.00
SBI- Magnum Sector Funds Umbrella Contra-Dividend	10	3,65,187	24,23,799	84.83	503.90
Sundram FMP AX 366 Days Growth	10	50,00,000	0	500.00	0.00
SBNPP Ultra ST Fund Super Institutional Daily Dividend	10	0	1,49,81,046	0.00	1,503.65
Sundram Select Midcap- Dividend	10	13,71,196	78,22,621	230.81	1,268.05
Templton India Ultra short Bond Fund Super Institutional Plan-Daily Dividend	10	0	1,20,06,381	0.00	1,202.25
Tata Floater Fund-Daily Dividend	10	0	1,29,74,681	0.00	1,302.09
TATA FMP Series.31 Scheme A-Growth	10	1,00,00,000	0	1,000.00	0.00
Templeton India Equity Income Fund-Dividend Reinvestment	10	2,56,370	48,97,997	36.00	563.56
Uti Treasury Advantage Fund-Institutional Plan-Daily Dividend	10	0	2,20,934	0.00	2,209.81
JM High Liquidity Fund Instl. Plan Daily Dividend	10	19,42,499	0	194.56	0.00
JP Morgan India Liquid Fund-Super Instl. Daily Dividend Plan	10	18,15,122	0	181.66	0.00
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10	95,153	1,18,220	100.61	125.00
				<b>25,401.86</b>	<b>35,198.71</b>
<b>Total Unquoted Investments</b>				<b>33,417.34</b>	50,268.12
Less: Provision for diminution in value of Investment				<b>60.75</b>	1,286.81
<b>Net Unquoted Investments</b>				<b>33,356.59</b>	48,981.31
<b>B] QUOTED</b>					
<b>ii) In Fully Paid-up Equity Shares</b>					
Advanta India Limited	10	48,590	48,590	598.39	598.39
Borosil Glass Works Limited	10	0	63,512	0.00	366.48
Bhilwara Technical Textile Limited (Received pursuant to a scheme of arrangement)	1	0	3,01,138	0.00	0.00
Dalmia Bharat Sugar and Industries Limited	2	1,91,881	1,91,881	155.15	492.54
Deepak Fertilisers & Petrochemicals Corporation Limited	10	0	6,00,531	0.00	996.90
TCS E-Serve Ltd.	10	200	200	1.93	1.93
EIH Limited	2	4,39,950	4,39,950	963.28	963.28
Fame India Limited	10	0	1,75,65,288	0.00	8,248.39
Garware Wall Ropes Limited	10	4,41,308	4,41,308	729.88	729.88
Gujarat NRE Coke Limited	10	0	1,66,000	0.00	165.14
Housing Development & Infrastructure Limited	10	1,56,556	1,56,556	1,176.01	1,176.01
HEG Limited	10	1,16,000	1,16,000	500.91	500.91
K S Oil Limited	1	6,21,081	6,21,081	552.01	552.01
Kesoram Textile Mills Limited (Received pursuant to a scheme of arrangement)	10	1,31,893	1,31,893	0.00	0.00
Mount Everest Mineral Water Limited	10	23,35,592	23,35,592	2,613.06	2,613.06
OCL India Limited	2	1,12,950	1,52,950	150.05	203.19



## Schedules Forming part of Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2011	Nos. As at 31st March, 2010	As at 31st March 2011		As at
				Amount (Rs. in Lacs)		31st March 2010 Amount (Rs. in Lacs)
Praj Industries Limited	2	9,93,630	9,93,630	2,461.04		2,461.04
Prime Focus Limited	1	7,72,560	7,72,560	989.21		989.21
Reliance Communication Limited	5	56,981	56,981	362.76		362.76
RSWM Limited	10	0	3,47,695	0.00		431.30
Shree Global Tradefin Limited	5	6,51,093	6,51,093	1,601.57		1,601.57
Taneja Aerospace & Aviation Limited	5	3,65,559	3,65,559	738.06		738.06
Tantia Construction Limited	10	2,24,774	3,20,585	332.94		461.02
Bajaj Finance Limited	10	640	0	4.79		0.00
Central Bank of India	10	2,007	0	4.40		0.00
City Union Bank Limited	1	9,013	0	4.27		0.00
Dewan Housing Finance Corporation.Limited	10	1,542	0	4.82		0.00
Edelweiss Capital Services Limited	1	10,144	0	5.85		0.00
Emkay Global Finance Services Limited	10	1,976	0	2.10		0.00
GIC Housing Finance Limited	10	3,017	0	3.99		0.00
India Infoline Limited	2	4,294	0	4.92		0.00
Indian Bank	10	1,835	0	4.71		0.00
Mahindra & Mahindra Financial Services Limited	10	573	0	4.55		0.00
Motilal Oswal Financial Services Limited	1	2,075	0	3.82		0.00
Phoneix Mills Limited	2	1,946	0	4.10		0.00
Sobha Developers Limited	10	1,530	0	5.12		0.00
Geojit Financial Services Limited	1	7,787	0	2.97		0.00
Federal Bank Limited	10	924	0	3.96		0.00
LIC Housing Finance Limited	2	1,835	0	4.93		0.00
Shriram City Union Finance Limited	10	144	0	0.99		0.00
Sundaram Finance Limited	10	453	0	2.99		0.00
Cholamandalam Investment & Finance Limited	10	1,048	0	1.93		0.00
Manappuram General Finance & Leasing	2	2,535	0	3.68		0.00
YES Bank Limited	10	1,789	0	5.02		0.00
Shriram Transport Finance Company Limited	10	309	0	2.23		0.00
<b>Total Quoted Equity shares</b>				<b>14,012.38</b>		24,653.07
<b>Total Quoted Investments</b>				<b>14,012.38</b>		24,653.07
Less: Provision for diminution in value of Investment				<b>1,307.64</b>		1,560.74
<b>Net Quoted Investments</b>				<b>12,704.74</b>		23,092.33
<b>Total Investments</b>				<b>46,061.33</b>		72,073.64
Group share in Joint Ventures				<b>10.42</b>		0.00
				<b>46,071.75</b>		<b>72,073.64</b>
<b>Market value of quoted investments</b>				<b>5,629.77</b>		9,968.35

**(II) Investment Property (Long term and Non-trade)**

Particulars	Gross Block (at cost)			Depreciation/Amortization			Net Block	
	As at 1-Apr-10	Additions	As at 31-Mar-11	As at 1-Apr-10	For the year	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Leasehold Land	169.37	0	169.37	0.08	0.17	0.25	169.13	169.30
Building	102.53	0	102.53	0.77	1.67	2.44	100.08	101.75
<b>Total</b>	<b>271.90</b>	<b>0</b>	<b>271.90</b>	<b>0.85</b>	<b>1.84</b>	<b>2.69</b>	<b>269.21</b>	<b>271.05</b>
Previous Year	0	271.90	271.90	0	0.85	0.85		
<b>Total Investments (I &amp; II)</b>							<b>46,340.95</b>	72,344.69

## Schedules Forming part of Consolidated Balance Sheet

### SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES

#### A Current Assets

##### 1 Inventories

Stores and Spares  
Packing Materials  
Finished Goods  
-Manufactured Goods  
-Traded Goods

As at 31st March, 2011  
Amount (Rs. in Lacs)

**3752.15**

**227.97**

**5879.46**

**0.00**

**5879.46**

By-products  
Material in process  
Food and Beverages  
Raw Materials  
Material in transit  
Carbon Credits

**10.93**

**1030.31**

**225.74**

**13408.55**

**0.00**

**523.84**

**25058.95**

**443.34**

Group Share in Joint Ventures

**25502.29**

##### 2 Sundry Debtors (Unsecured)

Considered good  
Exceeding 6 months  
Others

**1090.10**

**18107.35**

**19197.45**

Considered Doubtful  
Exceeding 6 months  
Others

**169.19**

**0.00**

**169.19**

**19366.64**

Less : Provision for Doubtful Debts

**(169.19)**

**19197.45**

**817.34**

Group Share in Joint Ventures

**20014.79**

##### 3 Cash and Bank Balances

Cash on Hand  
Bank Balances with Scheduled Banks  
(a) in Current Accounts  
(b) in Cash Credit Accounts  
(c) in Fixed Deposits  
(d) in Escrow account - (refer Note No. 7 in Notes to Accounts)  
Bank Balances with Non Scheduled Banks  
(a) in Current Accounts

**141.36**

**2376.73**

**218.46**

**2933.59**

**0.00**

**118.57**

**5788.72**

**328.38**

Group Share in Joint Ventures

**6117.10**

##### 4 Other Current Assets

Interest accrued

**300.65**

As at 31st March, 2010  
Amount (Rs. in Lacs)

3241.20

278.98

6893.13

4.46

6897.59

1.79

1720.43

108.66

7273.42

407.39

218.91

20148.37

243.66

20392.03

718.09

9471.89

10189.99

11.15

36.15

47.30

10237.29

(47.30)

10189.99

328.31

10518.30

98.39

3050.80

1301.30

5127.43

4221.54

26.12

13825.58

6.45

13832.03

277.00

## Schedules Forming part of Consolidated Balance Sheet

	As at 31st March, 2011 Amount (Rs. in Lacs)	As at 31st March, 2010 Amount (Rs. in Lacs)
<b>SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES (Contd..)</b>		
<b>B LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good, unless otherwise stated )</b>		
1 Advances recoverable in cash or in kind or for value to be received		
Considered Good	8670.92	2517.85
Considered Doubtful	85.65	45.29
	8756.56	2563.14
Less: Provision for Doubtful Advances	85.65	45.29
	8670.92	2517.85
2 Deposits	7941.42	3724.93
3 Inter-corporate deposits		
Considered Good	2266.22	2934.03
Considered Doubtful	99.00	99.00
	2365.22	3033.03
Less: Provision for Doubtful Inter-corporate deposits	99.00	99.00
	2266.22	2934.03
4 Balances in Excise, Service Tax and VAT Accounts	2859.54	2520.79
5 Entertainment Tax Refund Claimed	846.13	795.66
6 Income Tax paid (Net of provisions)	1431.04	446.33
7 MAT Credit Entitlement	4446.33	2080.00
	28461.58	15019.59
Group Share in Joint Ventures	478.23	183.46
	28939.82	15203.06
<b>Total</b>	<b>80874.64</b>	<b>60222.42</b>
<b>SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A Current Liabilities</b>		
1 Sundry Creditors		
- dues to Micro and Small Enterprises	12.03	21.30
- others	25663.36	17234.12
	25675.39	17255.42
2 Foreign Currency Convertible Bonds (refer Note No. 19 in Notes to Accounts)	446.50	0.00
3 Foreign Currency Convertible Bonds YTM provision (refer Note No. 19 in Notes to Accounts)	2178.38	0.00
4 Trade Deposits	1284.04	872.61
5 Investor Education and Protection Fund shall be credited by the following amounts namely:		
- Unclaimed dividends	177.88	161.31
6 Advances from Customers	24943.29	20786.27
7 Other Liabilities	1814.91	1173.57
8 Interest accrued but not due	270.77	165.52
	56791.17	40414.71
Group Share in Joint Ventures	1186.62	846.28
	57977.79	41260.99
<b>B Provisions</b>		
1 For Taxation ( Net of Payment)	21.59	4.58
2 For Fringe Benefit Tax ( Net of Payment)	4.50	9.98
3 Proposed Dividend	2746.25	1647.75
4 Tax on Proposed Dividend	445.51	273.67
5 For Gratuity & Leave Encashment	1067.43	749.73
6 For Expenses	131.80	119.00
	4417.08	2804.71
Group Share in Joint Ventures	0.33	0.00
	4417.41	2804.71
<b>Total</b>	<b>62395.20</b>	<b>44065.69</b>

## Schedules Forming part of Consolidated Profit and Loss Account

	2010-2011 Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>SCHEDULE 10: SALES AND SERVICES</b>		
Sales - Gross	105834.06	100665.01
Less: Excise Duty	3439.17	2014.96
Sales (Net)	102394.89	98650.05
Box Office Revenues	27613.63	18835.74
Food and Beverages Revenues	6028.68	4162.86
Income from Movie Rights	0.04	22.35
Film Distribution Income	1.39	14.89
Conducting Fees	1066.22	783.55
Advertising Income	1724.30	1251.82
Management Fees	83.36	41.95
Parking charges	76.81	78.89
Programming Revenue	13.70	0.00
Other Operating Income	311.57	153.06
	<b>139314.59</b>	123995.15
Group Share in Joint Ventures	4689.24	2021.03
<b>Total</b>	<b>144003.83</b>	126016.18
<b>SCHEDULE 11: OTHER INCOME</b>		
Interest		
- On long term investments	5.15	1.85
- On inter corporate deposits	133.57	306.05
- From banks	404.25	1016.81
- On Income-tax refunds	21.76	313.80
- Others	144.57	128.40
	<b>709.31</b>	1766.91
Dividend		
- On long term investments	428.76	1060.61
- On current investments	85.26	0.00
	<b>514.02</b>	1060.61
Profit on sale of investments ( Net )		
- On long term investments	4303.73	42.96
- On current investments	9.52	0.00
	<b>4313.25</b>	42.96
Liabilities written back no longer required	201.66	586.18
Provision for doubtful advances written back	0.00	45.51
Bad debts recovered	1.62	0.00
Foreign Exchange Fluctuation Gain (Net)	2607.77	2445.58
Lease Rent	773.28	738.17
Miscellaneous Income	706.29	352.68
	<b>9827.20</b>	7038.61
Group Share in Joint Ventures	5.40	0.05
<b>Total</b>	<b>9832.61</b>	7038.66

## Schedules Forming part of Consolidated Profit and Loss Account

	2010-2011 Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>SCHEDULE 12: (INCREASE)/DECREASE IN STOCKS</b>		
Opening Stock		
Finished Goods	<b>6897.59</b>	6769.80
Material in Process	<b>1720.43</b>	1048.05
By-products	<b>1.79</b>	1.41
Carbon Credits	<b>218.91</b>	99.03
	<b>8838.72</b>	7918.29
Less: Closing Stock		
Finished Goods	<b>6475.06</b>	6897.59
Material in Process	<b>434.71</b>	1720.43
By-products	<b>10.93</b>	1.79
Carbon Credits	<b>523.84</b>	218.91
	<b>7444.54</b>	8838.72
Excise Duty on Stock of Finished Goods (Net)	<b>(21.51)</b>	9.46
(Increase)/Decrease in Stocks	<b>1372.67</b>	(910.97)
<b>SCHEDULE 13: MATERIALS CONSUMED AND PURCHASE OF FINISHED GOODS</b>		
Raw Materials consumed	<b>24173.33</b>	15068.71
Packing Materials consumed	<b>3513.05</b>	3927.12
Purchase of Finished Goods	<b>1473.77</b>	148.33
Cost of Food and Beverages	<b>1950.59</b>	1368.93
	<b>31110.74</b>	20513.10
Group Share in Joint Ventures	<b>3850.46</b>	1766.84
<b>Total</b>	<b>34961.20</b>	22279.94
<b>SCHEDULE 14: MANUFACTURING, OPERATING AND OTHER EXPENSES</b>		
Stores and Spare parts Consumed	<b>2539.01</b>	1956.84
Power and Fuel	<b>19649.47</b>	18778.79
Entertainment tax	<b>4923.15</b>	3167.40
Film Distributors share	<b>9845.35</b>	6640.53
Other Exhibition cost	<b>401.69</b>	234.26
Advertisement and Sales Promotion	<b>334.42</b>	359.66
Freight and Octroi	<b>2558.27</b>	1441.37
Insurance	<b>480.59</b>	445.47
Excise duty, Custom Duty, Sales tax and Service tax	<b>103.03</b>	792.45
Production Labour Charges & Outsourced Personnel Cost	<b>1361.83</b>	783.58
Processing Charges	<b>140.87</b>	46.42
Factory Expenses	<b>359.02</b>	290.96
Repairs to		
- Buildings	<b>221.14</b>	288.65
- Machinery	<b>2552.10</b>	2013.99
- Others	<b>523.50</b>	203.19
	<b>3296.74</b>	2505.84

## Schedules Forming part of Consolidated Profit and Loss Account

	<b>2010-2011</b> Amount (Rs. in Lacs)	2009-2010 Amount (Rs. in Lacs)
<b>SCHEDULE 14: MANUFACTURING, OPERATING AND OTHER EXPENSES (Contd...)</b>		
Directors' Sitting Fees	6.05	4.60
Commission to Chairman	326.85	440.34
Rent and Conducting fees	5287.30	3158.75
Rates and Taxes	795.06	308.32
Travelling and Conveyance	1057.20	876.97
Communication Expenses	304.93	283.17
Common Facility charges	1709.03	881.45
Legal and Professional Fees and Expenses	2074.91	2411.80
Lease Rentals and Hire Charges	225.11	343.98
Discount	249.28	276.14
Loss on assets sold/scrapped (Net)	61.94	8.31
Bank Charges	173.21	111.12
Provision for doubtful debts	118.67	25.53
Provision for doubtful advance	7.06	0.00
Bad debts and remissions	3.41	15.37
Commission	330.72	227.87
Royalty	504.96	40.09
Purchase of Carbon Credits	3665.41	0.00
Expenditure on Sustainable Development Plan	88.24	106.92
Miscellaneous Expenses	3056.30	2589.35
Expenses on Abandoned Project Written Off	28.34	0.00
Preliminary Expenses written off	0.69	27.17
Less: Service tax on lease rentals in respect of earlier years reversed - refer Note No. 9 in Notes to Accounts)	(561.34)	0.00
	<b>65506.77</b>	49580.83
Group Share in Joint Ventures	209.65	233.11
<b>Total</b>	<b>65716.42</b>	49813.95
<b>SCHEDULE 15: SALARIES AND BENEFITS</b>		
Salaries, Wages, Allowances and Benefits	7960.10	6388.26
Contribution to Provident and other funds	383.97	270.21
Gratuity	165.23	94.66
Staff Welfare expenses	274.84	164.79
	<b>8784.15</b>	6917.92
Group Share in Joint Ventures	49.44	38.40
<b>Total</b>	<b>8833.59</b>	6956.32
<b>SCHEDULE 16: INTEREST</b>		
Interest on fixed loans (Net of interest capitalised Rs. 405.99 Lacs, previous year Rs. 264.27 Lacs)	4090.14	4947.80
Other Interest	157.15	162.31
	<b>4247.29</b>	5110.11
Group Share in Joint Ventures	80.95	59.91
<b>Total</b>	<b>4328.24</b>	5170.02

**SCHEDULE 17: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**
**1. Basis of preparation and principles of consolidation :-**

The Consolidated Financial Statements relate to Gujarat Fluorochemicals Limited ('the Company'), its subsidiary companies, a joint venture of the Company and the joint ventures of a subsidiary and an 'associate' of a subsidiary company ("the Group"). The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investment in the Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" as specified in the Companies (Accounting Standard) Rules, 2006.

The Consolidated Financial Statements have been prepared on the following basis.

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Inter-company balances, inter-company transactions and unrealised profits are fully eliminated. Unrealised losses resulting from Inter-company transactions are eliminated unless cost cannot be recovered.
- Interest in joint ventures is reported using proportionate consolidation method.
- The share of profit/loss of associate company is accounted under the 'equity method' as per which the share of profit/loss of the associate company is adjusted to the cost of investment.
- Financial statement of foreign subsidiary has been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the Accounting Standard-11 "Effects of Changes in Foreign Exchange Rates".
- Goodwill on consolidation represents excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, and is recognized as an asset in the Consolidated Financial Statements. For this purpose, the Company share of equity is determined on the basis of the latest financial statements prepared and certified by the Management, prior to the date of acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. The Goodwill on consolidation is evaluated for impairment whenever there is any indication that its carrying amount may have been impaired. In the previous year, the Goodwill on consolidation, in respect of acquisition of additional shares of existing subsidiary was charged to the Consolidated Profit and Loss Account, considering the non-materiality of the amount involved.
- The CFS are prepared using uniform accounting policies for the like transactions and other events in similar circumstances, except where it is not practicable to do so. The CFS are presented, to the extent possible, in the same manner as the Parent Company's separate financial statements.
- The Minority interest in the net assets of consolidated subsidiary consist of the amount of equity attributable to minority at the date on which investment in subsidiary is made and the minority's share of movement in equity since the date the parent subsidiary relationship comes into existence.

**2. Other Significant Accounting Policies**
**a) BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**b) FIXED ASSETS AND INTANGIBLE ASSETS**

Freehold land is carried at cost. Leasehold land is carried at cost, comprising of lease premium and expenses on acquisition thereof, as reduced by accumulated amortisation. Other Fixed Assets and intangible assets are carried at cost less accumulated depreciation/ amortisation. Cost comprises of purchase price/cost of construction, including any expenses attributable to bring the asset to its working condition for its intended use, and is net of CENVAT & VAT Credit.

**c) DEPRECIATION & AMORTIZATION**

- i) On tangible fixed assets: Cost of Leasehold land is amortised over the period of the lease. Depreciation on other Fixed Assets, excluding Freehold land, is provided on straight line method as under:
  - On leasehold improvements, electrical installations and air-conditioners in leased premises, over the period of useful life on the basis of the respective agreements or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is shorter.
  - On other fixed assets, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Fixed Assets costing Rs. 5,000 or less are fully depreciated in the year of acquisition. Based on technical opinion Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

- ii) On intangible fixed assets: Cost of Technical Know-how is amortized equally over a period of ten years and cost of Software is amortized @ 16.21% p.a. on straight line method.

Cost of Film Distribution Rights (and corresponding prints cost) and Negative Rights is amortized in proportion to the management's estimate of gross revenues expected to be realized over a period.

The cost of movie rights acquired is amortised using the individual film forecast method. Under this method costs are amortised in proportion to management's estimate of gross revenues expected to be realised over a period.

Certain fixed assets of a subsidiary are depreciated on the written down value method. However, the difference between the straight-line basis and written down value basis is not material.

**d) IMPAIRMENT OF ASSETS**

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets and impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

**e) INVESTMENTS**

i) In Securities

Long Term Investments are carried at cost. Provision for diminution is made to recognise the decline, other than temporary, in the values of these investments. Current Investments are carried at lower of cost and fair value. Income from investments is accounted for on accrual basis except that no income is recognised in respect of doubtful investments.

ii) In Investment Property

Leasehold land is carried at cost, comprising of lease premium and expenses on acquisition thereof, as reduced by accumulated amortisation. Building is carried at cost of acquisition, less accumulated depreciation.

**f) INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Cost is determined using Weighted Average Method, except for multiplex inventories, cost is determined using FIFO Method, and is inclusive of appropriate overheads. Closing stock of finished goods and imported materials include excise duty and customs duty payable thereon, wherever applicable. Obsolete, defective and unserviceable stocks are duly provided for.

**g) REVENUE RECOGNITION**

The Company recognises sales when the significant risks and rewards of ownership of the goods have passed to the customers, which is generally at the point of dispatch of goods. Gross sales includes excise duty but are exclusive of sales tax. Revenue from Carbon Credits is recognised on delivery thereof or sale of rights therein, as the case may be, in terms of the contract with the respective buyer and is net of payment towards cancellation of contracts. Income on sale of electricity generated is recognised on the basis of actual units generated and transmitted to the purchaser and is net of unscheduled interchange charges paid.

Income from Box Office and Film Distribution is recognized as and when the movie is exhibited. Income from Sale of Food & Beverages is accounted at the point of sale. Income is net of refunds and complimentary. Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes. Income from conducting fees and management of multiplexes/theatres is recognized on accrual basis as per the contractual arrangements. Advertisement income is recognized on the date of exhibition of the advertisement / event or over the period of the contract, as applicable. Revenue from programming is recognized as and when the movie is exhibited and comprises of proceeds from sale of tickets, net of taxes and theatre owner's share. As the Group is the primary obligor with respect to the programming activities, the share of distributor in these proceeds is disclosed as programming cost. In respect of Movie Rights, revenue from theatrical exhibition is recognized as and when the movie is exhibited and revenue from film's satellite, video and other rights are recognized from effective date of exploitation of rights or when the rights are made available to the assignee for exploitation, in terms of the agreement.

Dividend income is recognized when the unconditional right to receive payment is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportion basis, except in cases where interest is doubtful of recovery.

**h) EMPLOYEE BENEFITS**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which the related service is rendered. Company's contributions towards provident and pension funds viz. Defined Contribution Plan paid/payable during the year are charged to the Profit and Loss Account. Retirement benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Profit and Loss Account at the present value of the amounts payable determined on the basis of actuarial valuation techniques, using the projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss Account.

**i) BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset. Other borrowing costs are charged to Profit and Loss Account.

**j) TAXES ON INCOME**

Income tax expense comprises of current tax & deferred tax charge. Deferred tax is recognised on timing differences, subject to consideration of prudence, being the differences between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax in respect of timing differences



which reverse during the tax holiday period is not recognised to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax asset is recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax is recognized only if there is a virtual certainty of realization of such assets. Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income-tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period prescribed for utilization of such credit.

**k) CENVAT and VAT CREDIT**

Excise duty, Service tax and VAT on inputs and services are carried forward in current assets and is included in "Balance in Excise, Service tax and VAT Accounts" till it is utilized. Consequently such inputs and services are accounted for exclusive of excise duty, service tax and VAT credits.

**l) FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or Losses on settlement of the transactions are recognised in the Profit and Loss Account. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognised in the Profit and Loss Account. In respect of forward exchange contracts entered, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of such contract. Currency and interest rate swaps are accounted in accordance with their contract. All other derivatives, which are not covered by AS 11, are measured using the mark-to-market principles and the net loss after considering the offsetting effect on the underlying hedge items is charged to the Profit and Loss Account. Net gains on the mark-to-market basis are not recognised.

**m) LEASE**

Lease rentals in respect of assets acquired on operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

**n) PROVISIONS**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

**3. The Subsidiary companies considered in the financial statements are:**
**(A) Subsidiaries of the Company:-**

Name of the Company	Country of Incorporation	Proportion of ownership interest	
		As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
Inox Leisure Limited	India	65.62%	65.62%
Inox Infrastructure Private Limited	India	100%	100%
Inox Motion Pictures Limited	India	100%	100%
Inox Wind Limited (incorporated on 9 <sup>th</sup> April 2009)	India	99.998%	99.998%
Gujarat Fluorochemicals Americas, LLC (incorporated on 8 <sup>th</sup> September 2009)	USA	100%	100%
Inox Renewables Limited (incorporated on 11 <sup>th</sup> November 2010)	India	98.80%	N.A.

**(B) Subsidiaries of Inox Leisure Limited:-**

Name of the Company	Country of Incorporation	Proportion of ownership interest	
		As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
Fame India Limited (see note 7 below)	India	50.27%	N.A.

**(C) Subsidiaries of Fame India Limited:-**

Name of the Company	Country of Incorporation	Proportion of ownership interest	
		As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
Fame Motion Pictures Limited (formerly Shringar Films Limited)	India	100%	N.A.
Big Picture Hospitality Services Private Limited	India	100%	N.A.

The financial statements of the subsidiary companies and associate used in the consolidation are drawn up to the same reporting date as that of the Company viz. year ended 31.03.2011.

#### 4. Joint venture

The Company has a Joint Venture interest of 33.77% in Xuancheng HengYuan Chemical Technology Company Ltd., a Company incorporated in the People's Republic of China. As on 31.03.2011 the Company has invested a sum of Rs.1263.89 Lacs in the share capital of this Joint Venture.

The JVC is engaged in the business of manufacture of anhydrous hydrogen fluoride and allied activities.

The financial statements of Xuancheng HengYuan Chemical Technology Co. Ltd. a Joint Venture are drawn up to 31.12.2010.

Joint ventures of Fame India Limited considered in these CFS are:

Name of the Company	Country of Incorporation	Proportion of ownership interest of Fame India Limited as on 31 <sup>st</sup> March 2011
Swanston Multiplex Cinemas Private Limited	India	50%
Headstrong Films Private Limited	India	50%

Swanston Multiplex Cinemas Private Limited is engaged in exhibition of films in India, including managing a multiplex. Headstrong Films Private Limited is engaged in production and distribution of films.

#### 5. Investment in Associates:

Inox Infrastructure Private Limited (IIPL), a wholly owned subsidiary of the Company, holds 50% of the total equity capital of Megnasolace City Private Limited (Megnasolace). Megnasolace is treated as an 'Associate Company' and the investment is accounted under the equity method in accordance with AS 23 – 'Accounting for Investments in Associates'. The Group's share of the post acquisition profits is included in the carrying cost of the investment as under:-

S.No.	Particulars	Amount (Rs. in Lacs)	
		2010-2011	2009-2010
1	Book value of Investment on acquisition	3000.00	3000.00
2	Share of Profit – Up to Previous Year	1.18	1.18
3	Share of (Loss)/Profit – Current Year	Nil	*
4	Carrying amount	3001.18	3001.18

(\*) The share of profit for the previous year is less than Rs. 0.01 lacs – viz. Rs. 434.00

Capital commitment towards partly paid shares of Megnasolace is Rs. 16800 lacs (Previous year Rs. 16800 lacs).

6. The company has been advised that the compensation received for phased reduction and cessation of CFC production and dismantling of plant, unless otherwise used, as stipulated, is a capital receipt and hence, the said amount is credited to capital reserve.

7. During the year ended 31<sup>st</sup> March 2010, the Inox Leisure Limited had acquired 1,50,57,751 equity shares in Fame (India) Limited ("Fame"), being the Promoters' shareholding, through a block deal carried out on the Bombay Stock Exchange. The Inox Leisure Limited had thereafter acquired another 25,07,537 equity shares in Fame, from the market, through two separate block deals carried out on the Bombay Stock Exchange. As a result of these acquisitions, the Inox Leisure Limited held 1,75,65,288 equity shares comprising of 50.48% stake in Fame. Pursuant thereto, as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, an Open Offer was made to the Shareholders of Fame for acquisition of 82,31,759 equity shares in Fame at a price of Rs. 51 per share. In this regard, the Inox Leisure Limited had placed Rs. 42 crores, being 100% of the funds required under the Open Offer, in escrow with HDFC Bank, and 1,50,57,751 equity shares acquired from the Promoters of Fame were placed in escrow with Standard Chartered Bank, till the conclusion of the Open Offer formalities.

During the current year, the open offer was made from 16<sup>th</sup> December 2010 to 4<sup>th</sup> January 2011 and after completion thereof, on 6<sup>th</sup> January 2011 the amount of Rs. 42 crores and the equity shares placed in escrow were released. The Inox Leisure Limited's stake in Fame now stands at 50.27% of the existing issued and paid-up capital of Fame. Accordingly, as per the provisions of Companies Act, 1956, Fame has become a subsidiary of Inox Leisure Limited w.e.f. 6<sup>th</sup> January 2011.

Consequently, the consolidated results of Fame are included in the CFS from 6<sup>th</sup> January 2011 on the basis of the financial statements prepared and certified by the Fame's management for the period ended on 31<sup>st</sup> December 2010, after making necessary adjustment for material events between 31<sup>st</sup> December 2010 and 6<sup>th</sup> January 2011.

Inox Leisure Limited "Group" consists of Inox Leisure Limited its subsidiaries and Joint Ventures.

## 8. Employee Stock Options

### a) In case of the Inox Leisure Limited

During the year ended 31<sup>st</sup> March 2006, the Inox Leisure Limited had issued 5,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share to Inox Leisure Limited – Employees' Welfare Trust ("Trust") to be transferred to the employees of the Company under the scheme of ESOP framed by the Company in this regard. The Company has provided finance of Rs. 75 lacs to the Trust for subscription of these shares at the beginning of the plan.

As per the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, shares allotted to the Trust but not transferred to employees is required to be reduced from Share Capital and Reserves. Out of the 5,00,000 equity shares allotted to the Trust, 1,46,263 shares have been transferred to employees up to 31<sup>st</sup> March 2011.

Following stock options have been granted to the employees:

On 29 <sup>th</sup> January 2007 (First Grant)	2,44,120 shares
On 27 <sup>th</sup> October 2009 (Second Grant)	33,332 shares

The vesting period for these equity settled options is between one to four years from the date of the grant. The options are exercisable within one year from the date of vesting. The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

The summary of stock options is as under:

Outstanding on 1 <sup>st</sup> April 2010	91,112
Granted during the year	Nil
Lapsed during the year	4,970
Exercised during the year	47,723
Outstanding as on 31 <sup>st</sup> March 2011	38,419
Exercisable as on 31 <sup>st</sup> March 2011	21,753
Weighted average exercise price of all stock options	Rs. 15

All stock options are exercisable at the exercise price of Rs. 15 per option and the weighted average remaining contractual life is as under:

Options granted on 29 <sup>th</sup> January 2007	0.83 years
Options granted on 27 <sup>th</sup> October 2009	2.08 years

In respect of the options granted under the Employees' Stock Option Plan, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the accounting value of options is amortized over the vesting period. Consequently, 'Salaries, Wages, Allowances and Benefits' in Schedule 16 includes Rs. 9.87 lacs (previous year Rs. 16.22 lacs) being the amortization of employee compensation.

### b) In case of the Fame India Limited

On 21 May 2009, the Company established the 'Employee Stock Option Scheme 2009' ('ESOS' or 'the Plan' or "the Scheme"). Under the Plan, the Company is authorised to issue not more than 5% of its equity share capital to eligible employees. Employees covered by the Plan are granted an option to purchase the shares of the Company subject to the requirements of vesting. A compensation committee constituted by the Board of Directors of the Company administers the plan.

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price of Rs. 14.47 per option. The Scheme provides that these options would vest in tranches over a period of 5 years as follows:

Period within which options will vest unto the participant	% of options that will vest	
	Grant A	Grant B
End of 12 months from the date of grant of options	15	-
End of 24 months from the date of grant of options	15	10
End of 36 months from the date of grant of options	20	25
End of 48 months from the date of grant of options	25	25
End of 60 months from the date of grant of options	25	40

Further, the participants shall exercise the options within a period of 5 years commencing on or after the respective date of vesting of the options.

The terms and conditions of the scheme, as approved by the remuneration committee of the Board of Directors of the Company in its meeting held on 21<sup>st</sup> May 2009 in pursuance to the approval of the Company at its Annual General Meeting held on 27<sup>th</sup> September 2006, are in line with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended vide Circular no SEBI/CFD/DIL/ESOP/5/2009/03/09 dated 3<sup>rd</sup> September 2009 and in accordance with the terms of the resolutions passed by the Company.

Employee stock option activity under the scheme is as follows.

	<b>Nos.</b>
Outstanding at the beginning of the year	<b>10,63,300</b>
Granted during the year	-
Forfeited during the year *	<b>(6,37,750)</b>
Vested and Exercised during the year	<b>(1,51,770)</b>
Outstanding at the end of the year #	<b>2,73,780</b>

\* On account of employees leaving the organisation prior to the date of vesting.

# On 21<sup>st</sup> May 2011, the second tranche of options have vested to the eligible employees.

#### 9. In respect of service tax matters of Inox Leisure Limited "Group":-

As per the amendment made by the Finance Act 2010, renting of immovable property was defined as a taxable service with retrospective effect from 1st June 2007. Accordingly, in the annual accounts for the year ended 31st March 2010, the Group had provided service tax for Rs. 1041.07 lacs in respect of rentals paid for the year ended 31st March, 2009 and 31st March, 2010.

During the current year, the Group has challenged this levy by filing Writ Petition with various High Courts. While Honourable High Court of Mumbai, Delhi and Karnataka have granted stay for the levy of service tax in respect of immovable properties of the Company situated within their respective jurisdictions, matter is pending for hearing at Honourable Andhra Pradesh High Court.

Based on legal advice obtained by the Group, the recovery of service tax on renting of immovable property cannot be said to be final, and accordingly no provision of service tax on lease rentals is made for the year ended 31st March, 2011. Further, the amount provided in the accounts during the year ended 31<sup>st</sup> March 2010, towards service tax on lease rentals for the year ended 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2010, has been reversed during the year ended 31<sup>st</sup> March 2011. The amount of service tax on lease rentals not charged to the consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March 2011 is Rs. 483.64 lacs and the cumulative amount for the Group as at 31<sup>st</sup> March 2011 is Rs. 1722.41 lacs.

#### 10. In respect of income-tax matters of Inox Leisure Limited "Group" :-

- a) In the appellate proceedings before the Commissioner of Income-tax (Appeals) the Inox Leisure Limited's contention that the amount of entertainment tax exemption availed for some of its multiplexes is a capital receipt has been accepted. Accordingly, provision for current tax is computed on the same basis and is for Minimum Alternate Tax payable on book profit, in the case of the Inox Leisure Limited and Fame India Limited.
- b) The Minimum Alternate Tax (MAT) paid by the Inox Leisure Limited and Fame India Limited is entitled to be carried forward and utilized in subsequent years. In the opinion of management, on the basis of projections, estimates of future taxable income and the extension of period for utilization of MAT credit as per the amendment made by the Finance Act (No. 2), 2009, the Parent Company and Fame India Limited would have normal tax liability within the specified period to avail such MAT credit. Consequently, the Group has recognized the MAT credit entitlement.

#### 11. In respect of Entertainment Tax liability of Inox Leisure Limited "Group": -

- a) The exemption from payment of Entertainment Tax in respect of Multiplexes of the Group, which are eligible for such exemption, is subject to fulfillment of the terms and conditions of the respective Government policies issued in this regard. The amount of Entertainment Tax exemption availed so far by the Group, which is liable to be paid if the relevant multiplex ceases operations prior to completing the minimum period of operations in terms of the respective policies of the States – Rs. 14311.39 lacs.
- b) In respect of Inox Leisure Limited, the Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criteria as laid down in the respective Schemes but is subject to final Orders yet to be received from respective authorities. Accordingly the amount of Rs. 440.46 lacs being Entertainment Tax in respect of such Multiplexes has not been charged to Profit & Loss Account. Cumulative amount as on 31<sup>st</sup> March 2011 - Rs. 2812.86 lacs.
- c) In respect of Inox Leisure Limited, in respect of the Multiplex Cinema Theatre at Vadodara, the issues in respect of the eligibility for exemption from payment of entertainment tax and the method of computing the exemption availed, have been decided in favour of the Company by the Honourable High Court of Gujarat vide its order dated 26th June, 2009. The matter regarding method of computation of eligibility amount is challenged by the Government Department before the Honourable Supreme Court. Pending receipt of final eligibility certificate the figures indicated in note (b) above includes the figures pertaining to the said Multiplex.

**12. Contingent liabilities not provided for in respect of:**

Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
Sales Tax	7.12	7.12
Income Tax	3191.25	107.27
Service Tax (also refer Note No. 9)	366.24	104.29
Bills discounted	0.00	68.08
Bank Guarantees	5486.54	1443.51
Electricity Duty	1317.30	0.00
Claims against the Company not acknowledged as debts	814.54	44.53
Municipal Tax	475.39	402.25
Entertainment Tax	53.06	53.06
Service Charge	0.00	14.42
ESIC demand	9.71	0.00
Claims in respect of labour matters and Custom duty on import of cinematographic films	<b>Amount is not ascertainable</b>	

Note: Amount of Rs. 149.38 Lacs (previous year Rs. 36.94 Lacs) has been paid in respect of above Sales Tax, Income Tax, Service Tax and Electricity Duty demands and not charged to the Profit and Loss Account.

**13. Foreign Currency Convertible Bonds**

On 21<sup>st</sup> April 2006, Fame India Limited, pursuant to a resolution of the Board of Directors dated 28<sup>th</sup> January 2006 and by a resolution of the shareholders dated 8<sup>th</sup> March 2006, issued

- (i) 12,000 Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and
- (ii) 8,000 0.5% per annum Series B Unsecured Foreign Currency Convertible Bonds ("Series B Bonds") of the face value of US \$ 1000

aggregating to USD 2,00,00,000 due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds"). The Series B Bonds bear interest at the rate of 0.5 per cent per annum which accrues semi-annually in arrears on 31<sup>st</sup> December and 30<sup>th</sup> June of each year. Interest will accrue on each interest payment date and on maturity, accrued interest will be paid. The Bonds will mature on 22<sup>nd</sup> April 2011.

The Bonds are convertible at any time on or after 21<sup>st</sup> May 2006 and prior to 12<sup>th</sup> April 2011 at the option of the bond holders into newly issued, ordinary equity shares of par value of Rs. 10 per share ("Shares"), at an initial conversion price of

- (i) Rs. 90 per share for Series A Bonds; and
- (ii) Rs. 107 per share for Series B Bonds

(as defined in terms and conditions of the Bonds) at the rate of exchange equal to the US Dollar to Rupees exchange rate as announced by the Reserve Bank of India (the "RBI") on the business day immediately prior to the issue date. The conversion price is subject to adjustment in certain circumstances.

Unless previously converted, redeemed or repurchased and cancelled,

- (i) the Series A Bonds will be redeemed on 22<sup>nd</sup> April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and
- (ii) the Series B Bonds will be redeemed on 22<sup>nd</sup> April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

During the year ended 31<sup>st</sup> March 2008: 15,04,999 equity shares of Rs. 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US \$ 1,000 each at an exercise price of Rs. 90 per share and 16,87,850 equity shares of Rs. 10 each were allotted against 4,000 Series B FCCB of US \$ 1,000 each at an exercise price of Rs. 107 per share, thus aggregating to a total allotment of 31,92,849 equity shares of Rs. 10 each of the Company. There has been no conversion of FCCBs during the year ended 31<sup>st</sup> March 2011. Exchange gain / loss arising on such conversion have been adjusted against share premium account. Premium on FCCB amortised and adjusted to the share premium account upto the date of conversion has been reversed. The bond issue expenses have been adjusted against share premium as per the provision of Section 78 of the Act.

As at 31<sup>st</sup> March 2011, in accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year ended 31<sup>st</sup> March 2010, certain bondholders had opted for early redemption aggregating to USD 13,65,445 (face value of USD 10,00,000 and YTM of USD 3,65,445, subject to tax), which is subject to approval from Reserve Bank of India.

During the year ended 31<sup>st</sup> March 2011, provision of Rs. 257.13 lacs is made towards potential withholding tax liability on account of redemption of the Bonds and the same is adjusted to the share premium account.

**14. Estimated amount of contract remaining to be executed on Capital Account and not provided for, net of advances Rs. 3,591.46 lacs (previous year Rs. 10,379.35 lacs)**

**15. The major components of the net deferred tax assets and liability are as under :**
**In respect of Deferred Tax Assets (Net):**

S.No. Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
<b>(A) Deferred Tax Assets (Net)</b>		
(i) Expenditure allowable on payment basis	15.26	0.74
(ii) Carry Forward Losses	793.55	0.00
(iii) Others	30.66	0.00
<b>Total</b>	<b>839.47</b>	<b>0.74</b>
<b>(B) Deferred Tax Liabilities</b>		
Depreciation	606.19	0.00
<b>Total</b>	<b>606.19</b>	<b>0.00</b>
<b>Net Deferred Tax Assets (A-B)</b>	<b>233.28</b>	<b>0.74</b>

**In respect of Deferred Tax Liabilities (Net):**

S.No. Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
<b>(A) Deferred Tax Liabilities</b>		
(i) Depreciation (Net)	15559.00	11676.71
<b>Total</b>	<b>15559.00</b>	<b>11676.71</b>
<b>(B) Deferred Tax Assets</b>		
(i) Expenditure allowable on payment basis	360.43	295.38
(ii) Others	75.29	48.55
<b>Total</b>	<b>435.72</b>	<b>343.93</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>15123.28</b>	<b>11332.78</b>

Note: Amount of deferred tax recognized in the CFS exclude the net deferred tax asset of Rs. 2288.76 lacs (including share in joint ventures of Rs. 53.46 lacs) in the case of Fame India Limited, one of its subsidiary and one of its joint venture, as the same is not recognized in the standalone financials of these companies due to absence of virtual certainty of realization.

**16. Disclosure as required by Accounting Standard – AS 19 on “Leases” –**
**a) In respect of Assets given on Operating Lease :**

Assets given on operating lease are Office Premises. The non-cancellable initial lease tenure is for five to nine years, which can be further extended at the mutual option of both the parties. The details of carrying amount of assets given on lease and the future minimum lease payments are as under :

S.No. Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
(i) Gross carrying amount of asset given on operating lease included in Buildings & Road block of fixed assets	914.52	914.52
(ii) Accumulated Depreciation as at the end of the year	76.10	61.20
(iii) Depreciation for the year	14.90	14.90
(iv) Future minimum lease payments -		
(a) Not later than one year	742.70	775.26
(b) Later than one year and not later than five years	2949.64	2959.90
(c) Later than five years	517.84	1323.20

**b) In respect of plant taken on operating lease:**

The lease is for an initial non-cancellable period of ten years, which can be further extended at the mutual agreement. The lease rentals are included in Rent and Conducting Fees in Schedule 14 to the Profit and Loss Account. The future minimum lease payments under this lease arrangement are as under:-

S.No.	Payable in future	Amount (Rs. in Lacs)	
		2010-2011	2009-2010
a)	Not later than one year	35.28	35.28
b)	Later than one year and not later than five years	141.12	141.12
c)	Later than five years	26.46	61.74

**c) Operating leases for some of the multiplexes of Inox Leisure Limited "Group" :**

The Company is operating some of the multiplexes under Operating Lease / Business Conducting Arrangement. These arrangements are for a period of 9-25 years with a minimum lock-in period of 3-10 years and the agreement provides for escalation in rentals after pre-determined periods. Property Rent and Conducting Fees are included in 'Property Rent and Conducting Fees' in Schedule 14 to the Profit and Loss Account

The future minimum lease / conducting fees payments under these arrangements are as under:

S.No.	Payable in future	Amount (Rs. in Lacs)	
		2010-2011	2009-2010
a)	Not later than one year	7818.75	3613.57
b)	Later than one year and not later than five years	32369.70	15271.70
c)	Later than five years	84243.32	57192.93

**d) Other significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations) taken on lease. Generally, these lease arrangements are non-cancellable, range between 11 months to 5 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals are charged as "Rent and Conducting Fees" in Schedule 14 to the Profit and Loss Account and Schedule 6: Pre-operative Expenditure Pending Allocation.**
**17. Inox Leisure Limited has recognised provision towards estimated liability in respect of municipal taxes payable for one of its multiplexes as under :-**

Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-10
Opening Balance	119.00	111.20
Provided during the year	52.80	52.80
Paid during the year	40.00	45.00
Closing balance	131.80	119.00

**18. In respect of Inox Leisure Limited, the arbitration award in the matter of disputed recoveries pertaining to one of the multiplex of the Company has been received in favour of the Company and the arbitrator has further granted interest claimed on the unpaid amount at the rate of 15% p.a. The Company has accordingly accounted interest of Rs. 18.23 lacs. (Previous Year Rs. 75.07 lacs). Total amount of interest receivable upto 31<sup>st</sup> March, 2011 is Rs. 93.30 lacs. During the current year the said award has been challenged before the District Court and the matter is pending.**
**19. Related Party Disclosures :**
**(i) Names of Related Parties**
**(A) Where control exists:**

Holding Company- Inox Leasing & Finance Limited

**(B) Other related parties with whom there are transactions during the year:**
**Joint Venture**

Xuancheng HengYuan Chemical Technology Co.Ltd.(XHCT Co.Ltd)

**Associates of a subsidiary**

Megnasolace City Private Limited



**Key Management Personnel**

Shri V K Jain (Managing Director)  
 Shri D K Sachdeva (Whole Time Director)  
 Shri J S Bedi (Whole Time Director )  
 Shri Alok Tandon – Manager of Inox Leisure Limited

**Relatives of Key Management Personnel**

Shri D K Jain (Father of Shri V K Jain)  
 Shri P K Jain (Brother of Shri V K Jain)  
 Shri Devansh Jain (Son of Shri V K Jain)

**Enterprises over which Key Management Personnel, or his relative, has significant influence**

Devansh Gases Private Limited  
 Devansh Trading and Finance Private Limited  
 Inox India Limited  
 Inox Air Products Limited  
 Inox Chemicals Private Limited  
 Refron Valves Limited  
 Rajni Farms Private Limited  
 Sidhapavan Trading and Finance Private Limited  
 Siddho Mal Investments Private Limited

Following parties have become 'related parties' w.e.f. 6<sup>th</sup> January 2011 viz. the date on which Fame India Limited (FIL) has become a subsidiary of Inox Leisure Limited. Accordingly, transactions with these parties w.e.f. 6<sup>th</sup> January 2011 are considered in related party disclosures:

**Key Management Personnel**

Shri Rishi Negi – Chief Operating Officer in FIL (resigned on 28<sup>th</sup> February 2011)  
 Shri Shyam Shroff – Director in Fame Motion Pictures Limited (FMPL) (Resigned on 21<sup>st</sup> January 2011)  
 Shri Balkrishna Shroff – Director in FMPL (resigned on 21<sup>st</sup> January 2011)  
 Shri Aditya Shroff – Director in FIL (resigned on 21<sup>st</sup> January 2011)

**Enterprises over which Key Management Personnel, or his relative, has significant influence**

M/s Shringar Films (upto 21<sup>st</sup> January 2011)  
 Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCP') (upto 21<sup>st</sup> January 2011)

(ii) Particulars of transactions: -

(Amount Rs. in lacs)

Particulars	Holding Company		Joint Venture		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>A) Transactions during the year</b>												
<b>Sales of Goods</b>												
Inox Air Products Limited									19.58	16.97	19.58	16.97
Others									0.22	0.04	0.22	0.04
<b>Total</b>									<b>19.80</b>	<b>17.01</b>	<b>19.80</b>	<b>17.01</b>
<b>Purchase of Goods</b>												
Inox Air Products Limited									111.57	70.08	111.57	70.08
Inox India Limited									1748.05	2902.62	1748.05	2902.62
XHCT Co. Ltd			112.91	143.86							112.91	143.86
Others									0.08	0.00	0.08	0.00
<b>Total</b>			<b>112.91</b>	<b>143.86</b>					<b>1859.70</b>	<b>2972.70</b>	<b>1972.61</b>	<b>3116.56</b>
<b>Inter-corporate Deposits received</b>												
Inox Leasing & Finance Limited	1300.00	500.00									1300.00	500.00
<b>Total</b>	<b>1300.00</b>	<b>500.00</b>									<b>1300.00</b>	<b>500.00</b>
<b>Equity shares Subscribed</b>												
XHCT Co. Ltd			0.00	1263.89							0.00	1263.89
<b>Total</b>			<b>0.00</b>	<b>1263.89</b>							<b>0.00</b>	<b>1263.89</b>
<b>Interest Paid/Interest on Debentures.</b>												
Inox Leasing & Finance Limited	60.24	49.78									60.24	49.78
Devansh Trading & Finance Private Limited									17.55	0.82	17.55	0.82
Inox Chemicals Private Limited									17.55	0.82	17.55	0.82
Sidhapavan Trading & Finance Private Limited									17.55	0.82	17.55	0.82
Siddho Mal Investments Private Limited									17.55	0.82	17.55	0.82
<b>Total</b>	<b>60.24</b>	<b>49.78</b>							<b>70.20</b>	<b>3.28</b>	<b>130.44</b>	<b>53.06</b>





(Amount Rs. in Lacs)

Particulars	Holding Company		Joint Venture		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Expenses (Repairs)</b>												
Inox India Limited									1.67	0.50	1.67	0.50
Refron Valves Limited									9.68	2.87	9.68	2.87
<b>Total</b>									<b>11.35</b>	<b>3.37</b>	<b>11.35</b>	<b>3.37</b>
<b>Reimbursement of expenses (paid)</b>												
Inox Air Products Limited									5.05	4.93	5.05	4.93
Inox India Limited									0.00	0.55	0.00	0.55
Inox Leasing & Finance Limited	0.76	0.76							1.73	0.00	1.73	0.76
ASMCPCL											1.73	0.00
<b>Total</b>	<b>0.76</b>	<b>0.76</b>							<b>6.78</b>	<b>5.48</b>	<b>7.54</b>	<b>6.24</b>
<b>Reimbursement of expenses (received)</b>												
Inox India Limited									4.64	4.81	4.64	4.81
Inox Leasing & Finance Limited	0.41	0.43									0.41	0.43
<b>Total</b>	<b>0.41</b>	<b>0.43</b>							<b>4.64</b>	<b>4.81</b>	<b>5.05</b>	<b>5.24</b>
<b>Rent Received</b>												
Inox Air Products Limited									144.90	137.03	144.90	137.03
Others									0.72	0.72	0.72	0.72
<b>Total</b>									<b>145.62</b>	<b>137.75</b>	<b>145.62</b>	<b>137.75</b>
<b>Rent paid</b>												
Inox Air Products Limited									0.60	0.60	0.60	0.60
Devansh Gases Private Limited									18.00	18.00	18.00	18.00
Inox Leasing & Finance Limited	36.00	36.00									36.00	36.00
Shringar Flims									6.69	0.00	6.69	0.00
ASMCPCL									52.41	0.00	52.41	0.00
Others					1.20	1.20					1.20	1.20
<b>Total</b>	<b>36.00</b>	<b>36.00</b>			<b>1.20</b>	<b>1.20</b>			<b>77.70</b>	<b>18.60</b>	<b>114.90</b>	<b>55.80</b>
<b>Deposit refund received</b>												
Shringar Flims									19.68	0.00	19.68	0.00
<b>Total</b>									<b>19.68</b>	<b>0.00</b>	<b>19.68</b>	<b>0.00</b>
<b>O&amp;M Charges &amp; Lease Rents paid</b>												
Inox Air Products Limited									116.31	99.66	116.31	99.66
<b>Total</b>									<b>116.31</b>	<b>99.66</b>	<b>116.31</b>	<b>99.66</b>
<b>Remuneration paid</b>												
Shri V K Jain					1369.04	1818.41					1369.04	1818.41
Others					158.29	115.63	5.38	5.38			163.67	121.01
<b>Total</b>					<b>1527.33</b>	<b>1934.04</b>	<b>5.38</b>	<b>5.38</b>			<b>1532.71</b>	<b>1939.42</b>
<b>Commission paid to Chairman</b>												
Shri D K Jain							326.85	440.34			326.85	440.34
<b>Total</b>							<b>326.85</b>	<b>440.34</b>			<b>326.85</b>	<b>440.34</b>
<b>Sitting Fees</b>												
Shri D K Jain							1.00	0.40			1.00	0.40
Shri P K Jain							0.00	0.05			0.00	0.05
<b>Total</b>							<b>1.00</b>	<b>0.45</b>			<b>1.00</b>	<b>0.45</b>
<b>B) Amounts outstanding</b>												
<b>Amount payable</b>												
Shri V K Jain					907.82	1219.80					907.82	1219.80
Shri D K Jain							225.85	304.28			225.85	304.28
<b>Inter -corporate deposits received</b>												
Inox Leasing & Finance Limited	1800.00	500.00									1800.00	500.00
<b>Debentures Outstanding</b>												
Devansh Trading & Finance Private Limited									250.00	250.00	250.00	250.00
Inox Chemicals Private Limited									250.00	250.00	250.00	250.00
Siddhapavan Trading & Finance Private Limited									250.00	250.00	250.00	250.00
Siddho Mal Investments Private Limited									250.00	250.00	250.00	250.00
<b>Interest on Debentures accrued not paid.</b>												
Devansh Trading & Finance Private Limited									16.53	0.73	16.53	0.73
Inox Chemicals Private Limited									16.53	0.73	16.53	0.73
Siddhapavan Trading & Finance Private Limited									16.53	0.73	16.53	0.73
Siddho Mal Investments Private Limited									16.53	0.73	16.53	0.73
Others			27.69	13.93	5.63	4.84	0.45	0.45	181.51	203.45	215.28	222.67
<b>Total</b>	<b>1800.00</b>	<b>500.00</b>	<b>27.69</b>	<b>13.93</b>	<b>913.45</b>	<b>1224.64</b>	<b>226.30</b>	<b>304.73</b>	<b>1247.63</b>	<b>1206.37</b>	<b>4215.07</b>	<b>3249.66</b>

**20. Derivative outstanding and not hedged foreign currency exposure as at Balance Sheet date:**

a) Derivative outstanding as at Balance Sheet date:

**(Figures in Lacs)**

S. No.	Nature of Contract	Foreign Currency	Buy/Sell	2010-2011	2009-2010	Purpose
a)	Forward Contracts	USD	Sell	<b>540.60</b>	-	Hedging of Receivable
b)	Forward Contracts	EURO	Sell	<b>1,777.50</b>	2,160.00	Hedging of Receivable
c)	Forward Contracts	USD	Buy	-	128.32	Hedging of Loan
d)	Currency and Interest Rate Swap	USD	Buy	<b>286.25</b>	107.81	Hedging of Loan and Interest Rate of Loan
e)	Interest Rate Swap (Notional Principal)	USD	Buy	<b>162.32</b>	189.37	Hedging of Interest Rate of Loan

b) Foreign currency exposure not hedged as at Balance Sheet date:

**(Figures in Lacs)**

S. No.	Particulars	2010-2011						2009-2010					
		USD	EURO	JPY	GBP	CHF	YUAN	USD	EURO	JPY	GBP	CHF	YUAN
a)	Receivables	-	-	-	-	-	-	64.93	292.02	-	-	-	-
b)	Payables	<b>84.67</b>	<b>8.73</b>	<b>344.39</b>	<b>0.87</b>	<b>0.04</b>	<b>0.00</b>	53.87	2.48	352.66	0.25	0.04	0.00
c)	Advances Received	<b>21.45</b>	<b>372.79</b>	-	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	31.36	596.25	-	-	-	-
d)	Advances Paid	<b>40.37</b>	<b>10.79</b>	<b>586.77</b>	<b>0.85</b>	<b>0.01</b>	<b>0.00</b>	96.49	5.60	354.57	0.29	0.05	0.00
e)	ECB/FCNRB	<b>231.50</b>	-	-	-	-	-	289.31	-	-	-	-	-
f)	PCFC	<b>115.06</b>	-	-	-	-	-	0.00	-	-	-	-	-
g)	Buyers Credit	<b>180.14</b>	-	-	-	-	-	5.19	-	-	-	-	-
h)	Interest Payable	<b>0.92</b>	-	-	-	-	-	1.17	-	-	-	-	-
i)	Bills Discounted	<b>0.00</b>	-	-	-	-	-	1.50	-	-	-	-	-
j)	Investments	<b>12.24</b>	-	-	-	-	<b>229.89</b>	4.41	-	-	-	-	229.89
k)	FCCB liability	<b>130.00</b>	-	-	-	-	-	-	-	-	-	-	-
l)	YTM on FCCB	<b>48.79</b>	-	-	-	-	-	-	-	-	-	-	-

**21. Segment Information**
**A) Information about Primary (Business) Segments.**
**Amount (Rs. in Lacs)**

Description	Year Ended	Year Ended
	31.03.2011	31.03.2010
<b>[I] Segment Revenue</b>		
i. Chemicals	<b>103733.33</b>	91523.33
ii. Theatrical Exhibition	<b>37125.56</b>	25360.09
iii. Power	<b>21976.28</b>	24064.77
iv. WTG	<b>7192.08</b>	784.95
v. Other Segment	<b>18.93</b>	86.56
vi. Un allocable and Corporate	<b>4727.06</b>	5785.08
<b>Total Segment Revenue</b>	<b>174773.23</b>	147604.78
Less : Inter Segment Revenue		
- Power	<b>13744.62</b>	13759.12
- WTG	<b>7192.08</b>	784.95
- Others	<b>0.10</b>	5.86
<b>Total External Revenue</b>	<b>153836.43</b>	133054.84

**A) Information about Primary (Business) Segments (Contd....)**
**Amount (Rs. in Lacs)**

Description	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>[II] Segment Result</b>		
i. Chemicals	34240.59	39110.87
ii. Theatrical Exhibition	1579.53	2057.46
iii. Power	825.96	4016.45
iv. WTG	806.35	(105.62)
v. Other Segment	(114.51)	(467.96)
vi. Un allocable and Corporate	(522.33)	(171.17)
<b>Total Segment Result</b>	<b>36815.58</b>	<b>44440.02</b>
Add / (Less): Un-allocable Income / (Expenses) (Net)	<b>3294.80</b>	<b>1742.35</b>
Less :Interest expenses	<b>4328.24</b>	<b>5170.02</b>
<b>Total Profit Before Tax</b>	<b>35782.14</b>	<b>41012.35</b>
Less : Taxation (including Deferred tax )	<b>8727.80</b>	<b>6001.82</b>
<b>Net Profit After Tax</b>	<b>27054.34</b>	<b>35010.52</b>
<b>[III] Other Information</b>		
<b>a) Segment Assets</b>		
i. Chemicals	135458.23	91129.44
ii. Theatrical Exhibition	66318.64	39979.13
iii. Power	72747.20	63458.97
iv. WTG	19820.72	10744.07
v. Other Segment	489.03	126.40
vi. Un allocable and Corporate	66534.48	90707.69
<b>Total</b>	<b>361368.30</b>	<b>296145.70</b>
<b>b) Segment Liabilities</b>		
i. Chemicals	40780.23	32371.78
ii. Theatrical Exhibition	7918.57	4339.84
iii. Power	1497.52	1343.78
iv. WTG	4613.10	2122.34
v. Other Segment	251.99	51.70
vi. Un allocable and Corporate	101114.78	77047.87
<b>Total</b>	<b>156176.20</b>	<b>117277.31</b>
<b>c) Capital Expenditure</b>		
i. Chemicals	41308.68	7880.99
ii. Theatrical Exhibition	3391.92	4246.37
iii. Power	13125.04	17887.70
iv. WTG	4313.96	7898.81
v. Other Segment	0.00	482.35
vi. Un allocable and Corporate	37.41	422.35
<b>Total</b>	<b>62177.01</b>	<b>38818.56</b>
<b>d) Depreciation &amp; Amortization</b>		
i. Chemicals	3295.40	3374.76
ii. Theatrical Exhibition	2292.85	1493.87
iii. Power	3457.23	2448.97
iv. WTG	394.28	17.90
v. Other Segment	42.19	370.28
vi. Un allocable and Corporate	217.89	84.71
<b>Total</b>	<b>9699.84</b>	<b>7790.50</b>
<b>e) Non-cash expenses (other than depreciation)</b>		
i. Chemicals	16.99	11.62
ii. Theatrical Exhibition	118.35	16.22
iii. Power	0.00	0.00
iv. WTG	0.00	0.00
v. Other Segment	51.05	0.00
vi. Un allocable and Corporate	60.75	1559.84
<b>Total</b>	<b>247.14</b>	<b>1587.68</b>

**B) Information about Secondary (Geographical) Segments.**

Particulars	Amount (Rs. in Lacs)	
	2010-2011	2009-2010
Domestic	<b>83084.15</b>	60279.33
Overseas	<b>60919.68</b>	65736.85
Total	<b>144003.83</b>	126016.18

**C) Notes**

- 1) The Company operates in following business segments:
  - a. Chemicals - Comprising of Refrigerant gases, Anhydrous Hydrochloric acid, Caustic-Chlorine, Chloromethane, PTFE, PT-PTFE and revenue from Carbon Credits.
  - b. Power - Comprising of Power Generation.
  - c. Theatrical Exhibition – Operating & Managing Multiplex Entertainment Centres and cinema theatres.
  - d. WTG – Manufacture of Wind Turbine Generators.
  - e. Other Segment – Distribution of Movies, programming business, production of movies and food courts & malls management.
- 2) Inter-segment revenue comprises of:-
  - a. Power generated that is captively consumed in Chemical and Theatrical Exhibition Business and is priced at market value or estimated market value, as appropriate.
  - b. Wind Turbine Generators manufactured by WTG segment is capitalized as fixed assets in Power Segment and is priced at estimated market value.
  - c. Film distributors' share in respect of movies distributed and exhibited in its multiplexes and is priced at market value.
- 3) Chemicals business is operated in two geographical markets, in domestic and overseas market. The manufacturing facilities of chemicals business are common for India and overseas market and hence it is not possible to directly attribute or allocate on a reasonable basis the expenses, assets and liabilities to these geographical segments. In respect of power segment, the entire production is indigenously sold/consumed. All multiplexes/theatres are located in India and all movies are distributed/produced in India. In respect of WTG, the entire production is captively sold in India. The disclosures regarding geographical segments are made accordingly.
- 4) The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**22. Employee Benefits:**

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs. 373.13 Lacs (Previous Year Rs. 257.50 Lacs) is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Profit and Loss Account.
- b) Defined Benefit Plans: In respect of Gratuity and Leave Encashment – as per Actuarial valuation.

**Amount (Rs. in Lacs )**

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
<b>1. Change in Benefit Obligation</b>				
Liability at the beginning of the year	<b>505.22</b>	358.99	<b>216.48</b>	202.73
Interest Cost	<b>37.05</b>	24.49	<b>13.72</b>	13.49
Current Service Cost	<b>142.03</b>	111.34	<b>138.83</b>	104.64
Recognised Past Service Cost	<b>0.09</b>	0.00	<b>0.00</b>	0.00
Benefit paid	<b>(35.23)</b>	(18.20)	<b>(61.90)</b>	(20.44)
Actuarial (Gain)/Loss	<b>(32.45)</b>	(38.26)	<b>(20.77)</b>	(120.00)
<b>Liability at the end of the year</b>	<b>616.71</b>	438.36	<b>286.37</b>	180.42
<b>Group Share in joint ventures</b>	<b>0.15</b>	0.00	<b>0.12</b>	0.00
<b>2. Expenses recognized in the Profit and Loss Account</b>				
Current Service Cost	<b>142.03</b>	111.34	<b>138.83</b>	104.65
Interest Cost	<b>37.05</b>	24.49	<b>13.72</b>	13.49
Recognised Past Service Cost	<b>0.09</b>	0.00	<b>0.00</b>	0.00

**Amount (Rs. in Lacs )**

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Actuarial (Gain)/Loss	(32.43)	(38.26)	(20.77)	(120.00)
<b>Expenses recognized in the Profit and Loss Account</b>	<b>146.75</b>	97.57	<b>131.78</b>	(1.86)
<b>Group Share in joint ventures</b>	<b>0.00</b>	0.00	<b>(0.03)</b>	0.00
<b>3. Actuarial Assumptions</b>				
Discount Rate	<b>7 to 8.17 %</b>	8%	<b>7 to 8.17 %</b>	8%
Salary Escalation Rate	<b>7% to 12%</b>	7% to 8%	<b>7% to 12%</b>	7% to 8%
Retirement Age	58 years to 60 Years			
Withdrawal Rates	<b>5% to 10%</b>	5% to 10%	<b>5% to 10%</b>	5% to 10%
<b>Mortality</b>	<b>LIC (1994-96) published table of rates</b>			

The above defined benefit plans are unfunded. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**23.** The Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006;

**Amount (Rs. in Lacs)**
**Particulars**

Principal amount due to suppliers under MSMED Act, 2006 at the year end.	<b>9.18</b>	2009-2010 19.50
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount, unpaid at the year end.	<b>0.04</b>	0.34
Payment made to suppliers (other than interest) beyond the appointed date during the year.	<b>48.10</b>	81.22
Interest paid to suppliers under MSMED Act, 2006 (Sec 16) during the year.	<b>0.00</b>	2.32
Interest due and payable to suppliers under MSMED Act for payments already made.	<b>0.49</b>	1.45
Interest accrued and not paid to suppliers under MSMED Act, 2006 up to the year end.	<b>2.85</b>	2.32

**24. Calculation of Earnings Per Share (EPS):**

**Amount (Rs. in Lacs)**

S.No.	Particulars	2010-2011	2009-2010
a)	Amount used as the numerator - Profit after taxation – including share in profit of the Associate and after minority interest in the profit for the year (Rs. in Lacs)	<b>27142.14</b>	34087.91
b)	Equity shares outstanding at the beginning of the year – (Nos.)	<b>109850000</b>	109850000
c)	Equity shares bought back – (Nos.)	<b>0</b>	0
d)	Equity shares outstanding at the end of the year – (Nos.)	<b>109850000</b>	109850000
e)	Weighted Average equity shares outstanding for the year – (Nos.)	<b>109850000</b>	109850000
f)	Nominal value of each share – (Re)	<b>1</b>	1
g)	Basic and Diluted Earnings per share (Rs.)	<b>24.71</b>	31.03

As per our report of even date attached

**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**V. K. JAIN**  
Managing Director

**DR. S. RAMA IYER**  
Director

**SHAILENDRA SWARUP**  
Director

**M. Y. Kulkarni**  
Partner

**DEEPAK ASHER**  
Director

**B. V. DESAI**  
Company Secretary

**S. P. JAIN**  
Director

Place : Pune  
Dated : 27th May, 2011

Place : Noida  
Dated : 27th May, 2011

## Statement pursuant to exemption under Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies of Gujarat Fluorochemicals Limited for the Financial Year 2010-11

S. No.	Particulars	Name of Subsidiary Company (including subsidiaries of subsidiaries)										Amount (Rs. in Lacs)					
		Inox Infrastructure Private Limited	Inox Motion Pictures Limited	Gujarat Fluorochemicals Americas LLC, U.S.A.*	Inox Wind Limited	Inox Renewables Limited	Inox Leisure Limited	Fame India Limited	Fame Motion Pictures Limited (Formerly known as Shringar Films Limited)	Big Pictures Hospitality Services Private Limited							
a)	Capital	5,000.00	300.00	564.70	3,000.00	5.00	6,154.18	3,494.80	99.99	5.00						5.00	
b)	Reserves	146.57	(557.98)	27.49	414.77	(16.74)	25,624.41	3,380.58	1,779.74	(98.34)							
c)	Total Assets	5,162.34	3.27	1,537.79	20,108.60	362.29	59,338.46	24,382.59	2,004.38	0.50							
d)	Total Liabilities	15.76	261.25	945.60	16,693.84	374.02	27,534.45	17,507.21	124.65	93.84							
e)	Investments (other than investment in subsidiary)	3,946.03	-	-	-	0.45	33.64	173.20	0.10	Nil							
f)	Turnover	-	0.15	993.36	7,192.08	-	33,732.05	16,123.23	679.31	0.36							
g)	Profit/(Loss) before taxation	61.82	(62.86)	101.04	432.01	(16.74)	921.20	135.46	(35.70)	(0.12)							
h)	Provision for taxation	19.12	-	21.96	(107.15)	-	225.41	(63.35)	(0.61)	Nil							
i)	Profit/(Loss) after taxation	42.70	(62.86)	79.08	539.16	(16.74)	695.79	198.81	(35.09)	(0.12)							
j)	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil							

\* Exchange rate as on 31st March, 2011 : 1 USD = Rs. 44.59



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**GUJARAT FLUOROchemicals LIMITED**

Regd. Office : S/No. 16/3, 26 & 27, Ranjitnagar 389 380  
Taluka Ghoghamba, Dist. Panchmahal, Gujarat.

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS OF THE SHAREHOLDERS

FOLIO NO./Client ID No.....

No. of Shares held.....

I hereby record my presence at the TWENTY-FOURTH ANNUAL GENERAL MEETING of the Company to be held on **Friday, the 15<sup>th</sup> July, 2011 at 3.30 p.m. at S/No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghamba, Dist. Panchmahal, Gujarat.**

SIGNATURE OF THE SHAREHOLDERS OR PROXY

(TEAR HERE)



**GUJARAT FLUOROchemicals LIMITED**

Regd. Office : S/No. 16/3, 26 & 27, Ranjitnagar 389 380  
Taluka Ghoghamba, Dist. Panchmahal, Gujarat.

**PROXY**

FOLIO NO./Client ID No.....

I/We .....

of .....being a member/members of

GUJARAT FLUOROchemicals LIMITED hereby appoint.....

of .....

or failing him.....

of .....

as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-FOURTH ANNUAL GENERAL MEETING of the Company to be held on **Friday, the 15<sup>th</sup> July, 2011** and at any adjournment thereof.

Signed this ..... day of..... 2011.

Affix  
Re 1/-  
Revenue  
Stamp

**NOTE:** The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding of the aforesaid meeting. The Proxy need not be a member of the Company.



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