



Creating the right formula
for **growth**



GUJARAT
FLUOROCHEMICALS
LIMITED



GROUP COMPANY

25th Annual Report 2011-12

Creating the right formula
for **growth**



CONTENT

| | |
|-------------------------------------|----|
| Board of Directors | 02 |
| Notice | 03 |
| Directors' Report | 10 |
| Corporate Governance Report | 19 |
| Auditors' Report | 26 |
| Balance Sheet | 30 |
| Statement of Profit and Loss | 31 |
| Cash Flow Statement | 32 |
| Notes to Financial Statements | 34 |
| Consolidated Accounts | 61 |



Gujarat Fluorochemicals Limited

GUJARAT FLUOROchemicals LIMITED

TWENTY-FIFTH ANNUAL GENERAL MEETING

Friday, the 27th July, 2012

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 | <i>Director</i> |
| Shri Shailendra Swarup | <i>Director</i> |
| Shri Pavan Jain | <i>Director</i> |
| Shri Vivek Jain | <i>Managing Director</i> |
| Shri D.K. Sachdeva | <i>Whole-Time Director</i> |
| Shri J.S. Bedi | <i>Whole-Time Director</i> |
| Shri O.P. Lohia | <i>Director</i> |
| Dr. S. Rama Iyer | <i>Director</i> |
| Shri Deepak Asher | <i>Director and Group Head Corporate Finance</i> |
| Shri S.P. Jain | <i>Director</i> |
| Shri G. Arumugam | <i>Additional and Whole-time Director</i> |

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 | ICICI Bank Limited |
| Royal Bank of Scotland | Oriental Bank of Commerce |
| DBS Bank Ltd. | HDFC Bank Limited |
| BNP Paribas | Citi Bank N.A. |
| Axis Bank Limited | Yes Bank Limited |
| ING Vysya Bank Limited | |

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

GUJARAT FLUOROchemicals LIMITED

NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Twenty-Fifth Annual General Meeting** of the Company will be held at the Registered Office of the Company at S/No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghamba, District Panchmahal, Gujarat, on Friday, the 27th July, 2012, at 03:30 pm, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2012, 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 31st March, 2012.
3. To appoint a Director in place of Shri DK Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shailendra Swarup 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 pursuant to the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Vivek Jain be and is hereby modified, with effect from 01st April, 2011, as given below, subject to all other terms of the resolution passed by the Members of the Company at their Twentieth Annual General Meeting held on 29th September, 2007, approving remuneration payable to Shri Vivek Jain, remaining unaltered:

COMMISSION:

Commission payable to Shri Vivek Jain with effect from 01st April, 2011 shall be four per cent of the net profits of the Company per annum or pro-rata for part of the year subject to a maximum limit of Rs 5 crores per annum or pro-rata for the part of the year.

All other terms of the resolution passed by the Members of the Company at their Twentieth Annual General Meeting held on 29th September, 2007, approving remuneration payable to Shri Vivek Jain, remaining unaltered.”

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 Vivek Jain be re-appointed, as Managing Director of the Company for a further period of five years commencing from 01st January, 2013 on such terms and conditions including remuneration and minimum remuneration as set out below, with the authority to the Board of Directors to grant increments within the range stated below:

Remuneration: Basic pay in the grade of Rs 300000 – 50000 – 500000 per month.

In addition to remuneration within the above range, Shri Vivek Jain would also be entitled to the Company car with driver, telephone facility, furnished Company owned or leased furnished accommodation with all facilities, contribution to provident fund 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.

Leave encashment payable in addition to the above remuneration as per the rules of the Company.

Gratuity payable in addition to the above remuneration at the rate of half month’s salary for each completed year of service.

COMMISSION

Equivalent to four per cent of the net profits of the Company per annum, or pro-rata for a part of the year subject to a maximum limit of Rs. 5 Crores per annum or pro-rata for the part of the year.

However, the overall remuneration to Shri Vivek Jain 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 an Ordinary Resolution:

"RESOLVED THAT the Company do ratify / approve the revision in remuneration paid / payable to Shri Dinesh Kumar Sachdeva for the period from 29th November, 2011 to 28th November 2012 from Rs. 42 Lacs per annum to an amount not exceeding Rs. 45 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, contribution to provident fund, housing accommodation, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company, as may be approved by the Managing Director of the Company.

"RESOLVED FURTHER 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 Dinesh Kumar Sachdeva be re-appointed, as a Whole-time Director of the Company for a further period of one year commencing from 29th November, 2012 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:

Remuneration: Remuneration of upto Rs 50 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 Dinesh Kumar Sachdeva would also be entitled to the Company car with driver, telephone facility, furnished Company owned or leased accommodation. 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.

However, the overall remuneration to Shri Dinesh Kumar 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."

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

"RESOLVED THAT the Company do ratify / approve the revision in remuneration paid / payable to Shri J S Bedi for the period from 1st December, 2011 to 30th November, 2012 from Rs. 52 Lacs per annum to an amount not exceeding Rs. 60 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, contribution to provident fund, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company, as may be approved by the Managing Director of the Company.

"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 1st December, 2012 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:

Remuneration: Remuneration of up to Rs 70 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, and insurance for self. 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.

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."

10. 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 G Arumugam be appointed as Whole-time Director of the Company for a period of one year commencing from 12th August, 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:

Remuneration: Remuneration of up to Rs 70 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 G Arumugam would also be entitled to the Company car with driver, telephone facility, and insurance for self. 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.

However, the overall remuneration to Shri G Arumugam 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
25th May, 2012

DK JAIN
Director

Registered Office :

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

Notes :

- A Member entitled to attend the Meeting and vote there at 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.
- The Register of Members and the Share Transfer Books of the Company will be closed from 23rd July, 2012 to 27th July, 2012 (both days inclusive).
- 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.
- Those Members who have not received interim dividend and / or final dividend for 2004-05 and / or 2005-06 and / or 2006-07 and / or 2007-08 and / or 2008-09 and / or 2009-10 / 2010-11 / 2011-12 declared and paid by the Company, are requested to write to our Registrar & Share Transfer Agents.



e) Details of Directors seeking appointment / re-appointment at the forthcoming annual general meeting pursuant to clause 49 of the listing agreement

| | |
|--------------------------------------|---|
| Name of Director | Shri DK Jain |
| Date of appointment on Board | 01.01.1988 |
| Date of Birth | 02.03.1929 |
| Expertise | Shri DK Jain is a graduate in History (Hons.) from St. Stephen's College, Delhi, possesses over 54 years of rich experience in business management and international trade. In recognition of his successful efforts to increase bilateral trade with Commonwealth countries, he was granted a Dignity of an Honorary Member of the Civil Division in the Order of the British Empire by Her Majesty, the Queen of England. Shri DK Jain has been a member of the Indian National Committee of the International Chamber of Commerce and has been an Associate Member of the World Economic Forum, Geneva, Switzerland and a member of the Indian delegation to the Davos symposium on several occasions in past. |
| Directorship held in other companies | <ol style="list-style-type: none"> 1. Inox India Limited 2. Inox Leasing and Finance Limited 3. Inox Chemicals Private Limited 4. Siddhomal Investments Private Limited 5. Siddhapavan Trading and Finance Private Limited 6. Devansh Trading and Finance Private Limited 7. Devansh Gases Private Limited 8. Rajni Farms Private Limited 9. Inox International Private Limited 10. Siddhomal Air Products Private Limited 11. Sitashri Trading and Finance Private Limited |
| Committee Memberships | <ol style="list-style-type: none"> 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Audit Committee • Share Transfer & Investors Grievance Committee |
| No of shares held in the Company | 20100 Shares |
| | |
| Name of Director | Shri Vivek Jain |
| Date of appointment on Board | 04.02.1987 |
| Date of Birth | 30.08.1955 |
| Expertise | Shri Vivek Jain is a graduate of commerce from St. Stephen's College, Delhi. He also has a post-graduate degree in Business Administration from Indian Institute of Management, Ahmedabad. He has over 33 years of business experience. |
| Directorship held in other companies | <ol style="list-style-type: none"> 1. Inox Air Products Limited 2. Inox India Limited 3. Inox Leisure Limited 4. Inox Leasing and Finance Limited 5. Inox Renewables Limited 6. Inox Chemicals Limited 7. Siddhomal Investments Private Limited 8. Siddhapavan Trading and Finance Private Limited 9. Devansh Trading and Finance Private Limited 10. Devansh Gases Private Limited 11. Rajni Farms Private Limited 12. Inox Infrastructure Services Private Limited 13. Inox International Limited 14. Inox DPNC Outsourcing Services Private Limited |

| | |
|--------------------------------------|--|
| | 15. Vindychal Hydro Power Limited 16. Megnasolace City Private Limited 17. Siddhomal Air Products Private Limited 18. Sitashri Trading and Finance Private Limited 19. Gujarat Fluorochemicals Singapore PTE Limited |
| Committee Memberships | 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Share Transfer and Investors Grievance Committee 2. Inox India Limited <ul style="list-style-type: none"> • Share Transfer Committee • Audit Committee 3. Inox Leasing and Finance Limited <ul style="list-style-type: none"> • Audit Committee 4. Inox Air Products Limited <ul style="list-style-type: none"> • Audit Committee • Share Transfer Committee 5. Inox Leisure Limited <ul style="list-style-type: none"> • Share Transfer and Investor Grievance Committee |
| No of shares held in the Company | 20100 Shares |
| | |
| Name of Director | Shri Shailendra Swarup |
| Date of appointment on Board | 01.01.1988 |
| Date of Birth | 20.11.1944 |
| Expertise | Shri Shailendra Swarup is a law graduate and a Senior Advocate. He is practising in the High Court and Supreme Court of India. He has over 44 years of experience in handling various legal matters. He is also on the Board of several professionally managed companies. Shri Swarup was a Member of the Task Force on Corporate Governance constituted by the Confederation of Indian Industry under the Chairmanship of Shri Rahul Bajaj. He was a member of consultative Group constituted by the Reserve Bank of India under the Chairmanship of Dr. AS Ganguly. |
| Directorship held in other companies | 1. India Thermit Corporation Limited 2. Subros Limited 3. Bengal & Assam Company Limited 4. Eros Energy Private Limited 5. Vis Legis Consult Private Limited 6. Xerox India Enterprises Private Limited 7. Kangaroo Properties Private Limited 8. Dev Valley Devcon Private Limited |
| Committee Memberships | 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Audit Committee |
| No of shares held in the Company | 10000 Shares |
| | |
| Name of Director | Shri DK Sachdeva |
| Date of appointment on Board | 29.11.1996 |
| Date of Birth | 12.12.1944 |
| Expertise | Shri DK Sachdeva is a Chemical Engineer from the Indian Institute of Technology, Kharagpur and has over 40 years of experience in the technical field of various chemical/process plants. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |



| | |
|--------------------------------------|--|
| Name of Director | Shri JS Bedi |
| Date of appointment on Board | 31.10.2006 |
| Date of Birth | 13.08.1953 |
| Expertise | Shri JS Bedi is a Chemical Engineer and has over 34 years of experience in the technical field of various chemical/ process plants. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |
| | |
| Name of Director | Shri G Arumugam |
| Date of appointment on Board | 12.08.2011 |
| Date of Birth | 31.01.1959 |
| Expertise | Shri Ganesan Arumugam is a Chemical Engineer and has over 31 years of experience in large chemical process industries and atomic energy in various capacities. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |

- f) The Ministry of Corporate Affairs (MCA) has issued Circulars No. 17/2011 dated 21.04.2011 and No. 18/2011 dated 29.04.2011, propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). With a view to lend a strong support to this environment friendly initiative of the Government of India, Annual Reports for Financial Year 2012 of your Company has been sent via Electronic Mode (E-mail) to the Members whose E-mail ID was made available to us by the Depositories Participants. We are sure that the Members would also like to support this excellent initiative of the Government of India. We request the Members to register / update their e-mail address with their Depository Participant, in case they have not already registered / updated the same.

ANNEXURE TO THE NOTICE

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

Item No. 6

At the twentieth Annual General Meeting of the Company held on 29th September, 2007, the Members had approved re-appointment of Shri Vivek Jain as a Managing Director of the Company for a period of five years from 01st January, 2008 to 31st December, 2012 on the terms and conditions mentioned in the resolution passed at the said Annual General Meeting including, inter-alia, payment of Commission equivalent to four percent of the net profits of the Company per annum, or pro-rata for part of the year. Honouring the desire expressed by Shri Vivek Jain at the Board Meeting held on 12th August, 2011, it is proposed that the Commission payable to Shri Vivek Jain for the period commencing from 01st April, 2011 till 31st December, 2012 be four percent of the net profits of the Company per annum or pro-rata for the part of the year subject to a maximum limit of Rs 5 crores per annum or pro-rata for part of the year.

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 Vivek Jain for himself and Shri DK Jain and Shri PK Jain, being relatives of Shri Vivek Jain, to the extent of the downward revision of remuneration payable to him as a Managing Director of the Company.

Item No. 7

At Twentieth Annual General Meeting held on 29th September, 2007, the Members had approved re-appointment of Shri Vivek Jain as a Managing Director of the Company for a period from 01st January, 2008 to 31st December, 2012. Having regard to the performance of the Company, it is considered desirable that the Company should continue to avail his services as the Managing 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 Vivek Jain for himself and Shri DK Jain and Shri PK Jain, being relatives of Shri Vivek Jain, to the extent of his re-appointment as a Managing Director of the Company.

Item No. 8

At the Twenty-Fourth Annual General Meeting of the Company, the Members had re-appointed Shri DK Sachdeva as a Whole-Time Director of the Company for a period from 29th November, 2011 to 28th November, 2012 on the terms and conditions mentioned in the resolution passed at the said Annual General Meeting. During the financial year ended on 31st March, 2012, the remuneration paid to Shri DK Sachdeva exceeded the limit of remuneration set out in the referred resolution. It is now proposed to ratify excess remuneration paid to Shri DK Sachdeva during the financial year ended on 31st March, 2012 and re-appoint him as a Whole-Time Director of the Company for a further period of one year on the terms and conditions 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. 9

At the Twenty-Fourth Annual General Meeting of the Company, the Members had re-appointed Shri JS Bedi as a Whole-Time Director of the Company for a period from 1st December, 2011 to 30th November, 2012 on the terms and conditions mentioned in the resolution passed at the said Annual General Meeting. During the financial year ended on 31st March, 2012, the remuneration paid to Shri JS Bedi exceeded the limit of remuneration set out in the referred resolution. It is now proposed to ratify excess remuneration paid to Shri JS Bedi during the financial year ended on 31st March, 2012 and re-appoint him as a Whole-Time Director of the Company for a further period of one year on the terms and conditions of 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.

Item No. 10

At the Meeting of the Board of Directors of the Company held on 12th August, 2011, the Board had appointed Shri G Arumugam as a Whole-Time Director of the Company for a period of one year from 12th August, 2011. It is desirable that the Company should avail his services as a Whole-Time Director of the Company, on the terms and conditions 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 G Arumugam to the extent of his appointment as a Whole-Time Director of the Company.

By Order of the Board of Directors

Noida
25th May, 2012

DK JAIN
Director

Registered Office :

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



DIRECTORS' REPORT

To the Members of

GUJARAT FLUOROCHEMICALS LIMITED

Your Directors take pleasure in presenting to you their Twenty-Fifth Annual Report for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

Following are the working results for the year 2011-2012:

(Rs. in Lacs)

Continuing Operations

| | | |
|---|--------|-------|
| Net Sales / Income from Operations | 206556 | 97897 |
| Other operating Income | 344 | 388 |
| Total Income from Operations | 206900 | 98285 |
| Less: Total Expenses | 106835 | 70816 |
| Profit from operations before other income and finance cost and exceptional items | 100065 | 27469 |
| Add: Other Income | 5764 | 9953 |

| | | |
|---|--------|-------|
| Less: Finance Cost | 5713 | 2987 |
| Profit from ordinary activity before Taxation | 100116 | 34435 |
| Provision for Taxation | 24816 | 8485 |

Profit for the year from Ordinary Activity

Discontinuing Operations

| | | |
|----------------------------|---------|-----|
| Profit / (Loss) before Tax | (34927) | 715 |
| Tax Expense | (2787) | 301 |
| Net Profit / (Loss) | (32140) | 414 |

Net Profit / (Loss) for the year

| | | |
|--|-------|-------|
| Profit brought forward from earlier year | 183 | 292 |
| Profit available for appropriations | 43343 | 26656 |

Appropriations

| | | |
|---|-------|-------|
| Transferred to General Reserves | 38500 | 22000 |
| Interim Dividend | 2197 | 1099 |
| Proposed Dividend subject to approval of the Shareholders | 1648 | 2746 |
| Tax on Dividend | 624 | 628 |
| Balance Carried forward to Balance Sheet | 374 | 183 |

43343 **26656**

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. PTFE / Chemicals Business

Industry structure and developments

Total global PTFE market is around 140,000 tpa, of which 60% is granular and 40% is dispersion grade. In terms of supply, the industry is dominated by two kinds of players – branded high quality players from developed countries, who command around 60% market share, and unbranded low quality bulk players from developing countries who have around 40% market share. China has set up substantial capacity in recent years, with almost 25% of global market share.

The Company has entered the PTFE business in 2008, and in a short span of time, become a significant player in the global market. The Company is increasingly being perceived as a high quality PTFE supplier, and with the present capacity of 12,000 tpa, planned to be increased to 18,000 tpa, is poised to cater to a significant share of the global market, putting it in the bracket of the top 3 PTFE suppliers globally.

Indian market for PTFE is around 3,000 tpa, and growing at a healthy 7 – 8% per annum. The Company has more than 80% market share in India, being the only significant producer in the country. There is an immense latent potential for higher PTFE demand, and the Company is working with Indian PTFE processors to develop new products and applications to spur higher growth and demand in the domestic market.

Globally, the established players are moving to higher value added polymers / polymer grades, leaving the space in the traditional PTFE markets for players like the Company. The Company also plans to enter the segment of higher value added polymers / polymer grades in the near future.

The Company enjoys a significant competitive advantage, because of its integrated operations. It is amongst the only top 2 or 3 integrated players, giving it significant cost competitiveness amongst other global players. The Company has placed enormous emphasis on high and consistent quality of all PTFE grades matching the best in the business, by continuous operations and process improvements. The Company has adopted marketing strategies to be proximate with customers and provide value added services such as warehousing facilities in the US and EU markets, and technical services to drive value for customers.

Opportunities and threats

The key opportunities in the PTFE business include the vast undeveloped potential in the Indian markets that would be created by new product and application development, and the market gaps created by established players moving to higher value add PTFE grades. There also exist the potential to work with reputed global players of PTFE based components to expand the PTFE market in India.

Some of the significant threats include further capacity expansions in economies like China, and the impact of such expansion on PTFE prices, as also the continued economic downturn in developed markets like Europe, that could cause demand to remain sluggish.

Segment-wise product-wise performance

Around 16% of the Company's sales last financial year came from the domestic market and more than 84% from the export markets. The Company witnessed a 25% growth in its PTFE exports, leading to a 21% increase in overall PTFE sales last year.

A bulk of the Company's sales, more than 90%, comes from granular PTFE, with modified PTFE and compounds accounting for around 7%. Granular PTFE sales grew by around 19%, whereas modified PTFE and compounds grew by around 66% last year.

The Company expects to maintain a healthy sales growth rate going forward.

Outlook

PTFE has been witnessing a growth rate of 4 – 5% over the past 30 years globally, and it is expected that this growth rate will continue, if not increase, due to new product and application development particularly in developing countries, in the future. With established players moving away into other fluoropolymers, this creates a space in the market that your Company aspires to be the first choice for the market to fill.

The Company is also evaluating other product candidates in the fluoropolymer space, and should take an investment decision in these areas after a complete evaluation of the market, technologies and economics.

Risk and concerns

As indicated in the "threats" section, the key risk includes impact on demand and pricing, due to sluggish growth in markets like Europe due to the economic turndown, and pressure on prices due to capacity expansion in other producing countries like China.

However, the Company remains confident of being able to maintain a healthy return on investment due to the cost competitiveness due to its integrated operations.

b. Carbon Credit Business

The Company has a Clean Development Mechanism (CDM) Project registered by the United Nations Framework Convention for Climate Change (UNFCCC). This project generates Certified Emission Reductions (CERs) by destruction of HFC-23, a potent greenhouse gas inevitably generated in the production process of HCFC-22, a refrigerant produced by the company.

The Company's CDM Project was registered in 2005, with a 10 year crediting period commencing February 2006. The Company therefore expects to be issued CERs till February 2016. The Company has so far received 34 successful issuances, covering around 46 million CERs, since inception.

A part of the expected CER generation of the Company till December 2012 have been sold under firm fixed price contracts, a part under floating price contracts with floor prices, and a part have been kept unhedged for sale in the spot market on issuance. Spot prices have softened over the past twelve months, due to supply-demand imbalance, largely caused by the European economic situation.

The key market for CERs so far has been through the European Union Emissions Trading Scheme (EU-ETS). The EU has announced that it would not buy CERs from HFC-23 destruction (as also some other technologies) after December 2012. There is also some uncertainty over the continuation of the emission reduction obligations under the Kyoto Protocol, from 2013. Hence, it is likely that the Company's CERs may not have a significant market from 2013 and onwards.

c. Wind Energy Business

The Company has floated two subsidiaries to pursue its wind energy business -Inox Wind Limited and Inox Renewables Limited. Inox Wind Limited manufactures state-of-the-art wind turbine generators, rotor blades and tubular towers, at its two manufacturing plants, one in Himachal Pradesh and one in Gujarat, with technology sourced from a leading European wind turbine technology developer. Inox Renewables Limited sets up and operates wind farms.

Pursuant to its decision to grow its wind energy business in its subsidiary, and also to enable raising non-recourse capital for the same, the Company has transferred, by way of a slump sale, its entire wind energy business, as of 30 March, 2012, comprising of 69 MW of operational capacity, and 70 MW of capacity being set up, to Inox Renewables Limited. The business plan is to set up all incremental wind generation capacity in Inox Renewables Limited going forward. The company is already in discussions with various equity and debt capital providers for funding the growth in this business.

The regulatory development in this business remains favourable, with various incentives like higher feed-in tariffs, generation based incentives, mandatory Renewable Purchase Obligations (RPOs) on distribution companies, and Renewable Energy Certificates (RECs) all adding to the revenue streams a wind energy producer can avail to improve the viability of investments in wind farms. With access to a significant pool of viable land banks, and access to efficient wind turbines, the Company's subsidiaries are well-poised to mark a significant presence in this business.

d. 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.

e. 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 and the commencement of revenues from the Wind Energy business through its subsidiaries.

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

The company has around 1500 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 has paid an Interim Dividend of Rs 2.00 per share (200%) and your Directors now recommend a final dividend of Rs 1.50 per share (150%) subject to approval of the shareholders. The total dividend pay-out (including dividend distribution tax on dividend pay-out) for the year will be Rs 4468 lacs.

5. DIRECTORS

Shri DK Jain and Shri Shailendra Swarup retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors have re-appointed / appointed Shri DK Sachdeva, Shri JS Bedi and Shri G Arumugam as Whole-time Director /s of the Company subject to the approval of Members at the ensuing Annual General Meeting.

The Board of Directors have also re-appointed Shri Vivek Jain as Managing Director of the Company for a period of five years with effect from 01st January, 2013 subject to the approval of Members at the ensuing Annual General Meeting.

Necessary resolutions in respect of Directors seeking appointment / re-appointment and their brief resume pursuant to clause 49 of the listing agreement are provided in the Notice of the Annual General Meeting forming part of this Annual Report.

6. SUBSIDIARIES

Ministry of Corporate Affairs, New Delhi vide its Circular No 5/12/2007-CL-III dated 08th February, 2011 has granted general exemption to Holding Companies from 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 25th May, 2012 accorded consent to not attaching Annual Accounts of the financial year ended on 31st March, 2012 of all the Company's subsidiaries. A statement showing holding Company's interest in subsidiaries as required under Section 212 (3) of the Companies Act, 1956 is annexed to the Directors Report.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 80 lakhs 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.

13. 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.

14. INSURANCE

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

15. 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
25th May, 2012

DK Jain
Director

Vivek Jain
Managing Director

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

(a) Energy conservation measures taken

Ranjitnagar unit : Nil

Dahej unit:

- Energy Audit of all the plant units was conducted and relevant suggestions were implemented resulting into substantial power saving in each plant operations.
- Air flow control of K2401A/B air blowers in CMS-2 was optimized with the help of VFD resulting in saving of 36 kWh/day.
- One 22 kW oil pump P2102 is running in place of 2 x 18.5 kW pumps in CMS-1. Energy saving of 168 kWh/day is achieved.
- Optimized methanol feeding by stopping one pump of 15kW. A saving of 360 kWh/day is achieved in CMS Plant.
- Removed P2203 and optimized the process by P2202 in CMS Plant. Direct Saving of 88 kWh/day is achieved.
- In CMS-2, NP2901C stopped by using capacity of NP2901A or B. Saving of 3240 kWh/day is achieved.
- In CA Plant Cooling Tower revamping done and one cooling water pump stopped resulting into saving of 3840 kWh/day.
- Thermo oil an additive applied in fifty numbers of Split Air Conditioners (continuous running) to improve the efficiency and cooling resulting in saving of 232 kWh/day.
- Installed 15 nos. Solar Street lights in plant at different locations.
- Optimisation of DM water usage in CA plant, one DM water pump operation was stopped resulting in saving of 510 kWh/day.
- Optimisation of process water usage in CA plant, one process water pump operation was stopped resulting in saving of 500 kWh/day.

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

Ranjitnagar Unit : Nil

Dahej Unit :

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 at Dahej;

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 |
|----------|---|---|---|---------------------|----------------------|
| A | | | Power and Fuel Consumption | | |
| | 1 | | Electricity | | |
| | | A | Purchased | | |
| | | | Units (in lacs) | 749 | 97 |
| | | | Total Amount (Rs in lacs) | 5649 | 831 |
| | | | Rate/Unit (Rs.) | 8 | 9 |
| | | B | Own Generation | | |
| | | | Units (in lacs) | 3548 | 3501 |
| | | | Total Amount (Rs in lacs) | 18612 | 15113 |
| | | | Rate/Unit (Rs.) | 5 | 4 |
| | 2 | | Coal | | |
| | | | Quantity (MT) | 127437 | 129275 |
| | | | Total amount (Rs in lacs) | 5525 | 4735 |
| | | | Average Rate (Rs) | 4335 | 3662 |
| | 3 | | Furnace Oil | | |
| | | | Quantity (k. ltrs.) | 81 | 89 |
| | | | Total Amount (Rs. in lacs) | 34 | 32 |
| | | | Average Rate (Rs.) | 42 | 36 |
| | 4 | | RLNG SCM | | |
| | | | Quantity (scm) | 813 | 763 |
| | | | Total Amount (Rs. in lacs) | 14534 | 10602 |
| | | | Average Rate (Rs.) | 18 | 14 |
| B | | | Consumption per unit of production | | |
| | | | Ranjitnagar (Fluorochemicals) Unit | | |
| | 1 | | Electricity KWH/MT | 751 | 758 |
| | 2 | | Fuel Oil LTR/MT | 2 | 2 |
| | 3 | | RLNG SCM/MT | 277 | 285 |
| | 4 | | Coal | 0 | 0 |
| | 5 | | Others | 0 | 0 |
| | | | Dahej (Chloroalkalies) | | |
| | 1 | | Electricity KWH/MT | 2036 | 2214 |
| | 2 | | Fuel Oil LTR/MT | 0.06 | 0.09 |
| | 3 | | RLNG SCM/MT | 361 | 533 |
| | 4 | | Coal Qty MT/Coal Power unit lacs | 139 | 110 |
| | 5 | | Others | 0 | 0 |

(B) TECHNOLOGY ABSORPTION

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

Ranjitnagar Unit :

Research and Development

- (1) Specific Area in which R &D carried out :** Nil
- (2) Benefits derived as a result of the above R & D :** Nil
- (3) Future Plan of Action :** Nil
- (4) Technology absorption, adaptation and innovation :** Nil

Dahej Unit :

Research and Development

R&D Centre at Dahej is recognized by DSIR (Department of Scientific and Industrial Research) for Research activities

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

- i. Development of PTFE fine powder grades.
- ii. Development of modified type PTFE dispersion and suspension grades.
- iii. Development of new PTFE/PAEK Blend.
- iv. Development of a very Special glass filled compound having high mechanical properties to cater niche global market
- v. Development of PTFE Micro-powder (Fluoro additive).
- vi. Development & optimization of PTFE processing techniques.

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

- i. Grade lock In: New products and grades are locked In at many major OEMs to cater their global requirement.
- ii. Tailor made grade for new applications to provide complete sourcing solution to customer and to establish GFL as potential raw material supplier in global market.
- iii. Addition of new testing facilities to GFRC to develop Fluoropolymer with improved properties in terms of better performance to establish as a Key global player.
- iv. GFRC has contributed positively to grow domestic market of PTFE by setting up new applications in various fields including chemical, mechanical, automotive, lubricants and inks.
- v. 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 and applications.
- vi. 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.

3. Future plan of action

- i. Project activities of following plants are under progress to be commissioned in the financial year 2012-13.
 - a. PTFE- Phase II
 - b. PFA
 - c. AHF
- ii. Development of surfactant system for polymerization of fluoropolymers.
- iii. Development of PTFE micro fine powder grades as fluoro-additives.
- iv. To develop process for in-house manufacturing of Perfluoro Propylene Vinyl Ether (PPVE)



Technology absorption, adaptation and innovation :

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

- 1) TFE plant has successfully commissioned the new plant and the total capacity has been achieved for monomer plant is 15000 tpa.
- 2) PTFE plant has successfully completed expansion in the first phase:
Suspension grade: 9500 tpa
Dispersion grade: 2000 tpa
- 3) In the suspension grade, the Company has done technology upgradation in the modified grade of PTFE to expand market share internationally and in the domestic region.
- 4) The Company has also completed trials in up gradation of dispersion grade PTFE and got approval from various processors in India & abroad. This will certainly increase market segment in the near future.

SHE & WATER CONSERVATION

- 1) TFE & PTFE plants have been successfully operated without any incidental occurrence and continuously maintained safety, health and environment policies.
- 2) The Company has nominated responsible persons various training in strengthening safety matters in fluoropolymer operations which are known worldwide to be very critical. The Company representative has also been nominated for prestigious membership in 'Plastic Europe & BAM committee' which is an organization for TFE safety. The Company's representative has participated in the meeting held in Berlin along with the representatives of DuPont, Dikin, AGC, BAM, Gore and few more high players in TFE/PTFE business.

Water conservation:

PTFE plant has successfully conserved water of 500m³ water per day from its reject water to reuse in cooling tower and non critical operation.

Future plan:

- 1) Further expansion of TFE to obtain plant capacity up to 16500 tpa by debottlenecking in plant and energy requirement.
- 2) Further expansion of PTFE to obtain capacity up to 12500 tpa by additional equipments.
- 3) Further expansion of dispersion grade to obtain capacity up to 3500 tpa
- 4) Development of new method of PTFE granulation technology to make improved version of granular PTFE with high bulk density and round shape for premium application.
- 5) Development of more modified and non modified grade dispersion grade product for increasing market segment of premium 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. 38 of Annual Accounts
Foreign exchange earned - Refer to Note No. 39 of Annual Accounts

By Order of the Board of Directors

Noida
25th May, 2012

DK Jain
Director

Vivek Jain
Managing Director

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 three are Whole-Time Directors. There are seven non-executive Directors. The composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

During the year, 2011-2012, the Board met six times on following dates, namely, 27th May, 2011, 6th July, 2011, 12th August, 2011, 21st October, 2011, 7th December, 2011 and 28th January, 2012.

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 | 5 | No | 11 | 4 | 3 |
| Shri Shailendra Swarup | Independent Director | 6 | No | 8 | 1 | - |
| Shri VK Jain | Managing Director | 5 | Yes | 19 | 9 | - |
| Shri DK Sachdeva | Whole-time Director | 2 | Yes | - | - | - |
| Shri PK Jain | Non-Independent Director | 1 | No | 18 | 11 | 10 |
| Shri OP Lohia | Independent Director | 4 | No | 5 | 3 | 1 |
| Shri JS Bedi | Whole-time Director | 1 | No | - | - | - |
| Dr S Rama Iyer | Independent Director | 3 | No | 7 | 1 | 1 |
| Shri Deepak Asher | Non-Independent Director | 6 | Yes | 9 | 7 | - |
| Shri SP Jain | Independent Director | 6 | Yes | 1 | 1 | 1 |
| Shri G Arumugam | Whole-time Director | 1 | No | - | - | - |

3. Audit Committee

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

| Name | Category | Attendance | | | |
|------------------------|----------|----------------|-------------------|--------------------|--------------------|
| | | 27th May, 2011 | 12th August, 2011 | 21st October, 2011 | 28th January, 2012 |
| Shri DK Jain | Director | Yes | Yes | Yes | No |
| Shri Shailendra Swarup | Director | Yes | Yes | Yes | 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.

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 Shri DK Jain, Director was approved unanimously by the Board of Directors. The Remuneration Committee being optional is not formed so far. The following are the details of remuneration drawn by Directors:

Remuneration paid during 2011-2012

| 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 | ParticularsRs.in Lacs Salary &Allowances :31.80 Perquisites :18.00 ContributionTo PF :3.82 Commission :500.00 Total :553.62 | Service Contract 01.01.2008 to 31.12.2012 |
| Shri DK Sachdeva | None | Whole-Time Director | ParticularsRs.in Lacs Salary :16.28 Allowances :23.90 Perquisites :1.20 ContributionTo PF :1.95 Total :43.33 | Service Contract 29.11.2011 to 28.11.2012 |
| Shri JS Bedi | None | Whole-Time Director | ParticularsRs.in Lacs Salary :16.45 Allowances :40.44 Perquisites : ContributionTo PF :1.97 Total :58.87 | Service Contract 01.12.2011 to 30.11.2012 |
| Shri DK Jain | Relative of Shri PK Jain and Shri VK Jain | Director | ParticularsRs.in Lacs Commission :1275.04 | |
| Shri G Arumugam | None | Whole-Time Director | ParticularsRs.in Lacs Salary :16.56 Allowances :17.39 Perquisites : ContributionTo PF :1.99 Total :35.94 | Service Contract 12.08.2011 to 11.08.2012 |

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 | 160000 |
| Shri Shailendra Swarup | 200000 |
| Dr S Rama Iyer | 60000 |
| Shri Deepak Asher | 120000 |
| Shri Shantiprasad Jain | 200000 |
| Shri PK Jain | 20000 |

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 32 complaints which were replied / resolved to the satisfaction of the shareholders and no requests for transfer were pending for approval as on 31st March, 2012.

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

| Name | Category | Attendance |
|-----------------|-------------------|-------------------|
| Shri DK Jain | Chairman | 12 |
| Shri Vivek Jain | Managing Director | 12 |
| Shri PK Jain | Director | 0 |

6. General Body Meetings

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

| Year | Location | Date | Time |
|-------------|---|-------------|-------------|
| 2008-2009 | Survey No.16/3, 26 & 27, Ranjitnagar – 389 380 Taluka Ghoghamba, Dist. Panchmahal, Gujarat | 29.06.2009 | 03.00 pm |
| 2009-2010 | Same as above | 10.07.2010 | 11:30 am |
| 2010-2011 | Same as above | 15.07.2011 | 03.30 pm |

Note

No Special Resolution was passed at the last Annual General Meeting held on 29th 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 15th 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 47 of 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

- (a) The Company has published its quarterly results in Economic Times, Business Standard and Vadodara Samachar.
- (b) 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, 27th July, 2012
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 : 23rd July, 2012 to 27th July, 2012
- 9.4 Dividend Payment Date : On or before 26th August, 2012
- 9.5 Listing of Equity Shares : National Stock Exchange of India Limited, Exchange Plaza,
Bandra – Kurla Complex, Bandra (E), Mumbai 400 051
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001
The Calcutta Stock Exchange Association Limited,
7, Lyons Range, Kolkatta 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
Bombay Stock Exchange Limited : 500173
National Stock Exchange of India Limited (symbol) : GUJFLUORO
Demat ISIN Number in NSDL and 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 Rs. in lacs |
| April, 2011 | 344.00 | 391.00 | 931906 | 3465.26 | 346.00 | 391.90 | 1799015 | 6673.32 |
| May, 2011 | 340.25 | 383.00 | 531180 | 1922.64 | 329.20 | 379.00 | 904856 | 3277.98 |
| June, 2011 | 316.00 | 404.80 | 1133039 | 4244.04 | 315.00 | 404.80 | 2256681 | 8474.65 |
| July, 2011 | 380.25 | 495.70 | 1067826 | 4639.54 | 381.15 | 495.00 | 2359707 | 10183.47 |
| August, 2011 | 410.10 | 506.00 | 1338429 | 6299.98 | 407.50 | 507.60 | 3356828 | 15846.23 |
| September, 2011 | 491.00 | 560.45 | 887803 | 4714.63 | 480.00 | 570.00 | 2512197 | 13439.39 |
| October, 2011 | 491.05 | 561.00 | 439132 | 2330.53 | 480.00 | 602.00 | 1278729 | 6790.35 |
| November, 2011 | 370.00 | 542.00 | 979049 | 4590.43 | 412.30 | 541.50 | 2255970 | 10393.29 |
| December, 2011 | 325.60 | 446.00 | 1112562 | 4146.92 | 325.65 | 448.80 | 2992959 | 11080.05 |
| January, 2012 | 341.00 | 513.65 | 830152 | 3611.44 | 340.10 | 519.40 | 2821873 | 12090.37 |
| February, 2012 | 424.00 | 533.25 | 618442 | 3124.00 | 472.40 | 533.90 | 2331965 | 11738.01 |
| March, 2012 | 481.25 | 533.95 | 893141 | 4546.71 | 485.00 | 531.95 | 4264756 | 21665.73 |

9.8 Company's share price performance in comparison to BSE Sensex based on share price on 31.03.2012

| Period | % change | | Company in comparison to Sensex |
|-----------|------------------|--------|---------------------------------|
| | Co's share price | Sensex | |
| 2011-2012 | 41.40 | -10.58 | 51.98 |

Company's share price performance in comparison to NIFTY based on share price on 31.03.2012

| Period | % change | | Company in comparison to Nifty |
|-----------|------------------|-------|--------------------------------|
| | Co's share price | Nifty | |
| 2011-2012 | 41.63 | -9.25 | 50.88 |

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, 2012

| Shareholding of nominal value of Rs | No of shareholders | % to total | Number of shares | Amount in Rs | % to total |
|-------------------------------------|--------------------|------------|------------------|--------------|------------|
| 1- 500 | 8440 | 65.94 | 891734 | 891734 | 0.81 |
| 501 to 1000 | 2902 | 22.67 | 2734402 | 2734402 | 2.49 |
| 1001 to 2000 | 556 | 4.34 | 959225 | 959225 | 0.87 |
| 2001 to 3000 | 210 | 1.64 | 567964 | 567964 | 0.52 |
| 3001 to 4000 | 103 | 0.80 | 386053 | 386053 | 0.35 |
| 4001 to 5000 | 138 | 1.08 | 667975 | 667975 | 0.61 |
| 5001 to 10000 | 184 | 1.44 | 1415982 | 1415982 | 1.29 |
| 10001 and above | 267 | 2.09 | 102226665 | 102226665 | 93.06 |
| Total | 12800 | 100.00 | 109850000 | 109850000 | 100.00 |

Shareholding pattern of the Company as on 31 March, 2012 is as under :

| Sr. No. | Category | No of shares held | % of total share holding |
|----------|---|-------------------|--------------------------|
| A | Shareholding of Promoters and Promoters' Group | | |
| 1 | Indian Promoters | 76926815 | 70.03 |
| | Sub-Total of A | 76926815 | 70.03 |
| B | Non-Promoters; Holding | | |
| 1 | Institutions | | |
| a | Mutual Funds and UTI | 3528317 | 3.21 |
| b | Banks, Financial Institutions, Insurance Companies | 44450 | 0.04 |
| c | Central / State Government | 1000 | 0.00 |
| d | Foreign Institutional Investors | 3909281 | 3.56 |
| e | OBC | 709862 | 0.65 |
| f | Foreign Company | 2000 | 0.00 |
| | Sub-Total of B (1) | 8194910 | 7.46 |

| Sr. No. | Category | No of shares held | % of total share holding |
|---------|----------------------------|-------------------|--------------------------|
| 2 | Non-Institutions | | |
| a | Bodies Corporate | 9817353 | 8.94 |
| b | Individual | 13771716 | 12.54 |
| c | Non-Resident | 762641 | 0.69 |
| d | Clearing Member | 350215 | 0.32 |
| e | Others | 26350 | 0.02 |
| | Sub-Total B (2) | 24728275 | 22.51 |
| | Sub-Total of B (1) + B (2) | 32923185 | 29.97 |
| | Grand Total (A+B) | 109850000 | 100.00 |

Particulars of shareholding of Non-Executive Directors :

| Sr No | Name of Non-Executive Director | No of shares held | % of total share holding |
|-------|--------------------------------|-------------------|--------------------------|
| 1 | Shri DK Jain | 20100 | 0.02 |
| 2 | Shri PK Jain | 20100 | 0.02 |
| 3 | Shri Shailendra Swarup | 10000 | 0.01 |
| 4 | Shri SP Jain | 1000 | 0.00 |

9.12 Dematerialization of shares

Approximately 98.14 % of the shares issued by the Company have been dematerialized upto 31st March, 2012.

Liquidity

Company's shares are traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Relevant data of Bombay Stock Exchange Limited, National Stock Exchange of India Limited for the Financial Year 2011-2012 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

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 390020

(ii) Any query on Annual Report

Company Secretary, Gujarat Fluorochemicals Limited, ABS Towers, 2nd 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 31st March, 2012.

25th May, 2012

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 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and 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.

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

25th May, 2012

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 31st March, 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2012 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 case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - b) in case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in case of the 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: 25th May, 2012

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

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT TO THE MEMBERS OF GUJARAT FLUOROCHEMICALS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

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. 18700 lacs and the year-end balance is Rs. 18700 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 principal and interest.

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 |
| Income Tax | TDS & Interest on TDS for 2007-08, 2008-09 & 2009-10 | 35.53 | Commissioner of Income Tax (Appeals) (IV), Vadodara. |
| Service Tax | Service tax 01.04.2005 to 31.03.2006 | 2.43 | Commissioner of Central Excise & Customs (Appeals), Vadodara |
| Service Tax | Service tax for the year 2009-10 & 2010-11 | 20.54 | Commissioner of Central Excise & Customs (Appeals), 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 April 2009 to September 2009 | 1.20 | Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad. |

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 is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
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: 25th May, 2012

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

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Balance Sheet as at 31 st March, 2012

| | | Amount (Rs. in Lacs) | |
|------------------------------------|----------|------------------------|------------------------|
| | Note No. | As at 31st March, 2012 | As at 31st March, 2011 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share capital | 4 | 1098.50 | 1098.50 |
| (b) Reserves and surplus | 5 | 213078.26 | 173622.70 |
| | | 214176.76 | 174721.20 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 6 | 39381.88 | 20665.48 |
| (b) Deferred tax liabilities (Net) | 40 | 13067.73 | 13364.68 |
| (c) Other long term liabilities | 7 | 205.20 | 9520.57 |
| (d) Long-term provisions | 8 | 621.16 | 508.78 |
| | | 53275.97 | 44059.51 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 9 | 36908.62 | 31417.62 |
| (b) Trade payables | 10 | 12092.07 | 13404.77 |
| (c) Other current liabilities | 11 | 25571.81 | 25317.45 |
| (d) Short-term provisions | 12 | 3879.15 | 3448.77 |
| | | 78451.65 | 73588.61 |
| TOTAL | | 345904.38 | 292369.32 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 13 | 160457.32 | 126183.66 |
| (ii) Intangible assets | 14 | 2226.29 | 611.96 |
| (iii) Capital work-in-progress | | 25340.01 | 33059.54 |
| (b) Non-current investments | 15 | 28820.66 | 35076.64 |
| (c) Long-term loans and advances | 16 | 36171.60 | 22855.72 |
| | | 253015.88 | 217787.52 |
| (2) Current assets | | | |
| (a) Current investments | 17 | 500.01 | 22007.82 |
| (b) Inventories | 18 | 41440.17 | 18051.30 |
| (c) Trade receivables | 19 | 24783.31 | 17559.06 |
| (d) Cash and bank balances | 20 | 21134.04 | 1876.39 |
| (e) Short-term loans and advances | 21 | 4997.02 | 11769.07 |
| (f) Other current assets | 22 | 33.95 | 3318.16 |
| | | 92888.50 | 74581.80 |
| TOTAL | | 345904.38 | 292369.32 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

V. K. JAIN
Managing Director

D. K. JAIN
Director

S. P. JAIN
Director

M. Y. Kulkarni
Partner

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

B. V. DESAI
Company Secretary

Place : Pune
Dated : 25th May, 2012

Place : Noida
Dated : 25th May, 2012

Statement of Profit and Loss for the year ended 31st March, 2012

| | | | Amount (Rs. in Lacs) |
|---|----------|-------------------|----------------------|
| | Note No. | 2011-2012 | 2010-2011 |
| (A) CONTINUING OPERATIONS | | | |
| I. Revenue from operations | 23 | 212796.62 | 101724.29 |
| Less: Excise duty | | 5897.01 | 3439.17 |
| | | 206899.61 | 98285.12 |
| II. Other income | 24 | 5763.95 | 9952.56 |
| III. Total Revenue (I + II) | | 212663.56 | 108237.68 |
| IV. Expenses: | | | |
| Cost of materials consumed | 25 | 25235.34 | 21216.16 |
| Purchases of Stock-in-trade | 26A | 530.01 | 514.03 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 26B | (9429.65) | 3966.15 |
| Employee benefits expense | 27 | 6652.84 | 5563.07 |
| Finance costs | 28 | 5713.00 | 2987.16 |
| Depreciation and amortization expense | 29 | 7781.59 | 4486.24 |
| Other expenses | 30 | 76065.15 | 35070.92 |
| Total expenses | | 112548.28 | 73803.73 |
| V. Profit before tax (III-IV) | | 100115.28 | 34433.95 |
| VI. (A) Tax expense: | | | |
| (1) Current tax | | 21271.40 | 6990.00 |
| (2) MAT credit entitlement | | 0.00 | (370.00) |
| (3) Deferred tax | | 3508.16 | 3289.61 |
| | | 24779.56 | 9909.61 |
| (B) Taxation pertaining to earlier years | | | |
| (1) MAT credit entitlement | | 0.00 | (1410.00) |
| (2) Income-tax | | 35.50 | (14.93) |
| | | 35.50 | (1424.93) |
| VII Profit for the year from continuing operations (V-VI) | | 75300.22 | 25949.27 |
| (B) DISCONTINUED OPERATIONS | 45 | | |
| VIII Profit before tax from ordinary activities | | 740.86 | 715.01 |
| IX Loss on disposal of assets / settlement of liabilities | | (35667.94) | 0.00 |
| X (Loss)/Profit before tax from discontinued operations (VIII +IX) | | (34927.08) | 715.01 |
| XI Tax Expenses | | | |
| i) Tax on ordinary activities - Current tax | | 1018.60 | 0.00 |
| ii) Tax on ordinary activities - Deferred tax liability/(Asset) | | (3805.11) | 301.47 |
| Total Tax Expenses (i to ii) | | (2786.51) | 301.47 |
| XII (Loss)/Profit from discontinued operations (X-XI) | | (32140.57) | 413.54 |
| (C) TOTAL OPERATIONS | | | |
| XIII Profit for the year (VII+XII) | | 43159.65 | 26362.81 |
| XIV Earnings per equity share: | | | |
| A) Basic and diluted Earnings Per Share of Re 1 each - from ordinary activities (Continuing Operations) | | 68.55 | 23.62 |
| B) Basic and diluted Earnings Per Share of Re 1 each - Total Operations | | 39.29 | 24.00 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

M. Y. Kulkarni

Partner

V. K. JAIN

Managing Director

DEEPAK ASHER

Director & Group Head
(Corporate Finance)

D. K. JAIN

Director

B. V. DESAI

Company Secretary

S. P. JAIN

Director

Place : Pune

Dated : 25th May, 2012

Place : Noida

Dated : 25th May, 2012

Cash Flow Statement for the year ended 31 st March, 2012

| | Amount (Rs. in Lacs) | |
|--|----------------------|-------------------|
| | 2011-2012 | 2010-2011 |
| A Cash flow from operating activities | | |
| Net profit before tax from continuing operations | 100115.28 | 34433.95 |
| Net (Loss)/profit before tax from discontinued operations | (34927.08) | 715.01 |
| Profit before tax | 65188.20 | 35148.96 |
| Adjustments for : | | |
| Depreciation and Amortisation from continuing operations | 7781.59 | 4486.24 |
| Depreciation and Amortisation from discontinued operations | 2398.62 | 2272.74 |
| Loss on disposal of assets / settlement of liabilities on account of discontinued operations | 35667.94 | 0.00 |
| (Profit)/Loss on assets sold/scrapped (Net) | (1.29) | 4.66 |
| Provision for diminution in value of investments | 4489.04 | 60.75 |
| Provision for doubtful debts (Net) | 5.27 | 0.00 |
| Bad debts and remissions | 12.39 | 0.00 |
| Liabilities and provisions written back | (212.34) | (112.54) |
| Amounts written-off | 20.79 | 16.99 |
| Unrealised Foreign exchange Gain (Net) | 3949.01 | 452.97 |
| Income in respect of investing activities (Net) | (3990.19) | (6309.10) |
| Finance costs | 6155.53 | 3472.00 |
| | 56276.36 | 4344.71 |
| Operative profit before working capital changes | 121464.56 | 39493.67 |
| Adjustments for : | | |
| Other long term liabilities | (9315.37) | (11097.11) |
| Long-term provisions | 112.38 | 57.47 |
| Trade payables | (1312.70) | 1087.68 |
| Other current liabilities | (4983.70) | 14546.40 |
| Short-term provisions | 107.90 | 122.65 |
| Long-term loans and advances | 14.43 | (17854.08) |
| Inventories | (23388.87) | 735.19 |
| Trade receivables | (10510.13) | (7961.33) |
| Short-term loans and advances | (1299.07) | 16953.31 |
| | (50575.13) | (3409.82) |
| Cash generated from operations | 70889.43 | 36083.85 |
| Income-tax paid (Net) | (28297.69) | (7688.95) |
| Net cash from operating activities | 42591.74 | 28394.90 |
| B Cash flow from investing activities | | |
| Purchase of fixed assets (including change in capital work in progress and capital advances) | (116755.67) | (52461.16) |
| Sale of fixed assets | 131.27 | 6.63 |
| Purchase of investments | (77171.07) | (83017.55) |
| Redemption/Sale of Investments | 103090.35 | 104719.51 |
| Slump Sale consideration (Net of expenses) | 77.71 | 0.00 |
| Inter-corporate and other loans given (Net) | 2033.69 | (3282.19) |
| Interest and Dividend received (Net of expenses) | 2910.30 | 1597.03 |
| Movement in bank fixed deposits with original maturity of more than three months and margin money deposits (Net) | 123.57 | (300.63) |
| Adjustment for receivables on investment account | (8.16) | 145.06 |
| Net cash used in investment activities | (85568.01) | (32593.30) |

| | Amount (Rs. in Lacs) | |
|--|-----------------------------|-----------|
| | 2011-2012 | 2010-2011 |
| C Cash flow from financing activities | | |
| Proceeds from Long Term Loan (Net) | 70697.31 | (8387.95) |
| Proceeds from Short Term Loan (Net) | 7296.42 | 7877.78 |
| Proceeds from Cash Credit/Overdraft(Net) | (2239.78) | 5254.39 |
| Interest paid | (6099.40) | (3342.56) |
| Dividend paid (Including Tax on Dividend) | (5745.16) | (3202.37) |
| Net cash from / (used in) financing activities | 63909.39 | (1800.71) |
| D Capital receipts | 764.37 | 0.00 |
| (Please refer to Note No. 5 of Notes to Accounts) | | |
| Net increase/(decrease) in cash and cash equivalent | 21697.49 | (5999.10) |
| Cash and cash equivalents as at the beginning of the year | 1401.72 | 7400.82 |
| Cash and cash equivalents transferred under Slump Sale | (2343.91) | 0.00 |
| Cash and cash equivalents as at the end of the year | 20755.30 | 1401.72 |

Note:

During the year, the Company has transferred its entire Wind Energy Business to its subsidiary Inox Renewables Limited on a slump sale basis which is considered as a 'discontinued business'. The cash flow components attributable to this discontinued business, included in the cash flow statement above are disclosed in note no. 45.

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

V. K. JAIN
Managing Director

D. K. JAIN
Director

S. P. JAIN
Director

M. Y. Kulkarni
Partner

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

B. V. DESAI
Company Secretary

Place : Pune
Dated : 25th May, 2012

Place : Noida
Dated : 25th May, 2012



Notes to Financial Statements for the year ended 31st March, 2012

1. CORPORATE INFORMATION

Gujarat Fluorochemicals Limited (the "Company") is a public limited company engaged in the business of manufacturing and trading of Refrigeration Gases, Anhydrous Hydrochloric Acid, Caustic Soda, Chlorine, Chloromethanes, Poly Tetrafluoroethylene (PTFE), Post Treated Poly Tetrafluoroethylene (PTPTFE) and earns revenue from carbon credits. The Company caters to both domestic and international markets. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange of India. The Company is a subsidiary of Inox Leasing and Finance Limited.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Amounts in the financial statements are presented in Rs. Lacs, except for per share data.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also regrouped/reclassified the previous year figures in accordance with the requirements applicable in the current year.

3. SIGNIFICANT ACCOUNTING POLICIES

A) CHANGE IN ACCOUNTING POLICY

The Company has opted for accounting of exchange differences arising on reporting of long term monetary items under Clause 46A of AS 11 "The Effects of Changes in Foreign Exchange Rates" as per notification no. G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India.

Accordingly, the exchange difference of Rs. 5098.21 Lacs, arising after 1st April, 2011 on the reporting of long term foreign currency monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far they relate to acquisition of depreciable capital assets, have been added to the cost of assets and shall be depreciated over the balance useful life of the assets.

Up to the last year such exchange difference were charged to statement of profit and loss. Due to this change in accounting policy the profit before tax for the current year is higher by Rs. 4941.65 (net of depreciation charge of Rs. 156.56 Lacs) and cost of fixed assets is higher by Rs.3662.73 Lacs (excluding Rs. 1435.48 transfer under slump sale).

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. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised. In respect of accounting period commencing on or after 1st April 2011, consequent to the amendment of para 46 of AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, as stated in para (k)(ii), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items.

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.

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.

Notes to Financial Statements for the year ended 31st March, 2012

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 revenue from operations 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 a time proportion basis, except in cases where interest is doubtful of recovery. Dividend income is recognised when the Company's right to receive the dividend is established by the reporting date.

H) EMPLOYEE BENEFITS

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of profit and loss 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 Statement of profit and loss. Retirement benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Statement of profit and loss 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 Statement of profit and loss.

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 Statement of profit and loss.

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) FOREIGN CURRENCY TRANSACTIONS AND FORWARD CONTRACTS

- (i) Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate. Gains or losses on settlement of the transactions and restatement of monetary assets and liabilities are recognised in the Statement of Profit and Loss, except as mentioned in para (ii) below. 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 the respective contracts. 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 Statement of Profit and Loss. Net gains on the mark-to-market basis are not recognised.
- (ii) The Central Government has vide its Notification no. G.S.R. 914(E) dated 29th December 2011, amended AS 11 - 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 1st April 2011.

As stipulated in the Notification, the Company has exercised the option to adopt the following policy irrevocably for accounting periods commencing from 1st April 2011:

Long term foreign currency monetary items are translated at the exchange rate prevailing on the balance sheet date and the net exchange gain / loss on such conversion and on settlement of the liability, is adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets.

L) PROVISIONS AND CONTINGENT LIABILITIES

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. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

M) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent liabilities, at the end of the accounting year and reported amounts of revenue and expenses during the year. Although these estimates are based on the managements best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

4 Share Capital

4.1 Equity

Authorized
20,00,00,000 Equity Shares of Re 1 each
Issued and Subscribed and Fully Paid Up
10,98,50,000 Equity Shares of Re 1 each
Total

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| | |
| 2000.00 | 2000.00 |
| 1098.50 | 1098.50 |
| 1098.50 | 1098.50 |

4.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts, if any. During the financial year 2011-12 the Company has paid interim dividend of Rs. 2 per equity share (previous year Re 1 per equity share). Further, dividend of Rs. 1.50 per equity share (previous year Rs. 2.50 per equity share) is proposed to be distributed to the equity shareholders. The total distribution of dividend to the equity shareholders for the year is Rs. 3.50 per share (previous year Rs. 3.50 per share).

4.3 Shares held by holding company

Inox Leasing & Finance Limited

| As at 31st March, 2012 Nos. Rs in Lacs | As at 31st March, 2011 Nos. Rs in Lacs |
|---|---|
| 5,77,15,310 577.15 | 5,77,15,310 577.15 |

4.4 Details of shareholders holding more than 5% shares in the company

Inox Leasing & Finance Limited
Devansh Trading & Finance Private Limited
Siddhapavan Trading & Finance Private Limited

| As at 31st March, 2012 Nos. holding % | As at 31st March, 2011 Nos. holding % |
|--|--|
| 5,77,15,310 52.54% | 5,77,15,310 52.54% |
| 66,62,360 6.06% | 66,62,360 6.06% |
| 55,76,440 5.08% | 55,76,440 5.08% |

4.5 Details of shares bought back in the immediately preceding five years

59,30,000 Equity shares were bought back in the Financial Year 2008-09

5 Reserves and surplus

Amount Rs. in Lacs

Capital Reserves
As per last Balance Sheet
Additions during the year (see note below)

Capital Redemption Reserve
As per last Balance Sheet
General Reserve
As per last Balance Sheet
Add: Transfer from Statement of Profit and Loss

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| 11880.56 | 11880.56 |
| 764.37 | 0.00 |
| 12644.93 | 11880.56 |
| 59.30 | 59.30 |
| 161500.00 | 139500.00 |
| 38500.00 | 22000.00 |
| 200000.00 | 161500.00 |

Notes to Financial Statements for the year ended 31st March, 2012

5 Reserves and surplus (Contd...)

Surplus in the Statement of Profit and Loss

As per last Balance Sheet

Add: Profit for the year

Less : Appropriations

Interim Dividend

Proposed Dividend

Tax on Dividend

General Reserve

Total

| Amount Rs. in Lacs | |
|------------------------|------------------------|
| As at 31st March, 2012 | As at 31st March, 2011 |
| 182.84 | 292.74 |
| 43159.65 | 26362.81 |
| 2197.00 | 1098.50 |
| 1647.75 | 2746.25 |
| 623.71 | 627.96 |
| 38500.00 | 22000.00 |
| 374.03 | 182.84 |
| 213078.26 | 173622.70 |

During the year, the Company has received compensation of Rs. 764.37 Lacs (previous year Rs. Nil), equivalent to US \$ 1.64 million (previous year US \$ Nil), for phased reduction and cessation of CFC production and dismantling of plant, unless otherwise used, as stipulated. The Company has been advised that the compensation is a capital receipt and hence this amount is credited to Capital Reserve.

6 Long-term borrowings

6.1 Term Loans

Secured Loans

From Banks

- Rupee Loans

- Foreign Currency Loans

Total

| | |
|----------|----------|
| 0.00 | 1086.92 |
| 39381.88 | 19578.56 |
| 39381.88 | 20665.48 |
| 39381.88 | 20665.48 |

6.2 For nature of securities and terms of repayment please refer to note number 31.

7 Other Long-term liabilities

Security Deposits

Advances from customers

Total

| | |
|--------|---------|
| 205.20 | 314.67 |
| 0.00 | 9205.90 |
| 205.20 | 9520.57 |

8 Long-term provisions

Provision for employee benefits

- For Gratuity

- For Leave benefits

Total

| | |
|--------|--------|
| 436.22 | 358.32 |
| 184.94 | 150.46 |
| 621.16 | 508.78 |
| 621.16 | 508.78 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

9 Short-term borrowings

9.1 Secured Loans

From Banks
Cash Credit/Overdraft
Packing credit /Buyers credit
- Rupee Loans
- Foreign Currency Loans

As at 31st March, 2012

3014.61
0.00
5410.47

8425.08

As at 31st March, 2011

5254.39
2000.00
7080.10

14334.49

9.2 Unsecured Loans

From Banks
Short term loans
Packing credit /Buyers credit
- Rupee Loan
- Foreign Currency Loans

0.00

5000.00
23483.54

28483.54

11000.00

0.00
6083.13

17083.13

Total

36908.62

31417.62

9.3 For nature of securities and terms of repayment please refer to note number 31.

10 Trade Payables

Trade Payables
- dues to Micro and Small Enterprises (see note no. 42)
- others

Total

11.61
12080.46
12092.07

7.57
13397.20
13404.77

11 Other Current Liabilities

Current maturities of long-term debt
Interest accrued but not due on borrowings
Interest accrued and due on borrowings
Creditors for capital expenditure
Security deposits
Advances from customers
Unpaid dividends (see note below)
Statutory dues and taxes payable

Total

8826.79
351.09
0.00
4578.25
295.49
9402.33
201.68
1916.18
25571.81

6223.95
270.77
24.19
1523.56
279.21
15541.66
174.04
1280.07
25317.45

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.

12 Short-term provisions

Provision for employee benefits
- For Gratuity
- For Leave benefits

112.01
248.40

360.41

70.20
182.31

252.51

Provision for Proposed Dividend
Tax on Proposed Dividend

1647.75
267.31

1915.06

2746.25
445.51

3191.76

Provision for Fringe Benefit Tax

0.00

4.50

Provision for mark-to-market losses on derivative contracts

1603.68

0.00

Total

3879.15

3448.77

Notes to Financial Statements for the year ended 31st March, 2012

13 - TANGIBLE ASSETS

(Rs. in Lacs)

| Particulars | Gross Block | | | Depreciation/Amortization | | | Net Block | |
|-----------------------------|------------------|-----------------|---------------|--|----------------------|-----------------|-----------------|------------------|
| | As at 1-Apr-11 | Additions | Deductions | Transfer under Slump Sale (Discontinued Operation) | Exchange differences | Borrowing Costs | As at 31-Mar-12 | As at 31-Mar-11 |
| Tangible Assets | | | | | | | | |
| Land | | | | | | | | |
| - Freehold Land | 171.91 | | | 150.05 | | | 21.86 | 171.91 |
| - Leasehold Land | 4289.25 | 684.36 | 127.20 | 105.00 | | | 4579.02 | 4163.34 |
| Buildings | 12756.97 | 8733.88 | | | | 27.37 | 1963.62 | 11323.64 |
| Plant and Equipments | 131935.47 | 66650.69 | 5.63 | 45826.24 | 4637.40 | 720.78 | 23275.07 | 109285.17 |
| Furniture and Fixtures | 700.07 | 123.63 | | 4.90 | | | 250.36 | 496.38 |
| Vehicles | 405.85 | 120.82 | 6.85 | 2.37 | | | 189.63 | 251.57 |
| Office Equipments | 904.96 | 179.16 | 8.28 | 11.58 | | | 496.07 | 491.66 |
| Total Tangible Assts | 151164.48 | 76492.54 | 147.96 | 46100.14 | 4637.40 | 748.15 | 26337.15 | 126183.66 |
| Previous year | 124142.23 | 27063.78 | 41.53 | | | | 24980.82 | |

Note: Buildings includes Office premises given on operating lease

| | | |
|----------------------------------|-----------------|------------------|
| Gross Block | As at 31/3/2012 | As at 31/03/2011 |
| Depreciation charge for the year | 914.52 | 914.52 |
| Accumulated Depreciation | 14.91 | 14.91 |
| Net book value | 91.00 | 76.10 |
| | 823.52 | 838.43 |

14 - INTANGIBLE ASSETS

(Rs. in Lacs)

| Particulars | Gross Block | | | Depreciation/Amortization | | | Net Block | |
|--------------------------------|----------------|----------------|------------|--|----------------------|-----------------|-----------------|-----------------|
| | As at 1-Apr-11 | Additions | Deductions | Transfer under Slump Sale (Discontinued Operation) | Exchange differences | Borrowing Costs | As at 31-Mar-12 | As at 31-Mar-11 |
| Intangible Assets | | | | | | | | |
| Technical Know How | 804.22 | 1871.42 | | | | | 498.95 | 529.49 |
| Computer Software | 202.79 | | | | | | 153.19 | 82.47 |
| Total Intangible Assets | 1007.01 | 1871.42 | | | | | 652.14 | 611.96 |
| Previous year | 994.19 | 12.82 | | | | | 395.05 | |



Notes to Financial Statements for the year ended 31st March, 2012

| | Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount (Rs. in Lacs) | As at 31st March, 2011 Amount (Rs. in Lacs) |
|---|-------------------|-----------------------------------|-----------------------------------|--|--|
| 15 NON CURRENT INVESTMENTS (Long term, non-trade, at cost, unless otherwise stated) | | | | | |
| A] UNQUOTED | | | | | |
| i) Investment in Equity instrument | | | | | |
| a) In subsidiary companies | | | | | |
| Inox Infrastructure Private Limited | 10 | 5,00,00,000 | 5,00,00,000 | 5,000.00 | 5,000.00 |
| Inox Renewable Limited | 10 | 30,49,400 | 49,400 | 304.94 | 4.94 |
| 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 | 2999.94 | 2999.94 |
| GFL Singapore Pte Limited | USD 1 | 11,80,000 | 0 | 589.56 | 0.00 |
| Gujarat Fluorochemicals Americas LLC | | | | 799.23 | 564.71 |
| | | | | 9993.67 | 8869.59 |
| Less: Provision for diminution in value of Investment | | | | 300.00 | 0.00 |
| | | | | 9693.67 | 8869.59 |
| b) In Other companies | | | | | |
| Xuancheng Hengyuan Chemical Technology Co. Ltd (a Joint Venture) | | | | 1263.89 | 1263.89 |
| Kaleidoscope Entertainment Private Limited | 1 | 5,62,500 | 5,62,500 | 60.75 | 60.75 |
| | | | | 1324.64 | 1324.64 |
| Less: Provision for diminution in value of Investment | | | | 60.75 | 60.75 |
| | | | | 1263.89 | 1263.89 |
| ii) Investment in Mutual Funds | | | | | |
| Birla Sunlife Midcap Fund- Plan A-Dividend - Reinvestment | 10 | 0 | 4,57,330 | 0.00 | 108.72 |
| DSP Blackrock Small & Midcap Fund -Regular Plan-Dividend | 10 | 0 | 39,09,152 | 0.00 | 544.74 |
| HDFC Top 200 Fund-Dividend | 10 | 0 | 2,80,960 | 0.00 | 119.96 |
| ICICI Prudential Infrastructure Fund - Dividend | 10 | 0 | 9,80,689 | 0.00 | 110.09 |
| ICICI Prudential Discovery Fund-Dividend | 10 | 0 | 29,71,809 | 0.00 | 567.61 |
| Reliance Diversified Power Sector Fund - Retail Dividend Plan | 10 | 0 | 1,44,797 | 0.00 | 67.20 |
| Reliance Equity Opportunities Fund Retail Plan -Dividend Plan | 10 | 0 | 25,81,455 | 0.00 | 547.26 |
| SBI- Megnum Global Fund- Dividend | 10 | 0 | 17,68,991 | 0.00 | 500.00 |
| SBI- Magnum Sector Funds Umbrella Contra-Dividend | 10 | 0 | 3,65,187 | 0.00 | 84.83 |
| SBNPP Select Midcap- Dividend | 10 | 0 | 13,71,196 | 0.00 | 230.80 |
| Templeton India Equity Income Fund -Dividend Reinvestment | 10 | 0 | 2,56,370 | 0.00 | 36.00 |
| | | | | 0.00 | 2,917.21 |
| iii) Investment in Venture Capital Fund | | | | | |
| Indiareit Fund Scheme III | 100000 | 850.78 | 850.78 | 850.78 | 850.78 |
| Kshitij Venture Capital Fund | 920 | 2,50,000 | 2,50,000 | 2300.00 | 2350.00 |
| | (1000) | | | 3150.78 | 3200.78 |
| Total Unquoted Investments | | | | 14108.34 | 16251.47 |
| B] QUOTED | | | | | |
| Investment in Equity instrument | | | | | |
| a) In subsidiary companies | | | | | |
| Inox Leisure Limited | 10 | 4,06,15,092 | 4,06,15,092 | 4620.44 | 4620.44 |
| Fame India Limited | 10 | 19,87,200 | 0 | 1427.89 | 0.00 |
| | | | | 6048.33 | 4620.44 |

Notes to Financial Statements for the year ended 31st March, 2012

15 NON CURRENT INVESTMENTS (Contd...)

b) In other companies

| | Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount (Rs. in Lacs) | As at 31st March, 2011 Amount (Rs. in Lacs) |
|--|-------------------|-----------------------------------|-----------------------------------|--|--|
| Advanta India Limited | 10 | 48,590 | 48,590 | 598.39 | 598.39 |
| Clarus Finance & Securities Limited | 10 | 9,07,000 | 0 | 560.13 | 0.00 |
| Dalmia Bharat Sugar & Industries Limited | 2 | 0 | 1,91,881 | 0.00 | 155.15 |
| TCS E-Serve Ltd. | 10 | 0 | 200 | 0.00 | 1.92 |
| ElH Limited | 2 | 4,39,950 | 4,39,950 | 963.28 | 963.28 |
| Future Ventures India Limited | 10 | 1,50,00,000 | 1,50,00,000 | 1500.00 | 1500.00 |
| Garware Wall Ropes Limited | 10 | 4,41,308 | 4,41,308 | 729.88 | 729.88 |
| Housing Development & Infrastructure Limited | 10 | 1,56,556 | 1,56,556 | 1176.02 | 1176.02 |
| HEG Limited | 10 | 1,16,000 | 1,16,000 | 500.91 | 500.91 |
| K S Oils Limited | 1 | 6,21,081 | 6,21,081 | 552.01 | 552.01 |
| Kesoram Textile Mills Limited | 10 | 1,31,893 | 1,31,893 | 0.00 | 0.00 |
| (Received pursuant to a scheme of arrangement) | | | | | |
| Mount Everest Mineral Water Limited | 10 | 23,35,592 | 23,35,592 | 2613.06 | 2613.06 |
| OCL India Limited | 2 | 0 | 1,12,950 | 0.00 | 150.05 |
| Praj Industries Limited | 2 | 9,93,630 | 9,93,630 | 2461.04 | 2461.04 |
| 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 |
| Shree Global Tradefin Limited | 5 | 0 | 6,51,093 | 0.00 | 1601.57 |
| Taneja Aerospace & Aviation Limited | 5 | 3,65,559 | 3,65,559 | 738.06 | 738.06 |
| Tantia Constructions Limited | 10 | 2,24,774 | 2,24,774 | 332.94 | 332.94 |
| Bajaj Finance Limited | 10 | 640 | 640 | 4.79 | 4.79 |
| Central Bank of India | 10 | 0 | 2,007 | 0.00 | 4.40 |
| City Union Bank Limited | 1 | 9,013 | 9,013 | 4.27 | 4.27 |
| Dewan Housing Finance Corporation.Limited | 10 | 1,542 | 1,542 | 4.82 | 4.82 |
| Edelweiss Financial Services Limited | 1 | 11,110 | 10,144 | 6.21 | 5.85 |
| Emkay Global Finance Service Limited | 10 | 1,976 | 1,976 | 2.10 | 2.10 |
| GIC Housing Finance Limited | 10 | 3,017 | 3,017 | 3.99 | 3.99 |
| India Infoline Limited | 2 | 4,294 | 4,294 | 4.92 | 4.92 |
| Indian Bank | 10 | 1,835 | 1,835 | 4.71 | 4.71 |
| Mahindra & Mahindra Financial Services Limited | 10 | 573 | 573 | 4.55 | 4.55 |
| Motilal Oswal Financial Services Limited | 1 | 2,496 | 2,075 | 4.43 | 3.82 |
| Phoenix Mills Limited | 2 | 1,946 | 1,946 | 4.10 | 4.10 |
| Sobha Developers Limited | 10 | 0 | 1,530 | 0.00 | 5.11 |
| Geojit BNP Paribas Financial Services Limited | 1 | 7,787 | 7,787 | 2.97 | 2.97 |
| The Federal Bank Limited | 10 | 1,019 | 924 | 4.32 | 3.96 |
| LIC Housing Finance Limited | 2 | 1,835 | 1,835 | 4.93 | 4.93 |
| Shriram City Union Finance Limited | 10 | 144 | 144 | 0.99 | 0.99 |
| The South Indian Bank Limited | 1 | 15,365 | 0 | 3.57 | 0.00 |
| Sundaram Finance Limited | 10 | 453 | 453 | 2.99 | 2.99 |
| Cholamandalam Investment & Finance Limited | 10 | 1,398 | 1,048 | 2.55 | 1.93 |
| Manappuram Finance Limited | 2 | 6,900 | 2,535 | 4.88 | 3.68 |
| YES Bank Limited | 10 | 896 | 1,789 | 2.37 | 5.02 |
| Shriram Transport Finance Company Limited | 10 | 365 | 309 | 2.59 | 2.22 |
| | | | | 14158.74 | 15512.37 |
| Less: Provision for diminution in value of Investment | | | | 5494.75 | 1307.64 |
| | | | | 8663.99 | 14204.73 |
| Total Equity shares | | | | 14712.32 | 18825.17 |
| Total Investments | | | | 28820.66 | 35076.64 |
| Aggregate amount of quoted investments | | | | 20207.07 | 20132.81 |
| Market value of quoted investments | | | | 28750.50 | 23683.18 |
| Aggregate amount of unquoted investments | | | | 14469.09 | 16312.22 |
| Aggregate provision for diminution in value of investments | | | | 5855.50 | 1368.39 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

16 Long-term loans and advances

(Unsecured, considered good, unless otherwise stated)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|------------------------|------------------------|
| Capital Advances | 6668.77 | 7071.30 |
| Security Deposits | 551.79 | 570.39 |
| Loans and advances to related parties (Refer Note No. 47) | | |
| Inter-corporate Deposits | | |
| - to subsidiary companies | | |
| Considered Good | 18700.00 | 13525.00 |
| Considered Doubtful | 261.00 | 0.00 |
| | 18961.00 | 13525.00 |
| Less: Provision for Doubtful Inter-corporate deposits | 261.00 | 0.00 |
| | 18700.00 | 13525.00 |
| Other loans and advances | | |
| -Inter corporate Deposits to others | 536.95 | 536.95 |
| -Prepaid expenses | 33.39 | 46.15 |
| -Advances recoverable in cash or in kind | 16.93 | 0.00 |
| -Income tax paid (Net of provisions) | 9663.77 | 1105.93 |
| | 10251.04 | 1689.03 |
| Total | 36171.60 | 22855.72 |

17 CURRENT INVESTMENTS

(Non-trade, at cost)

A] CURRENT PORTION OF LONG TERM INVESTMENTS

Investment in Mutual Funds

| Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount (Rs. in Lacs) | As at 31st March, 2011 Amount (Rs. in Lacs) |
|---|-----------------------------|-----------------------------|---|---|
| Kotak FMP 24 Months Series 1-Growth | 10 | 50,00,000 | 500.00 | 500.00 |
| Birla Sunlife FMP Series.CQ-Growth | 10 | 0 | 0.00 | 1000.00 |
| Birla Sunlife FMP Series CP Growth | 10 | 0 | 0.00 | 1000.00 |
| BNP Paribas FTF Series.21B-Growth | 10 | 0 | 0.00 | 1000.00 |
| BNP Paribas FTF Series.21 E-Growth | 10 | 0 | 0.00 | 1000.00 |
| Canara Robeco FMP Series.6 13Month Plan-A | 10 | 0 | 0.00 | 1000.00 |
| DSP Blackrock FMP-12 Month Series.14-Growth | 10 | 0 | 0.00 | 1000.00 |
| DWS Fixed Term Fund-Series 68-Regular Growth | 10 | 0 | 0.00 | 500.00 |
| DWS Fixed Term Fund-Series 69-Regular Growth | 10 | 0 | 0.00 | 500.00 |
| Fortis Fixed Term Fund Series 16 | 10 | 0 | 0.00 | 500.00 |
| Fidelity FMP Series.5 Plan A-Growth | 10 | 0 | 0.00 | 500.00 |
| HDFC FMP 24 Months Feb 10-Series XII - Growth | 10 | 0 | 0.00 | 500.00 |
| ICICI Prudential FMP Series.55-1 Year Plan. D-Cumulative | 10 | 0 | 0.00 | 1000.00 |
| ICICI Prudential FMP Series.51-15 Months Plan. E-Cumulative | 10 | 0 | 0.00 | 1000.00 |
| ICICI Prudential FMP Series.55-1 Year.Plan. B-Cumulative | 10 | 0 | 0.00 | 1500.00 |

Notes to Financial Statements for the year ended 31st March, 2012

17 CURRENT INVESTMENTS (Contd...)

| | | | | | |
|---|----|---|-------------|------|---------|
| ICICI Prudential FMP Series.55-1 Year Plan.C-Cumulative | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| IDFC FMP Yearly Series.38-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| IDFC FMP Yearly Series.37-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| JPMORGAN India FMP 400 Days Series.1-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Kotak FMP 13 Months Series 6 - Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Kotak FMP Series 37 - Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Kotak FMP Series 35 - Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Kotak FMP Series 34 - Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| L&T FMP-III(JAN 369 Days)-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| SUNDARAM FMP AX 366 Days Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| TATA FMP Series.31 Scheme A-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |

B] CURRENT INVESTMENT

Investment in Mutual Funds

| | | | | | |
|---|------|---|-----|------|------|
| Goldman Sachs Liquid Exchange Traded Scheme | 1000 | 1 | 782 | 0.01 | 7.82 |
|---|------|---|-----|------|------|

Total Unquoted Investments

Total Investments

| Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount (Rs. in Lacs) | As at 31st March, 2011 Amount (Rs. in Lacs) |
|----------------|-----------------------------|-----------------------------|---|---|
| | | | | |
| | | | 500.00 | 22000.00 |
| | | | 0.01 | 7.82 |
| | | | 500.01 | 22007.82 |
| | | | 500.01 | 22007.82 |

18 Inventories

(at cost or net realizable value whichever is lower)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---------------------|------------------------|------------------------|
| Raw materials | 21150.34 | 9296.96 |
| Work-in-progress | 2549.91 | 434.70 |
| Finished goods | 11563.31 | 3880.78 |
| Stores and spares | 3625.14 | 3560.11 |
| Others | | |
| - Fuel | 996.34 | 116.00 |
| - Packing Materials | 528.08 | 227.97 |
| - By products | 240.70 | 10.94 |
| - Carbon Credits | 786.35 | 523.84 |

Total

19 Trade receivables

(Unsecured, considered good, unless otherwise stated)

Considered good

| | | |
|---|----------|----------|
| Outstanding for a period exceeding 6 months | 710.88 | 646.51 |
| Others | 24072.43 | 16912.55 |

Considered Doubtful

| | | |
|---|-------|-------|
| Outstanding for a period exceeding 6 months | 16.41 | 11.14 |
|---|-------|-------|

Less: Provision for trade receivables

Total

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| | |
| 2551.47 | 878.75 |
| 41440.17 | 18051.30 |
| | |
| 24783.31 | 17559.06 |
| 16.41 | 11.14 |
| 16.41 | 11.14 |
| 24799.72 | 17570.20 |
| (16.41) | (11.14) |
| 24783.31 | 17559.06 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

20 Cash and bank balances

20.1 Cash & cash equivalents

| | | |
|---|-----------------|---------|
| Balances with banks in current accounts | 10592.58 | 1399.47 |
| Bank deposits upto 3 months maturity | 10150.00 | 0.00 |
| Cash on hand | 12.72 | 2.25 |
| | 20755.30 | 1401.72 |

20.2 Other bank balances

| | | |
|---|---------------|--------|
| - Unpaid Dividend | 201.68 | 174.04 |
| - Margin Money against bank guarantee | 176.40 | 0.00 |
| - Bank deposits with original maturity of more than 12 months | 0.66 | 300.63 |
| | 378.74 | 474.67 |

| | | |
|--------------|-----------------|---------|
| Total | 21134.04 | 1876.39 |
|--------------|-----------------|---------|

21 Short-term loans and advances

(Unsecured, considered good, unless otherwise stated)
Loans and advances to related parties (Refer Note No. 47)
To subsidiary companies

| | | |
|----------------------------|--------------|---------|
| - Inter corporate deposits | 0.00 | 7000.00 |
| - Other advances | 23.00 | 23.54 |

| | | |
|--|---------------|---------|
| | 23.00 | 7023.54 |
| Share Application Money- to subsidiary company | 0.00 | 300.00 |
| Prepaid expenses | 268.35 | 274.84 |
| Advances to suppliers | 952.04 | 763.77 |
| Advances recoverable in cash or in kind | 233.23 | 82.26 |

| | | |
|---|---------------|--------|
| Inter-corporate Deposits -Other companies | | |
| Considered Good | 0.00 | 779.27 |
| Considered Doubtful | 377.35 | 99.00 |

| | | |
|---|---------------|--------|
| | 377.35 | 878.27 |
| Less: Provision for Doubtful Inter-corporate deposits | 377.35 | 99.00 |

| | | |
|--|----------------|---------|
| | 0.00 | 779.27 |
| Balances in Excise, Service Tax and VAT Accounts | 3520.40 | 2545.39 |

| | | |
|--------------|----------------|----------|
| Total | 4997.02 | 11769.07 |
|--------------|----------------|----------|

22 Other current assets

| | | |
|---------------------------|--------------|--------|
| Interest accrued on | | |
| -Bank deposits | 13.16 | 6.20 |
| -Inter corporate deposits | 13.39 | 709.98 |
| -Others | 7.40 | 11.83 |

| | | |
|------------------------|--------------|---------|
| | 33.95 | 728.01 |
| MAT Credit Entitlement | 0.00 | 2590.15 |

| | | |
|--------------|--------------|---------|
| Total | 33.95 | 3318.16 |
|--------------|--------------|---------|

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

23 Revenue from operations (Continuing operations)

Sale of products
Other operating revenues

Less: Excise duty

Total

Details of sale of products

Refrigerant Gases

Chloromethanes (Methylene Chloride,
Chloroform and Carbon Tetrachloride)

Poly Tetrafluoroethylene (PTFE)

Carbon Credit Revenue

Other products including other operating revenue

Total

24 Other income

Interest Income

- on bank deposits
- on Inter corporate deposits
 (i) from subsidiaries companies
 (ii) from other companies
- on others

Dividend Income

- on long term investments
- on current investments
- from joint venture company

Profit on sale of investments (Net)

- on long term investments
- on current investments

Provision for doubtful debts written back

Liabilities written back

Net gain on foreign currency translation and transaction

Profit on assets sold/scrapped (Net)

Rental income from operating leases

Miscellaneous income

Total

25 Cost of materials consumed

Raw Materials consumed

Packing Materials consumed

Total

Details of raw material consumed

Fluorspar

Chloromethanes

Methanol

Others

Total

| | 2011-2012 | 2010-2011 |
|--|------------|------------|
| | 212,452.53 | 101,336.51 |
| | 344.09 | 387.78 |
| | 212796.62 | 101724.29 |
| | 5897.01 | 3439.17 |
| | 206899.61 | 98285.12 |
| | 7237.24 | 22145.92 |
| | 20368.55 | 12241.19 |
| | 66101.64 | 27680.00 |
| | 87614.10 | 20243.24 |
| | 25578.08 | 15974.78 |
| | 206899.61 | 98285.12 |
| | 32.70 | 122.99 |
| | 1,827.73 | 1,341.31 |
| | 86.03 | 92.11 |
| | 38.94 | 16.11 |
| | 1985.40 | 1572.52 |
| | 154.88 | 428.77 |
| | 0.14 | 55.79 |
| | 78.44 | 0.00 |
| | 233.46 | 484.56 |
| | 2,082.69 | 3,825.93 |
| | 272.18 | 477.80 |
| | 2354.87 | 4303.73 |
| | 3.45 | 0.00 |
| | 208.89 | 112.54 |
| | 0.00 | 2489.45 |
| | 1.29 | 0.00 |
| | 772.56 | 772.56 |
| | 204.03 | 217.20 |
| | 5763.95 | 9952.56 |
| | 22306.37 | 17703.11 |
| | 2928.97 | 3513.05 |
| | 25235.34 | 21216.16 |
| | 6843.34 | 5615.51 |
| | 854.57 | 4501.92 |
| | 6487.83 | 2864.11 |
| | 8120.63 | 4721.57 |
| | 22306.37 | 17703.11 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

26A Purchases of Stock-in-Trade

| | | |
|---|---------------|---------------|
| Purchases of Stock-in-Trade | 530.01 | 514.03 |
| Total | 530.01 | 514.03 |
| Details of purchases of stock-in-trade | | |
| Refrigerant Gases | 530.01 | 281.14 |
| Chlorine | 0.00 | 232.89 |
| Total | 530.01 | 514.03 |

26B Changes in inventories

Opening Stock

| | | |
|---------------------|----------------|----------------|
| Finished Goods | 3880.78 | 6849.14 |
| Material-in-process | 434.70 | 1768.08 |
| By-products | 10.94 | 1.79 |
| Carbon Credits | 523.84 | 218.91 |
| | 4850.26 | 8837.92 |

Less : Closing Stock

| | | |
|--|------------------|----------------|
| Finished Goods | 11563.31 | 3880.78 |
| Material-in-process | 2549.91 | 434.70 |
| By-products | 240.70 | 10.94 |
| Carbon Credits | 786.35 | 523.84 |
| | 15140.27 | 4850.26 |
| Excise Duty on Stock of Finished Goods (Net) | 860.36 | (21.51) |
| (Increase) / Decrease In Stock | (9429.65) | 3966.15 |

Details of opening and closing stocks

| | 2011-2012 | | 2010-2011 | |
|--|-----------------|----------------|----------------|----------------|
| | Closing Stock | Opening Stock | Closing Stock | Opening Stock |
| Finished Goods | | | | |
| Refrigerant Gases | 2,632.68 | 797.14 | 797.14 | 3443.71 |
| Chloromethanes (Methylene Chloride, Chloroform and Carbon Tetrachloride) | 416.75 | 107.42 | 107.42 | 52.90 |
| Poly Tetrafluoroethylene (PTFE) | 8,270.28 | 2882.91 | 2882.91 | 3287.23 |
| Carbon Credits | 786.35 | 523.84 | 523.84 | 218.91 |
| Others | 484.30 | 104.25 | 104.25 | 67.09 |
| | 12590.36 | 4415.56 | 4415.56 | 7069.84 |
| Work in process | | | | |
| Refrigerant Gases | 39.71 | 45.34 | 45.34 | 43.09 |
| Chloromethanes (Methylene Chloride, Chloroform and Carbon Tetrachloride) | 65.72 | 79.83 | 79.83 | 38.29 |
| Poly Tetrafluoroethylene (PTFE) | 2,440.62 | 304.93 | 304.93 | 1682.15 |
| Others | 3.86 | 4.60 | 4.60 | 4.55 |
| | 2549.91 | 434.70 | 434.70 | 1768.08 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

| | 2011-2012 | 2010-2011 |
|--|-----------------|-----------------|
| 27 Employee benefits expense | | |
| Salaries and wages | 6011.89 | 5103.84 |
| Contribution to provident and other funds | 274.49 | 201.84 |
| Gratuity | 134.92 | 98.50 |
| Staff welfare expenses | 231.54 | 158.89 |
| Total | 6652.84 | 5563.07 |
| 28 Finance costs | | |
| Interest expense | 4009.78 | 2969.80 |
| Other borrowing costs | 259.94 | 17.36 |
| Loss on foreign currency transactions and translation | 1443.28 | 0.00 |
| Total | 5713.00 | 2987.16 |
| 29 Depreciation and amortization expense | | |
| Depreciation on Tangible assets | 7524.50 | 4374.50 |
| Amortization of Intangible assets | 257.09 | 111.74 |
| Total | 7781.59 | 4486.24 |
| 30 Other expenses | | |
| Stores and Spare parts Consumed | 4922.94 | 2422.57 |
| Power and Fuel | 27646.06 | 17382.56 |
| Freight and Octroi | 2637.77 | 2517.30 |
| Insurance | 451.26 | 333.45 |
| Excise Duty, Custom Duty and Sales Tax | 834.73 | 103.03 |
| Production Labour Charges | 396.39 | 366.89 |
| Processing Charges | 57.39 | 77.92 |
| Factory Expenses | 809.07 | 359.02 |
| Repairs to | | |
| - Buildings | 88.54 | 65.91 |
| - Machinery | 3237.73 | 1771.67 |
| - Others | 226.36 | 290.56 |
| | 3552.63 | 2128.14 |
| Directors' Sitting Fees | 7.60 | 3.35 |
| Commission to Chairman | 1275.04 | 326.85 |
| Rent | 189.06 | 192.27 |
| Rates and Taxes | 199.94 | 291.61 |
| Travelling and Conveyance | 1192.04 | 779.03 |
| Communication expenses | 145.07 | 140.43 |
| Legal and Professional Fees and Expenses | 1761.26 | 1307.82 |
| Lease Rentals and Hire Charges | 653.70 | 192.45 |
| Loss on assets sold/scrapped (Net) | 0.00 | 4.66 |
| Net loss on foreign currency translation and transaction | 11739.74 | 0.00 |
| Provision for doubtful debts | 9.17 | 0.00 |
| Provision for doubtful advances | 547.49 | 0.00 |
| Provision for diminution in value of investments | 4489.04 | 60.75 |
| Bad debts and Remissions | 35.48 | 0.00 |
| Expenditure on Sustainable Development Plan | 80.48 | 88.24 |
| Commission | 326.90 | 330.72 |
| Royalty | 6.82 | 391.70 |
| Purchase of Carbon Credits | 8751.52 | 3665.41 |
| Miscellaneous Expenses | 3346.56 | 1604.75 |
| Total | 76065.15 | 35070.92 |

Notes to Financial Statements for the year ended 31st March, 2012

31. Securities and terms of repayment in respect of secured loans:

Rupee Term Loan of Rs. 1111.05 lacs (previous year 3333.33 lacs) from Oriental Bank of Commerce is secured by the way 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, except for R23 incineration project. The term loan is repayable in 16 equal quarterly instalments starting from 31st May 2008 and carries interest @ 8.50% p.a.

As per the term of sanction, Foreign Currency Term Loan of Rs. 24929.24 lacs (previous year Rs Nil) from Axis Bank Limited is secured by way of first charge on all movable and immovable assets of Mahidad (36 MW), Gujarat, and Ossiya (10.50 MW) Rajasthan. Further, the lender also has a charge/lien over the escrow account. The Company has not yet created the above mention security. Further, Ossiya (10.50 MW) Rajasthan is transferred to Inox Renewables Limited under slump sale. Now the Company is in the process of creation of security on the said loan after considering the above. The term loan is repayable in 40 equal quarterly instalments starting from 15th June 2012 and carries interest @ 3 months LIBOR plus 4.25% p.a.

As per the term of sanction, Foreign Currency Term Loan of Rs. 8379.58 lacs (previous year Rs. Nil) from ICICI Bank Limited is secured by way of an exclusive first ranking security interest/ mortgage/hypothecation on movable and immovable fixed assets including cash flow and receivables of project assets Dangri (20 MW) Rajasthan, Mahidad (14 MW) and Ossiya (19.50 MW) and first pari-passu mortgage/hypothecation on movable and immovable fixed assets including cash flow and receivables of wind power assets located at Gude Panchgani (23.1 MW). Further, the lender also has a charge/lien over the escrow account. The Company has not yet created the above mention security. Further, Dangri (20 MW) Rajasthan, Ossiya (19.50 MW) Rajasthan and Gude Panchgani (23.1 MW) is transferred to Inox Renewables Limited under slump sale. Now the Company is in the process of creation of security on the said loan after considering the above. The term loan is repayable in 20 equal half yearly instalments starting from 20th September 2013 and carries interest @ 6 months LIBOR plus 4.14% p.a.

Foreign Currency Term Loan of Rs. 9033.00 lacs (previous year Rs. 9033.00 lacs) from DBS Bank Limited is secured by first pari passu charge over moveable fixed assets of the Company at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch except assets pertaining to 18 MW coal based captive power plant. The term loan is repayable in 16 equal quarterly instalments starting from 16th April 2012 and carries interest @ 8.65% p.a.

Foreign Currency Term Loan of Rs. 2800.25 lacs (previous year Rs. 4200.38 lacs) 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. The term loan is repayable in 16 equal quarterly instalments starting from 9th April 2010 and carries interest @ 7.07% p.a.

Foreign Currency Term Loan of Rs. 1955.55 lacs (previous year Rs. 3085.07 lacs) 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. The term loan is repayable in 16 equal quarterly instalments starting from 3rd July 2009 and carries interest @ 3 months LIBOR plus 4.00% p.a.

Working Capital Loans of Rs. 3014.61 lacs (previous year Rs. 3278.99 lacs) from HDFC Bank Limited is 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. The loan is repayable on demand and carries interest @ 12.80% p.a.

Working Capital Loans of Rs. 5410.46 lacs (previous year Rs. 5118.13 lacs) from The Royal Bank of Scotland is secured by way of first pari passu charge in favour of the bank by way of hypothecation over the borrower's stock and receivables, both present and future of the Company's unit at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, Gujarat. The loan is repayable in 30 days to 330 days carrying interest ranging @ 1 month LIBOR plus 1.65% to 11 month LIBOR plus 1.65%.

Working Capital Loan of Rs. Nil (previous year Rs.1961.96 lacs) and Rs. Nil (previous year Rs. 2000.00 lacs) from Canara Bank were secured by way of first pari passu charge on current assets of the Company's unit at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat and second charge on fixed assets of the Company's unit at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat along with term lenders of the Company's unit at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch. The loan is repayable on demand and carries interest @ 6 month LIBOR plus 2.00% and 10.00% p.a. respectively.

Foreign Currency Term Loan of Rs. Nil (previous year Rs. 7237.66 lacs) from ICICI Bank Limited was 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 had a charge/lien over the escrow account. The term loan was repayable in 38 equal quarterly instalments starting from 20th December 2007 and carries interest @ 5.86% p.a. This loan is transferred to Inox Renewables Limited under slump sale.

Notes to Financial Statements for the year ended 31st March, 2012

32. Contingent Liabilities and Commitments (To the extent not provided for)

(A) Contingent Liabilities

Particulars

- (a) Claims against Company not acknowledge as debt
- (b) Other
 - Sales Tax
 - Income Tax
 - Service Tax
 - Excise duty
 - Electricity Duty
 - Claims in respect of labour matters

| Amount Rs. in Lacs | |
|--------------------|-----------|
| 2011-2012 | 2010-2011 |
| 7.22 | 7.22 |
| 4.13 | 7.12 |
| 5488.43 | 3191.25 |
| 466.39 | 268.93 |
| 755.45 | 0.00 |
| 1204.86 | 1317.30 |

Amount is not ascertainable

Note:

- (a) Amount of Rs. 5452.90 Lacs (previous year Rs. 149.38 Lacs) has been paid in respect of above Sales Tax, Income Tax, and Service Tax and Electricity duty demands and not charged to the Statement of profit and loss.
- (b) During the year, the Company has received CIT(A) order for the Assessment Year 2008-09 where in the CIT(A) has confirmed the action of the Assessing Officer in respect of
 - i. treatment of Investment activity of the Company in respect of investment in shares as a business activity and
 - ii. the re-computation of the amount of deduction u/s 80IA by applying the regulatory prices in respect of power generated at its captive power units.

The Company has not accepted the order the of the CIT(A) and has preferred appeal before ITAT, Ahmedabad .The said issues were decided in favour of the Company by CIT(A) in earlier years. Consequently, the amount of demands in respect of the above are included in the amount of contingent liabilities in para (A).

(B) Commitments:

Particulars

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)

| Amount Rs. in Lacs | |
|--------------------|-----------|
| 2011-2012 | 2010-2011 |
| 9329.65 | 3146.76 |

33. Prior period items:

Particulars

A) Debits

- Legal and Professional Expenses
- Freight
- Repairs to Machinery
- Repairs-Others
- Travelling expenses
- Production & Maintenance Labour charges
- Foreign Exchange Loss
- Rates and Taxes
- Insurance
- Others

Total (a)

B) Credits

- Depreciation
- Repairs and Maintenance
- Others

Total (b)

Net Prior Period Items

| Amount Rs. in Lacs | |
|--------------------|-----------|
| 2011-2012 | 2010-2011 |
| 0.81 | 69.07 |
| 3.87 | 5.49 |
| 9.97 | 2.31 |
| 9.89 | 3.21 |
| 0.00 | 0.24 |
| 0.00 | 2.14 |
| 0.00 | 189.91 |
| 1.63 | 0.00 |
| 1.29 | 0.00 |
| 7.07 | 3.08 |
| 34.53 | 275.45 |
| 0.00 | 399.34 |
| 0.00 | 16.40 |
| 48.36 | 0.59 |
| 48.36 | 416.33 |
| (13.83) | (140.88) |

Notes to Financial Statements for the year ended 31st March, 2012

34. Payments to Auditor's:

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--|--------------|--------------|
| Statutory Audit fees | 11.00 | 8.00 |
| Tax Audit fees | 5.00 | 4.00 |
| For taxation matters | 5.00 | 2.50 |
| Limited review, corporate governance certificate and consolidated accounts | 6.00 | 5.00 |
| For other services | 6.60 | 6.75 |
| For reimbursement of expenses | 0.05 | 0.13 |
| Total | 33.65 | 26.38 |

35. CIF value of imports:

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|---|-----------------|-----------------|
| Raw materials | 24584.42 | 14494.35 |
| Fuel | 6034.18 | 4503.89 |
| Finished goods | 280.62 | 0.00 |
| Components and Spare Parts | 1144.08 | 785.40 |
| Capital goods (Including capital work in progress) | 3329.03 | 11094.53 |
| Total | 35372.33 | 30878.18 |

36. Imported and indigenous raw materials consumed :

Amount Rs. in Lacs

| | Percentage | | Value | |
|--------------|---------------|---------------|-----------------|-----------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Imported | 68.76 | 75.95 | 15338.04 | 13445.52 |
| Indigenous | 31.24 | 24.05 | 6968.33 | 4257.59 |
| Total | 100.00 | 100.00 | 22306.37 | 17703.11 |

37. Imported and indigenous spare parts consumed :

Amount Rs. in Lacs

| | Percentage | | Value | |
|--------------|---------------|---------------|----------------|----------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Imported | 30.95 | 15.47 | 1523.58 | 374.79 |
| Indigenous | 69.05 | 84.53 | 3399.36 | 2047.78 |
| Total | 100.00 | 100.00 | 4922.94 | 2422.57 |

38. Expenditure in foreign currency:(Including amount capitalized)

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--|-----------------|-----------------|
| Royalty | 7.04 | 383.77 |
| Professional and Consultation fees | 745.67 | 997.85 |
| Know How | 528.06 | 885.95 |
| Purchase of Carbon Credits | 8751.52 | 3665.41 |
| Interest | 1800.89 | 827.32 |
| Others-Lease Rent, Sales Commission, Travelling , etc. | 5437.16 | 5428.02 |
| Total | 17270.33 | 12188.32 |

39. Earning in foreign exchange:

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| Exports of goods calculated on FOB basis | 146015.09 | 60516.24 |
| Dividend | 78.44 | 0.00 |
| Other Income-Other recoveries on exports | 609.69 | 403.43 |

Notes to Financial Statements for the year ended 31st March, 2012

40. Major Components of the net Deferred tax liability:

Amount Rs. in Lacs

(A) Deferred Tax Liabilities

- (i) On account of difference between tax depreciation and depreciation / amortisation charged in the books

Total

(B) Deferred Tax Assets

- (i) Retirement benefits

- (ii) Others

Total

Net Deferred Tax Liability

| 2011-2012 | 2010-2011 |
|-----------------|-----------|
| 13420.18 | 13654.72 |
| 13420.18 | 13654.72 |
| 318.47 | 252.88 |
| 33.98 | 37.16 |
| 352.45 | 290.04 |
| 13067.73 | 13364.68 |

41. Calculation of Earnings per share(EPS):

Continuing Operations

A. Particulars

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

Total Operations

B. Particulars

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

| 2011-2012 | 2010-2011 |
|------------------|-----------|
| 75300.22 | 25949.27 |
| 109850000 | 109850000 |
| 1 | 1 |
| 68.55 | 23.62 |
| 43159.65 | 26362.81 |
| 109850000 | 109850000 |
| 1 | 1 |
| 39.29 | 24.00 |

42. 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.

Interest accrued and due to suppliers under MSMED Act,2006 on the above amount, unpaid at the year end.

Payment made to suppliers (other than interest) beyond the appointed date during the year

Interest paid to suppliers under MSMED Act, 2006 (Sec 16) during the year

Interest due and payable to suppliers under MSMED Act for payments already made.

Interest accrued and not paid to suppliers under MSMED Act,2006 up to the year end.

| 2011-2012 | 2010-2011 |
|--------------|-----------|
| 11.59 | 7.38 |
| 0.00 | 0.01 |
| 5.34 | 6.85 |
| 0.16 | 0.00 |
| 0.02 | 0.05 |
| 0.02 | 0.16 |

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

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

Amount Rs. in Lacs

Sr. No. Particulars

- 1 Finance Cost
- 2 Travelling charges
- 3 Legal & Professional Fees
- 4 Salary & Wages
- 5 Other Miscellaneous charges

Total

| 2011-2012 | 2010-2011 |
|---------------|-----------|
| 422.50 | 200.77 |
| 45.35 | 44.13 |
| 95.51 | 225.70 |
| 50.43 | 1.92 |
| 233.68 | 14.32 |
| 847.47 | 486.84 |

Notes to Financial Statements for the year ended 31st March, 2012

44. Segment Information

(A) Information about Primary (Business) Segment

Amount Rs. in Lacs

| Particulars | Continuing Operations | | Discontinued Operations | | Total Operations | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2012 | Year Ended 31.03.2011 | Year Ended 31.03.2012 | Year Ended 31.03.2011 | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
| [I] Segment Revenue | | | | | | |
| i. Chemicals | 206899.61 | 94668.53 | | | 206899.61 | 94668.53 |
| ii. Power | 0.00 | 3616.22 | 4902.64 | 4610.05 | 4902.64 | 8226.28 |
| iii. Un-allocable and Corporate | 5763.95 | 9952.90 | | | 5763.95 | 9952.90 |
| Total Segment Revenue | 212663.56 | 108237.66 | 4902.64 | 4610.05 | 217566.20 | 112847.71 |
| Less : Inter Segment Revenue | 0.00 | 0.00 | | | 0.00 | 0.00 |
| Total External Revenue | 212663.56 | 108237.66 | 4902.64 | 4610.05 | 217566.20 | 112847.71 |
| [II] Segment Result | | | | | | |
| i. Chemicals | 107517.56 | 33730.00 | | | 107517.56 | 33730.00 |
| ii. Power | 0.00 | (422.04) | 1183.39 | 1199.85 | 1183.39 | 777.81 |
| Total Segment Result | 107517.56 | 33307.96 | 1183.39 | 1199.85 | 108700.95 | 34507.81 |
| Add/(Less): Un-allocable Income / (Expenses) (Net) | (1689.28) | 4113.15 | (35667.94) | | (37357.22) | 4113.15 |
| Less : Finance costs | 5713.00 | 2987.16 | 442.53 | 484.84 | 6155.53 | 3472.00 |
| Total Profit Before Tax | 100115.28 | 34433.95 | (34927.08) | 715.01 | 65188.20 | 35148.96 |
| Less : Taxation (Net) | 24815.06 | 8484.68 | (2786.51) | 301.47 | 22028.55 | 8786.15 |
| Net Profit After Tax | 75300.22 | 25949.27 | (32140.57) | 413.54 | 43159.65 | 26362.81 |
| [III] Other Information | | | | | | |
| a] Segment Assets | | | | | | |
| i. Chemicals | 272948.54 | 154096.51 | | | 272948.54 | 154096.51 |
| ii. Power | 0.00 | 6868.28 | | 43337.26 | 0.00 | 50205.54 |
| iii. Un-allocable and Corporate | 72955.84 | 88067.27 | | | 72955.84 | 88067.27 |
| Total | 345904.38 | 249032.06 | | 43337.26 | 345904.38 | 292369.32 |
| b] Segment Liabilities | | | | | | |
| i. Chemicals | 27693.06 | 39467.80 | | | 27693.06 | 39467.80 |
| ii. Power | 0.00 | 0.00 | | 758.77 | 0.00 | 758.77 |
| iii. Un-allocable and Corporate | 104034.56 | 70183.89 | | 7237.66 | 104034.56 | 77421.55 |
| Total | 131727.62 | 109651.69 | | 7996.43 | 131727.62 | 117648.12 |
| c] Capital Expenditure (Including Capital Advances) | | | | | | |
| i. Chemicals | 73713.17 | 41709.19 | | | 73713.17 | 41709.19 |
| ii. Power | 0.00 | 7333.69 | 42462.63 | 4609.44 | 42462.63 | 11943.13 |
| iii. Un-allocable and Corporate | 579.87 | 191.28 | | | 579.87 | 191.28 |
| Total | 74293.04 | 49234.16 | 42462.63 | 4609.44 | 116755.68 | 53843.60 |
| d] Depreciation & Amortization | | | | | | |
| i. Chemicals | 7549.02 | 4275.90 | | | 7549.02 | 4275.90 |
| ii. Power | 0.00 | 0.00 | 2398.62 | 2272.74 | 2398.62 | 2272.74 |
| iii. Un-allocable and Corporate | 232.57 | 210.34 | | | 232.57 | 210.34 |
| Total | 7781.59 | 4486.24 | 2398.62 | 2272.74 | 10180.21 | 6758.98 |
| e] Non-cash expenses (other than depreciation) | | | | | | |
| i. Chemicals | 12.39 | 16.99 | | | 12.39 | 16.99 |
| ii. Power | 0.00 | 0.00 | | | 0.00 | 0.00 |
| iii. Un-allocable and Corporate | 4512.27 | 60.75 | | | 4512.27 | 60.75 |
| Total | 4524.66 | 77.74 | | | 4524.66 | 77.74 |

Notes to Financial Statements for the year ended 31st March, 2012

(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:

| Amount Rs. in Lacs | |
|--------------------|-----------|
| Particulars | 2011-2012 |
| Domestic | 64833.39 |
| Overseas | 146624.78 |
| Total | 211458.17 |

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:

- i) The Company is having various power generation facilities viz. Wind Mills, Gas Based Power Plant and Coal Based Power Plant and the power generated was used for captive consumption as well as sold outside.

During the year Company has sold power generation facilities which were in the business of generation and sale of power by way of Slump Sale to its wholly owned subsidiary Inox Renewables Limited and is reported as discontinued operations.

Power generation facilities which are generating and supplying power to the Chemical Business are retained. Electricity generated by these facilities is wholly consumed in Chemical Business and not sold outside. Accordingly, the same is now part of the Chemical Business and hence, the Company now operates in single business segments of "Chemicals" - Comprising of Refrigerant gases, Anhydrous Hydrochloric acid, Caustic-Chlorine, Chloromethane, PTFE, PT-PTFE and revenue from Carbon Credits.

- ii) 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.
- iii) The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

45. Discontinuance of operations

a) **Slump Sale of Wind Energy Business :**

Pursuant to the decision in the meeting of the Board of Directors of the Company held on 31st January 2011 and the approval of the Shareholders of the Company through Postal Ballot on 15th March 2011, the Company has transferred the entire Wind Energy Business, which is a major part of power separate segment as per AS 17, Segment Reporting, to a subsidiary Inox Renewables Limited, by way of Slump Sale w.e.f. close of business on 30th March, 2012 for a total value of Rs. 100.00 Lacs.

b) **Loss on account of the Slump Sale has been computed as under :**

| Amount Rs. in Lacs | |
|--|-------------------|
| Particulars | |
| Total Value received on Slump Sale | 100.00 |
| Less : Value of Net Assets transferred on Slump Sale | |
| Total Assets Transferred | 86161.44 |
| Less :Total Liabilities Transferred | 50415.79 |
| Loss before expenses | (35645.65) |
| Add : Expenses incurred on Slump Sale | 22.29 |
| Loss on Slump Sale | (35667.94) |

c) **Revenue, expenses, pre-tax profit/ (loss) and Income tax expenses attributable to Discontinued Operations:**

| | For the year ended 31 March, 2012 | For the year ended 31 March, 2011 |
|--------------------------|-----------------------------------|-----------------------------------|
| Revenue from operations | 4902.64 | 4573.47 |
| Other income | 0.00 | 36.59 |
| Total revenue (A) | 4902.64 | 4610.05 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

| | For the year ended 31 March, 2012 | For the year ended 31 March, 2011 |
|---|---|---|
| Employee benefits expense | 121.04 | 151.42 |
| Finance costs | 442.53 | 484.84 |
| Depreciation and amortisation expense | 2398.62 | 2272.74 |
| Other expenses | 1199.59 | 986.05 |
| Total expenses (B) | 4161.78 | 3895.04 |
| Profit before tax from ordinary activities of discontinued operations (A-B) | 740.86 | 715.01 |
| Loss on disposal of assets / settlement of liabilities attributable to the discontinuing operation (as above) | (35667.94) | 0.00 |
| Total Profit/(Loss) from discontinuing operations before tax | (34927.08) | 715.01 |
| Tax on ordinary activities attributable to the discontinuing operations | | |
| i) Current Tax | 1018.60 | 0.00 |
| ii) Deferred Tax (Credit)/Charge | (3805.11) | 301.47 |
| Total Tax Expenses | (2786.51) | 301.47 |
| (Loss)/Profit after tax of discontinuing operations | (32140.58) | 413.54 |

d) Cash flow attributable to Discontinued Operations :

| Particulars | For the year ended 31 March, 2012 | For the year ended 31 March, 2011 |
|--------------------------------------|---|---|
| Cash flows from operating activities | 2911.61 | 3812.09 |
| Cash flows from investing activities | (42462.63) | (4609.44) |
| Cash flows from financing activities | 41692.28 | 814.38 |

46. 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 31.3.2012 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 31st December 2011 are as under:

Amount Rs. in Lacs

| S.No. | Particulars | 2011 | 2010 |
|-------|-------------|----------------|---------|
| i) | Assets | 5058.48 | 3870.77 |
| ii) | Liabilities | 2835.20 | 2182.35 |
| iii) | Income | 6789.16 | 4585.44 |
| iv) | Expenses | 6566.60 | 4256.83 |

b) The Company's share of capital commitments in the JVC as at 31st December, 2011 is Rs. Nil (previous year Nil).

c) The Company's share of contingent liability of the JVC as at 31st December, 2011 is Rs. Nil (previous year Nil).

d) The Company's transactions with JVC, being a related party, are disclosed in note no 47

Notes to Financial Statements for the year ended 31st March, 2012

47. 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

Gujarat Fluorochemicals Americas LLC, U.S.A. (GFL Americas LLC)

Inox Renewables Limited (Incorporated on 11th November 2010)

Fame India Limited (Subsidiary of Inox Leisure Limited w.e.f. 06th 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)

Headstrong Films Private Limited ((Subsidiary of Fame India Limited w.e.f. 27th March 2012)

GFL Singapore Pte Limited(Incorporated on 25th July 2011)

GFL GM Fluorspar SA(Incorporated on 16th August 2011 and a subsidiary upto 28th September 2011 and subsequently a subsidiary of GFL Singapore Pte. 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

Mr. V K Jain (Managing Director)

Mr. D K Sachdeva (Whole Time Director)

Mr. J S Bedi (Whole Time Director)

Mr. G Arumugam (Whole Time Director) w.e.f. 12th August 2011.

Relatives of Key Management Personnel

Mr. D K Jain (Father of Mr. V K Jain)

Mr. P K Jain (Brother of Mr. V K Jain)

Mr. Devansh Jain (Son of Mr. 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



Notes to Financial Statements for the year ended 31st March, 2012

Related Party disclosures

(ii) Particulars of transactions

Amount Rs. in Lacs

| Particulars | Holding Company | | Subsidiary Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|---|-----------------|---------|--------------------|---------|---------------|---------|--------------------------------|---------|--------------------------------------|---------|--|---------|----------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| A) Transactions during the year | | | | | | | | | | | | | | |
| Sales of Goods | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 25.18 | 19.58 | 25.18 | 19.58 |
| GFL Americas LLC | | | 2420.78 | 1036.53 | | | | | | | | | 2420.78 | 1036.53 |
| Others | | | 0.67 | 0.00 | | | | | | | 0.03 | 0.22 | 0.70 | 0.22 |
| Total | | | 2421.45 | 1036.53 | | | | | | | 25.21 | 19.80 | 2446.66 | 1056.33 |
| Purchase of Assets (Including Capital Work in Progress) | | | | | | | | | | | | | | |
| Inox Wind Limited | | | 54714.13 | 7335.56 | | | | | | | | | 54714.13 | 7335.56 |
| Inox Renewables Limited | | | 267.02 | 288.72 | | | | | | | | | 267.02 | 288.72 |
| Total | | | 54981.15 | 7624.28 | | | | | | | | | 54981.15 | 7624.28 |
| Purchase of Goods | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 424.74 | 111.57 | 424.74 | 111.57 |
| Inox India Limited | | | | | | | | | | | 578.59 | 1748.05 | 578.59 | 1748.05 |
| XHCT Co. Ltd | | | | | 569.58 | 112.91 | | | | | | | 569.58 | 112.91 |
| GFL Americas LLC | | | 112.33 | 0.00 | | | | | | | | | 112.33 | 0.00 |
| Others | | | 1.94 | 0.00 | | | | | | | 0.00 | 0.08 | 1.94 | 0.08 |
| Total | | | 114.27 | 0.00 | 569.58 | 112.91 | | | | | 1003.30 | 1859.70 | 1687.18 | 1972.62 |
| Consideration for Slump Sale of Wind Energy Business | | | | | | | | | | | | | | |
| Inox Renewables Limited | | | 100.00 | 0.00 | | | | | | | | | 100.00 | 0.00 |
| Total | | | 100.00 | 0.00 | | | | | | | | | 100.00 | 0.00 |
| Sale of Investments | | | | | | | | | | | | | | |
| GFL Singapore Pte Ltd | | | 3.82 | 0.00 | | | | | | | | | 3.82 | 0.00 |
| Total | | | 3.82 | 0.00 | | | | | | | | | 3.82 | 0.00 |
| Inter-corporate Deposits given | | | | | | | | | | | | | | |
| Inox Motion Pictures Limited | | | 36.00 | 0.00 | | | | | | | | | 36.00 | 0.00 |
| Inox Wind Limited | | | 0.00 | 2300.00 | | | | | | | | | 0.00 | 2300.00 |
| Inox Leisure Limited | | | 9650.00 | 1100.00 | | | | | | | | | 9650.00 | 1100.00 |
| Total | | | 9686.00 | 3400.00 | | | | | | | | | 9686.00 | 3400.00 |
| Inter-corporate Deposits received back | | | | | | | | | | | | | | |
| Inox Wind Limited | | | 7000.00 | 0.00 | | | | | | | | | 7000.00 | 0.00 |
| Inox Leisure Limited | | | 4250.00 | 0.00 | | | | | | | | | 4250.00 | 0.00 |
| Total | | | 11250.00 | 0.00 | | | | | | | | | 11250.00 | 0.00 |
| Equity shares subscribed | | | | | | | | | | | | | | |
| GFL Americas LLC | | | 234.52 | 359.87 | | | | | | | | | 234.52 | 359.87 |
| Inox Renewables Limited(*) | | | 300.00 | 4.94 | | | | | | | | | 300.00 | 4.94 |
| GFL Singapore Pte Limited | | | 589.56 | 0.00 | | | | | | | | | 589.56 | 0.00 |
| GFL GM Flourspar SA | | | 3.16 | 0.00 | | | | | | | | | 3.16 | 0.00 |
| Total | | | 1127.24 | 364.81 | | | | | | | | | 1127.24 | 364.81 |
| Share application money paid | | | | | | | | | | | | | | |
| Inox Renewables Limited(*) | | | 0.00 | 300.00 | | | | | | | | | 0.00 | 300.00 |
| Total | | | 0.00 | 300.00 | | | | | | | | | 0.00 | 300.00 |
| Interest received | | | | | | | | | | | | | | |
| Inox Motion Pictures Limited | | | 20.82 | 15.16 | | | | | | | | | 20.82 | 15.16 |
| Inox Wind Limited | | | 647.26 | 420.07 | | | | | | | | | 647.26 | 420.07 |
| Inox Leisure Limited | | | 1159.65 | 906.08 | | | | | | | | | 1159.65 | 906.08 |
| Total | | | 1827.73 | 1341.31 | | | | | | | | | 1827.73 | 1341.31 |
| Dividend Received | | | | | | | | | | | | | | |
| XHCT Co. Ltd | | | | | 78.44 | 0.00 | | | | | | | 78.44 | 0.00 |
| Total | | | | | 78.44 | 0.00 | | | | | | | 78.44 | 0.00 |

Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

| Particulars | Holding Company | | Subsidiary Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|---|-----------------|---------|--------------------|---------|---------------|---------|--------------------------------|---------|--------------------------------------|---------|--|---------|---------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Provision for diminution in value of Investments | | | | | | | | | | | | | | |
| Inox Motion Pictures Limited | | | 300.00 | 0.00 | | | | | | | | | 300.00 | 0.00 |
| Total | | | 300.00 | 0.00 | | | | | | | | | 300.00 | 0.00 |
| Provision for doubtful advances | | | | | | | | | | | | | | |
| Inox Motion Pictures Limited | | | 261.00 | 0.00 | | | | | | | | | 261.00 | 0.00 |
| Total | | | 261.00 | 0.00 | | | | | | | | | 261.00 | 0.00 |
| Expenses (Repairs) | | | | | | | | | | | | | | |
| Inox India Limited | | | | | | | | | | | 0.00 | 1.67 | 0.00 | 1.67 |
| Refron Valves Limited | | | | | | | | | | | 2.85 | 9.68 | 2.85 | 9.68 |
| Total | | | | | | | | | | | 2.85 | 11.35 | 2.85 | 11.35 |
| Reimbursement of expenses (paid) | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 8.01 | 5.05 | 8.01 | 5.05 |
| Inox India Limited | | | | | | | | | | | 0.08 | 0.00 | 0.08 | 0.00 |
| Inox Leasing & Finance Limited | 0.57 | 0.76 | | | | | | | | | | | 0.57 | 0.76 |
| Inox Wind Limited | | | 15.46 | 1.51 | | | | | | | | | 15.46 | 1.51 |
| GFL Americas LLC | | | 141.68 | 70.78 | | | | | | | | | 141.68 | 70.78 |
| Inox Renewables Limited | | | 20.67 | 4.20 | | | | | | | | | 20.67 | 4.20 |
| Total | 0.57 | 0.76 | 177.81 | 76.50 | | | | | | | 8.09 | 5.05 | 186.47 | 82.31 |
| Reimbursement of expenses (received) | | | | | | | | | | | | | | |
| Inox India Limited | | | | | | | | | | | 4.62 | 4.64 | 4.62 | 4.64 |
| Inox Wind Limited | | | 0.31 | 0.29 | | | | | | | | | 0.31 | 0.29 |
| Inox Leasing & Finance Limited | 0.32 | 0.41 | | | | | | | | | | | 0.32 | 0.41 |
| GFL Americas LLC | | | 0.00 | 0.83 | | | | | | | | | 0.00 | 0.83 |
| Inox Renewables Limited | | | 13.38 | 0.42 | | | | | | | | | 13.38 | 0.42 |
| Total | 0.32 | 0.41 | 13.69 | 1.54 | | | | | | | 4.62 | 4.64 | 18.63 | 6.59 |
| Rent Received | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 144.90 | 144.90 | 144.90 | 144.90 |
| Others | | | | | | | | | | | 0.72 | 0.72 | 0.72 | 0.72 |
| Total | | | | | | | | | | | 145.62 | 145.62 | 145.62 | 145.62 |
| Rent paid | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 0.63 | 0.60 | 0.63 | 0.60 |
| Devansh Gases Private Limited | | | | | | | | | | | 18.00 | 18.00 | 18.00 | 18.00 |
| Inox Leasing & Finance Limited | 48.00 | 36.00 | | | | | | | | | | | 48.00 | 36.00 |
| GFL Americas LLC | | | 12.55 | 0.00 | | | | | | | | | 12.55 | 0.00 |
| Others | | | | | | | 1.20 | 1.20 | | | | | 1.20 | 1.20 |
| Total | 48.00 | 36.00 | 12.55 | 0.00 | | | 1.20 | 1.20 | | | 18.63 | 18.60 | 80.38 | 55.80 |
| O&M Charges & Lease Rents paid | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 137.96 | 116.31 | 137.96 | 116.31 |
| Inox Renewables Limited | | | 243.00 | 0.00 | | | | | | | | | 243.00 | 0.00 |
| Total | | | 243.00 | 0.00 | | | | | | | 137.96 | 116.31 | 380.96 | 116.31 |
| Erection & Commissioning Charges | | | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | | | 30.00 | 0.00 | 30.00 | 0.00 |
| Inox Renewables Limited | | | 96.00 | 0.00 | | | | | | | | | 96.00 | 0.00 |
| Total | | | 96.00 | 0.00 | | | | | | | 30.00 | 0.00 | 126.00 | 0.00 |
| Remuneration paid | | | | | | | | | | | | | | |
| Mr. V K Jain | | | | | | | 567.31 | 1369.04 | | | | | 567.31 | 1369.04 |
| Others | | | | | | | 146.21 | 76.67 | 5.38 | 5.38 | | | 151.59 | 82.05 |
| Total | | | | | | | 713.52 | 1445.70 | 5.38 | 5.38 | | | 718.89 | 1451.08 |
| Commission paid to Chairman | | | | | | | | | | | | | | |
| Mr. D K Jain | | | | | | | | | 1275.04 | 326.85 | | | 1275.04 | 326.85 |
| Total | | | | | | | | | 1275.04 | 326.85 | | | 1275.04 | 326.85 |



Notes to Financial Statements for the year ended 31st March, 2012

Amount Rs. in Lacs

| Particulars | Holding Company | | Subsidiary Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|--|-----------------|---------|--------------------|----------|---------------|---------|--------------------------------|---------|--------------------------------------|---------|--|---------|----------|----------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Sitting Fees paid | | | | | | | | | | | | | | |
| Mr. D K Jain | | | | | | | | | 1.60 | 1.00 | | | 1.60 | 1.00 |
| Mr. P K Jain | | | | | | | | | 0.20 | 0.00 | | | 0.20 | 0.00 |
| Total | | | | | | | | | 1.80 | 1.00 | | | 1.80 | 1.00 |
| B) Amounts outstanding | | | | | | | | | | | | | | |
| Amount payable | | | | | | | | | | | | | | |
| Mr. V K Jain | | | | | | | 350.14 | 907.82 | | | | | 350.14 | 907.82 |
| Mr. D K Jain | | | | | | | | | 881.05 | 225.85 | | | 881.05 | 225.85 |
| Others | | | 13.99 | 5.43 | 106.39 | 27.69 | 11.73 | 5.63 | 0.45 | 0.45 | 139.09 | 176.08 | 271.65 | 215.28 |
| Total | | | 13.99 | 5.43 | 106.39 | 27.69 | 361.86 | 913.45 | 881.50 | 226.30 | 139.09 | 176.08 | 1502.84 | 1348.95 |
| Amount Receivables | | | | | | | | | | | | | | |
| a) Inter Corporate Deposit | | | | | | | | | | | | | | |
| Inox Leisure Limited | | | 18700.00 | 13300.00 | | | | | | | | | 18700.00 | 13300.00 |
| Inox Motion Pictures Limited | | | 261.00 | 225.00 | | | | | | | | | 261.00 | 225.00 |
| Inox Wind Limited | | | 0.00 | 7000.00 | | | | | | | | | 0.00 | 7000.00 |
| Total | | | 18961.00 | 20525.00 | | | | | | | | | 18961.00 | 20525.00 |
| b) Trade Receivables | | | | | | | | | | | | | | |
| GFL Americas LLC | | | 1658.85 | 872.30 | | | | | | | | | 1658.85 | 872.30 |
| Inox Air Products Limited | | | | | | | | | | | 0.46 | 0.00 | 0.46 | 0.00 |
| Total | | | 1658.85 | 872.30 | | | | | | | 0.46 | 0.00 | 1659.31 | 872.30 |
| c) Loans & Advances | | | | | | | | | | | | | | |
| Inox Wind Limited | | | 2.07 | 1841.35 | | | | | | | | | 2.07 | 1841.35 |
| Inox Renewables Limited | | | 9.33 | 11.71 | | | | | | | | | 9.33 | 11.71 |
| Others | | | 18.64 | 8.14 | | | | | | | | | 18.64 | 8.14 |
| Total | | | 30.04 | 1861.20 | | | | | | | | | 30.04 | 1861.20 |
| d) Interest receivable on ICD | | | | | | | | | | | | | | |
| Inox Leisure Limited | | | 0.00 | 198.14 | | | | | | | | | 0.00 | 198.14 |
| Inox Wind Limited | | | 0.00 | 421.99 | | | | | | | | | 0.00 | 421.99 |
| Others | | | 0.00 | 13.65 | | | | | | | | | 0.00 | 13.65 |
| Total | | | 0.00 | 633.78 | | | | | | | | | 0.00 | 633.78 |
| e) Share application money paid | | | | | | | | | | | | | | |
| Inox Renewables Limited | | | 0.00 | 300.00 | | | | | | | | | 0.00 | 300.00 |
| Total | | | 0.00 | 300.00 | | | | | | | | | 0.00 | 300.00 |

Note: (*) Share application of Rs. 300 lacs was paid to Inox Renewables Ltd. during the financial year 2010-11 and the shares are allotted in the current year in respect of the said share application money.

48. The remuneration paid to the Shri J.S Bedi & Shri D.K Sachdeva is in excess of the amounts approved in the Annual General Meeting. The same is subject to approval by the shareholders in the ensuing Annual General Meeting. Further, the remuneration paid to G Arumugam (Whole time director w.e.f. 12th August 2011) is subject to approval of the shareholders in the ensuing Annual General Meeting.

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

Amount Rs. in Lacs

| Name of the Loanee | Inox Leisure Ltd | Inox Wind Ltd | Inox Motions Pictures Ltd |
|---|------------------------|----------------------|---------------------------|
| Amount of loan at the year end | 18700.00 (13300.00) | Nil (7000.00) | 261.00 (225.00) |
| Maximum balance during the year | 18700.00 (13300.00) | 7000.00 (7000.00) | 261.00 (225.00) |
| Investment by the loanee in the shares of the Company (Previous year figures are in brackets.) | Nil (Nil) | Nil (Nil) | Nil (Nil) |

Notes to Financial Statements for the year ended 31st March, 2012

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

Derivative outstanding as at Balance Sheet date:

(Figures in Lacs)

| S.No | Nature of Contract | Foreign Currency | Buy/Sell | 2011-2012 | 2010-2011 | Purpose |
|------|---|------------------|----------|-----------|-----------|---|
| a) | Forward Contracts | USD | Sell | 604.50 | 540.60 | Hedging of Receivable |
| b) | Forward Contracts | EURO | Sell | 1470.00 | 1777.50 | Hedging of Receivable |
| c) | Currency and Interest Rate Swap | USD | Buy | 257.50 | 286.25 | Hedging of Loan and Interest Rate of Loan |
| d) | Interest Rate Swap (Notional Principal) | USD | Buy | - | 162.32 | Hedging of Interest Rate of Loan. |

Foreign currency exposure not hedged as at Balance Sheet date:

| S. No. | Particulars | 2011-2012 | | | | | | 2010-2011 | | | | | |
|--------|-------------------|-----------|--------|--------|------|------|--------|-----------|--------|--------|------|------|--------|
| | | USD | EURO | JPY | GBP | CHF | YUAN | USD | EURO | JPY | GBP | CHF | YUAN |
| a) | Payables | 21.74 | 9.12 | 19.40 | 0.03 | 0.47 | - | 84.67 | 8.73 | 344.39 | 0.87 | 0.04 | 0.00 |
| b) | Advances Received | 7.15 | 130.25 | - | - | - | - | 21.45 | 372.79 | - | - | - | - |
| c) | Advances Paid | 10.50 | 2.77 | 352.04 | - | - | - | 40.37 | 10.79 | 586.77 | 0.85 | 0.01 | 0.00 |
| d) | ECB/FCNRB | 693.14 | - | - | - | - | - | 231.50 | - | - | - | - | - |
| e) | PCFC | 219.08 | - | - | - | - | - | 115.06 | - | - | - | - | - |
| f) | Buyers Credit | 348.85 | - | - | - | - | - | 180.14 | - | - | - | - | - |
| g) | Interest Payable | 1.77 | - | - | - | - | - | 0.92 | - | - | - | - | - |
| h) | Investments | 28.86 | - | - | - | - | 225.91 | 12.24 | - | - | - | - | 225.91 |

51. Employee Benefits:

- Defined Contribution Plans: Contribution to Provident Fund of Rs.274.49 lacs (Previous Year 201.84 lacs) is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Statement of Profit and Loss.
- Defined Benefit Plans: The amounts recognized in respect of Gratuity and Leave Encashment – as per Actuarial valuation as on 31st March 2012

Amount Rs. in Lacs

| Particulars | Gratuity | Gratuity | Leave Encashment | Leave Encashment |
|---|---------------|---------------|------------------|------------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| 1. Change in Benefit Obligation | | | | |
| Liability at the beginning of the year | 428.52 | 339.34 | 181.95 | 129.86 |
| Interest Cost | 34.39 | 29.40 | 13.26 | 9.64 |
| Current Service Cost | 124.51 | 100.80 | 104.58 | 82.01 |
| Benefits paid | (15.21) | (9.31) | (39.42) | (32.64) |
| Actuarial (Gain)/Loss | (23.97) | (31.72) | (26.67) | (6.91) |
| Liability at the end of the year | 548.24 | 428.51 | 233.70 | 181.95 |
| 2. Expenses recognized in the Statement of Profit and Loss | | | | |
| Current Service Cost | 124.51 | 100.80 | 104.58 | 82.01 |
| Interest Cost | 34.39 | 29.40 | 13.26 | 9.64 |
| Actuarial (Gain)/Loss | (23.97) | (31.70) | (26.67) | (6.91) |
| Expenses recognized in the Statement of Profit and Loss | 134.93 | 98.50 | 91.16 | 84.74 |



Notes to Financial Statements for the year ended 31st March, 2012

| Particulars | Gratuity 2011-2012 | Gratuity 2010-2011 | Leave Encashment 2011-2012 | Leave Encashment 2010-2011 |
|---------------------------------|--|-----------------------|----------------------------------|----------------------------------|
| 3. Actuarial Assumptions | | | | |
| Discount Rate | 8.57% | 8.17% | 8.57% | 8.17% |
| Salary Escalation Rate | 8.00% | 8.00% | 8.00% | 8.00% |
| Retirement Age | 60 years | | | |
| Withdrawal Rates | 5% | | | |
| Mortality | LIC (1994-96) Published table of rates | | | |

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.

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

A) In respect of assets given on Operating Lease :

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| (i) Gross carrying amount of asset given on operating lease included in Buildings block of fixed assets. | 914.52 | 914.52 |
| (ii) Accumulated Depreciation as at the end of the year | 91.00 | 76.10 |
| (iii) Depreciation for the year | 14.90 | 14.90 |
| (iv) Future minimum lease payments - | | |
| (a) Not later than one year | 523.94 | 742.70 |
| (b) Later than one year and not later than five years | 1869.69 | 2949.64 |
| (c) Later than five years | 0.00 | 517.84 |
| (v) 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 plants taken on operating lease are for an initial non-cancellable period of ten years, which can be further extended at the mutual agreement. The future minimum lease payments under these lease arrangement are as under:

Amount Rs. in Lacs

| S.No. | Payable in future | 2011-2012 | 2010-2011 |
|-------|---|-----------|-----------|
| a) | Not later than one year | 74.66 | 35.28 |
| b) | Later than one year and not later than five years | 312.30 | 141.12 |
| c) | Later than five years | 206.25 | 26.46 |

C) The Company's other significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations) taken on lease. These lease arrangements are cancellable, range between 11 months to 60 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals are charged as expenses in the Statement of Profit and Loss.

53. Excise Duty collected on Sale of products and other operating revenue is reduced from gross Sale of products and other operating revenue. Excise Duty of Rs. 14.72 lacs (previous year Rs. 22.94 lacs) comprising of payments on other accounts is charged to Statement of Profit and Loss separately and included in Excise Duty, Custom Duty and Sales Tax in note 30.

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

V. K. JAIN
Managing Director

D. K. JAIN
Director

S. P. JAIN
Director

M. Y. Kulkarni
Partner

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

B. V. DESAI
Company Secretary

Place : Pune
Dated : 25th May, 2012

Place : Noida
Dated : 25th May, 2012

GUJARAT FLUOROCHEMICALS LIMITED

CONSOLIDATED ANNUAL ACCOUNTS

2011 – 2012



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 31st March 2012, the Consolidated Statement of Profit and Loss 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 subsidiary, Inox Wind Limited, and a joint venture, Xuancheng HengYuan Chemical Technology Co. Ltd which reflect the Group's share of total assets of Rs. 48440.09 lacs as at 31st March 2012, the Group's share of total revenue of Rs 68925.66 lacs and net cash inflow amounting to Rs. 3820.34 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. 0.29 lacs and Group's share of profit upto 31st March 2012 of Rs. 1.48 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 case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;
- (b) in case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in 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 Registration No. 107628W

Place: Pune,
Dated: 25th May, 2012

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

Consolidated Balance Sheet of Gujarat Fluorochemicals Limited and its Subsidiary Companies as at 31 st March, 2012

| | | | Amount Rs. in Lacs |
|------------------------------------|----------|------------------------|------------------------|
| | Note No. | As at 31st March, 2012 | As at 31st March, 2011 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 4 | 1098.50 | 1098.50 |
| (b) Reserves and surplus | 5 | 270706.06 | 189701.08 |
| | | 271804.56 | 190799.58 |
| (2) Minority interest | | 15340.77 | 14392.55 |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 6 | 89573.68 | 27337.43 |
| (b) Deferred tax liabilities (Net) | 41 | 16847.68 | 15123.28 |
| (c) Other Long term liabilities | 7 | 527.29 | 10283.89 |
| (d) Long-term provisions | 8 | 955.52 | 767.07 |
| | | 107904.17 | 53511.67 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 9 | 51101.99 | 35257.03 |
| (b) Trade payables | 10 | 22279.53 | 21029.36 |
| (c) Other current liabilities | 11 | 44401.57 | 42578.68 |
| (d) Short-term provisions | 12 | 5589.75 | 3694.50 |
| | | 123372.84 | 102559.57 |
| TOTAL | | 518422.34 | 361263.37 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Goodwill on consolidation | | 6950.83 | 5053.31 |
| (b) Fixed assets | | | |
| (i) Tangible assets | 13 | 258039.52 | 183080.35 |
| (ii) Intangible assets | 14 | 4650.56 | 3032.22 |
| (iii) Capital work-in-progress | | 74093.84 | 36755.46 |
| (c) Deferred tax assets | 41 | 28.12 | 233.28 |
| (d) Non-current investments | 15 | 15353.44 | 23845.67 |
| (e) Long-term loans and advances | 16 | 31887.29 | 21998.10 |
| (f) Other non-current assets | 17 | 3110.77 | 2132.74 |
| | | 394114.37 | 276131.13 |
| (2) Current assets | | | |
| (a) Current investments | 18 | 3077.28 | 22495.27 |
| (b) Inventories | 19 | 53309.70 | 25502.29 |
| (c) Trade receivables | 20 | 29028.97 | 19843.10 |
| (d) Cash and bank balances | 21 | 29111.59 | 6072.41 |
| (e) Short-term loans and advances | 22 | 9509.41 | 8285.99 |
| (f) Other current assets | 23 | 271.02 | 2933.18 |
| | | 124307.97 | 85132.24 |
| TOTAL | | 518422.34 | 361263.37 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 25th May, 2012

V. K. JAIN
Managing Director

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

Place : Noida
Dated : 25th May, 2012

D. K. JAIN
Director

B. V. DESAI
Company Secretary

S. P. JAIN
Director



Gujarat Fluorochemicals Limited

Consolidated Statement of Profit and Loss of Gujarat Fluorochemicals Limited and its Subsidiary Companies for the year ended 31 st March, 2012

| | | Amount Rs. in Lacs | |
|---|-----------|--------------------|------------------|
| | Note No. | 2011-2012 | 2010-2011 |
| I. Revenue from operations | 24 | 288912.65 | 147830.78 |
| Less: Excise Duty | | <u>5897.01</u> | <u>3439.17</u> |
| | | 283015.64 | 144391.61 |
| II. Other income | 25 | <u>4680.69</u> | <u>9444.83</u> |
| III. Total Revenue (I + II) | | 287696.33 | 153836.44 |
| IV. Expenses: | | | |
| Cost of materials consumed | 26 | 75961.13 | 33385.49 |
| Purchases of Stock-in-trade | 27 | 1365.65 | 1473.77 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 28 | (10326.98) | 1473.85 |
| Employee benefits expense | 29 | 12750.72 | 8858.57 |
| Finance costs | 30 | 8908.99 | 4405.70 |
| Depreciation and amortization expense | 31 | 14902.13 | 9699.84 |
| Goodwill on consolidation written off | | 12.85 | 0.00 |
| Other expenses | 32 | 130478.05 | <u>66237.84</u> |
| Total expenses | | 234052.54 | 125535.06 |
| Less: Expenditure capitalized | | <u>(50011.91)</u> | <u>(6918.42)</u> |
| Net Expenditure | | 184040.63 | 118616.64 |
| V. Profit before exceptional item and tax (III-IV) | | 103655.70 | 35219.80 |
| VI. Exceptional item | 35 | 1797.51 | (561.34) |
| VII. Profit before tax (V - VI) | | 101858.19 | 35781.14 |
| VIII (A) Tax expense: | | | |
| (1) Current tax | | 25216.83 | 7497.79 |
| (2) MAT credit entitlement | | (2889.38) | (693.38) |
| (3) Deferred tax | | <u>2081.51</u> | <u>3586.60</u> |
| | | 24408.96 | 10391.01 |
| (B) Taxation pertaining to earlier years | | | |
| (1) Current tax | | 26.46 | (120.82) |
| (2) MAT credit entitlement | | 0.00 | (1543.39) |
| (3) Deferred tax | | <u>(153.92)</u> | <u>0.00</u> |
| | | (127.46) | (1664.21) |
| IX Profit for the year (VII-VIII) | | 77576.69 | 27054.34 |
| X Add : Share of minority interest in loss | | 428.21 | 87.80 |
| XI Add: Share in profit of associates | | <u>0.29</u> | <u>0.00</u> |
| XII Net Profit (IX + X + XI) | | 78005.19 | 27142.14 |
| XIII Earnings per equity share: | | | |
| Basic and diluted Earnings Per Share of Re 1 each | 51 | 71.01 | 24.71 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 25th May, 2012

V. K. JAIN
Managing Director

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

Place : Noida
Dated : 25th May, 2012

D. K. JAIN
Director

B. V. DESAI
Company Secretary

S. P. JAIN
Director

Consolidated Cash Flow Statement of Gujarat Fluorochemicals Limited and its Subsidiary Companies for the year ended 31 st March, 2012

Amount Rs. in Lacs

A Cash flow from operating activities

| | 2011-2012 | 2010-2011 |
|--|-----------------|-----------------|
| Profit before tax | 101858.19 | 35781.14 |
| Adjustments for : | | |
| Depreciation and Amortisation | 14902.13 | 9699.84 |
| Loss on assets sold/scrapped (Net) | 44.33 | 61.94 |
| Provision for diminution in value of investments | 4189.04 | 60.75 |
| Provision for doubtful trade receivables (Net) | 160.02 | 98.42 |
| Provision for doubtful advances | 298.60 | 27.30 |
| Bad debts and remissions | 96.10 | 3.41 |
| Liabilities and provisions written back | (254.03) | (199.66) |
| Provision for doubtful advances written back | (7.21) | (5.00) |
| Amounts written-off | 29.52 | 54.83 |
| Expenses on Abandoned Projects Written Off | 119.27 | 28.34 |
| Amortization of value of Stock Options | (4.78) | 9.87 |
| Amortization of goodwill on consolidation | 12.85 | 0.00 |
| Unrealised Foreign exchange Loss (Net) and exchange loss on FCCB | 4768.14 | 432.17 |
| Income in respect of investing activities (Net) | (3357.36) | (5484.98) |
| Finance Costs | 8908.99 | 4405.70 |
| | 29905.60 | 9192.93 |
| Operative profit before working capital changes | 131763.80 | 44974.07 |
| Adjustments for : | | |
| Other Long term liabilities | (8837.27) | (11061.45) |
| Long-term provisions | 178.87 | 186.48 |
| Trade payables | 6627.51 | 5031.52 |
| Other current liabilities | 2505.30 | 15168.71 |
| Short-term provisions | 1468.50 | 135.65 |
| Long-term loans and advances | 3697.43 | (18105.78) |
| Inventories | (27466.24) | (5023.77) |
| Trade receivables | (18893.83) | (12286.83) |
| Other non current assets | 20.86 | 5.22 |
| Short-term loans and advances | (2317.54) | 15440.12 |
| | (43016.41) | (10510.13) |
| Cash generated from operations | 88747.39 | 34463.94 |
| Income-tax paid (Net) | (31545.23) | (7649.01) |
| Net cash from operating activities | 57202.16 | 26814.93 |

B Cash flow from investing activities

| | | |
|--|-------------------|-------------------|
| Purchase of fixed assets (including change in capital work in progress and capital advances) | (121170.39) | (59634.90) |
| Sale of fixed assets | 160.31 | 7.62 |
| Investments in subsidiary company | (483.75) | 0.00 |
| Purchase of investments | (94076.33) | (88631.34) |
| Redemption/Sale of Investments | 118193.64 | 110524.55 |
| Release from Escrow Account for Open Offer | 0.00 | 4221.54 |
| Inter-corporate and other loans given (Net) | (730.31) | 472.81 |
| Interest and Dividend received (Net of expenses) | 1783.70 | 538.50 |
| Movement in bank fixed deposits with original maturity of more than three months and margin money deposits (Net) | 1381.29 | (2045.09) |
| Adjustment for receivables on investment account | (8.16) | 145.06 |
| Net cash used in investment activities | (94950.00) | (34401.25) |



| | Amount Rs. in Lacs | |
|--|---------------------------|------------------|
| | 2011-2012 | 2010-2011 |
| C Cash flow from financing activities | | |
| Issue of shares | 0.00 | 0.06 |
| Securities premium received on issue of shares | 28.26 | 0.00 |
| Proceeds from issue of share capital | 13.83 | 7.16 |
| Refund of Share application money | (12.50) | 0.00 |
| Right issue expenses | (169.93) | 0.00 |
| Proceeds from Long Term Loans (Net) | 67365.42 | (9875.48) |
| Proceeds from Short Term Loans (Net) | 18499.65 | 9936.66 |
| Proceeds from Cash Credit/Overdraft(Net) | (3147.78) | 5884.71 |
| Foreign currency convertible bond redeemed | (6247.10) | 0.00 |
| Yield to maturity paid on redemption of Foreign Currency Convertible Bonds | (906.63) | 0.00 |
| Inter-corporate loans received (Net) | (217.83) | 1299.04 |
| Finance costs | (9240.24) | (4075.34) |
| Dividend paid (Including Tax on Dividend) | (5829.04) | (3202.37) |
| Net cash from / (used in) financing activities | 60136.11 | (25.56) |
| D Adjustment on account of Foreign Currency Translation Reserve | 1287.56 | 277.03 |
| E Capital receipts | 764.37 | 0.00 |
| (Please refer to note no. 5 of Notes to Accounts) | | |
| Net increase/(decrease) in cash and cash equivalent | 24440.20 | (7334.85) |
| Cash and cash equivalents as at the beginning of the year | 3926.46 | 11232.83 |
| Adjustment on first time consolidation of subsidiary | 0.34 | 28.48 |
| Cash and cash equivalents as at the end of the year | 28367.00 | 3926.46 |

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

V. K. JAIN
Managing Director

D. K. JAIN
Director

S. P. JAIN
Director

M. Y. Kulkarni
Partner

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

B. V. DESAI
Company Secretary

Place : Pune
Dated : 25th May, 2012

Place : Noida
Dated : 25th May, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

1. CORPORATE INFORMATION:-

Gujarat Fluorochemicals Limited ("GFL" or the "Company" or "Parent Company") is a public company engaged in the business of manufacturing and trading of Refrigeration Gases, Anhydrous Hydrochloric Acid, Caustic Soda, Chlorine, Chloromethanes, Poly Tetrafluoroethylene (PTFE), Post Treated Poly Tetrafluoroethylene (PTPTFE) and earns revenue from carbon credits. The Company caters to both domestic and international markets. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange of India. The Company is a subsidiary of Inox Leasing and Finance Limited.

The Consolidated Financial Statements ("CFS") relate to GFL, its subsidiaries, a joint venture of the Company and the joint ventures of a subsidiary and an 'associate' of a subsidiary company (collectively referred to as the "Group").

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 st March 2012 | As at 31 st March 2011 |
| Inox Leisure Limited (ILL) | India | 65.62% | 65.62% |
| Inox Infrastructure Private Limited (IIPL) | India | 100% | 100% |
| Inox Motion Pictures Limited (IMPL) | India | 100% | 100% |
| Inox Wind Limited (IWL) | India | 99.998% | 99.998% |
| Gujarat Fluorochemicals Americas, LLC (GFL Americas) | USA | 100% | 100% |
| Inox Renewables Limited (incorporated on 11 th November 2010) (IRL) | India | 99.98% | 98.80% |
| GFL Singapore Pte Limited (Incorporated on 25 th July 2011) (GFL Singapore) | Singapore | 100% | NA |

ILL is engaged in the business of operating and managing multiplexes and cinema theatres. IIPL is engaged in the business of real estate and property development. IMPL is engaged in the business of production and distribution of movies. IWL is engaged in the business of manufacture and sale of wind turbine generators (WTGs). GFL Americas is engaged in the business of manufacture and sale of PT-PTFE Compound. IRL is engaged in the business of generation of wind energy and providing services for erection & commissioning and operations and maintenance of wind farms. GFL Singapore has been set up for the purpose of investment activities.

(B) Subsidiaries of GFL Singapore Pte Limited:-

| Name of the Company | Country of Incorporation | Proportion of ownership interest | |
|---|--------------------------|-----------------------------------|-----------------------------------|
| | | As at 31 st March 2012 | As at 31 st March 2011 |
| GFL GM Fluorspar SA (Incorporated on 16th August 2011 and a subsidiary of the Company upto 28th September 2011 and subsequently a subsidiary of GFL Singapore Pte Limited – see under 'changes during the year' below). | Morocco | 74% | NA |

GFL GM Fluorspar SA is in the process of setting up business of exploration of fluorspar mines.

Capital commitment towards partly paid shares of GFL GM Fluorspar SA is MAD 1,66,500 i.e. Rs. 10.12 lacs.

(C) Subsidiaries of Inox Leisure Limited:-

| Name of the Company | Country of Incorporation | Proportion of ownership interest | |
|--|--------------------------|-----------------------------------|-----------------------------------|
| | | As at 31 st March 2012 | As at 31 st March 2011 |
| Fame India Limited (see under 'changes during the year' below) ('FIL' or 'Fame') | India | 73.14%* | 50.27% |

* Including holding of GFL in Fame

FIL is engaged in the business of operating and managing multiplexes and cinema theatres.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

(D) Subsidiaries of Fame India Limited:-

| Name of the Company | Country of Incorporation | Proportion of ownership interest | |
|---|--------------------------|-----------------------------------|-----------------------------------|
| | | As at 31 st March 2012 | As at 31 st March 2011 |
| Fame Motion Pictures Limited (FMPL) | India | 100% | 100% |
| Big Picture Hospitality Services Private Limited (Big Pictures) | India | 100% | 100% |
| Headstrong Films Private Limited (HFPL) (see note under 'changes during the year' below) | India | 99.99% | NA |

FMPL is engaged in the business of exploitation of movie rights (including distribution) and programming.

Big Pictures was engaged in the business of operating food-courts and restaurants in India and HFPL was engaged in the business of film production and distribution in India. During the year, there are no business activities in these two companies. However, the management is reassessing the business feasibility and is exploring new initiatives/projects.

The financial statements of all subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company viz. year ended 31st March 2012.

(E) Joint Venture of the Company:-

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 31st March 2012 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 this joint venture are drawn up to 31st December 2011.

(F) Joint Ventures of Fame India Limited:-

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 st March 2012 | Proportion of ownership interest of Fame India Limited as on 31 st March 2011 |
|---|--------------------------|--|--|
| Swanston Multiplex Cinemas Private Limited | India | 50% | 50% |
| Headstrong Films Private Limited (HFPL) (see note under 'changes during the year' below) | India | NA | 50% |

SMCPL is engaged in the business of operating a multiplex.

The financial statements of these joint ventures are drawn up to 31st March 2012.

(G) Associate of Inox Infrastructure Private Limited:-

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:-

| | | Amount Rs. lacs | |
|-------|---|-----------------|-----------|
| S.No. | Particulars | 2011-2012 | 2010-2011 |
| 1 | Book value of Investment on acquisition | 3200.00 | 3200.00 |
| 2 | Share of Profit – Up to Previous Year | 1.18 | 1.18 |
| 3 | Share of (Loss)/Profit – Current Year | 0.29 | Nil |
| 4 | Carrying amount | 3201.47 | 3201.18 |

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

Changes during the year

- During the year ended 31st March 2010, ILL 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. ILL had thereafter acquired another 25,07,537 equity shares in Fame, from the market, through two separate block deals carried out on the Bombay

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Stock Exchange. As a result of these acquisitions, ILL held 1,75,65,288 equity shares comprising of more than 50% 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. On completion of Open Offer Inox Leisure Limited's stake in Fame stood at 50.27% of the then existing issued and paid-up capital of Fame. Accordingly, as per the provisions of Companies Act, 1956, Fame had become a subsidiary of Inox Leisure Limited w.e.f. 6th January 2011.

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

During the current year ILL has subscribed and acquired 2,02,12,212 equity shares of Fame pursuant to Rights issue of Fame. ILL has thereafter acquired 6,59,737 equity shares of Fame from market. As a result of these acquisitions, ILL now holds 3,84,38,312 equity shares comprising of 69.54% stake in Fame.

During the year, GFL has acquired 19,87,200 equity shares of Fame. The combined holding of the Group is now 4,04,25,512 equity shares comprising of 73.14% stake in Fame.

- b) During the year, FIL has acquired further shares in its joint venture HFPL and consequently, HFPL has become a subsidiary of FIL w.e.f. 26th March 2012. Goodwill on consolidation of this subsidiary is written off during the year.
- c) During the year, the Company has incorporated a wholly owned subsidiary GFL Singapore Pte Limited in Singapore.
- d) During the year, the Company has invested in a newly incorporated subsidiary in Morocco viz. GFL GM Fluorspar SA. On 28th September 2011 the entire shareholding of the Company in this subsidiary was transferred to GFL Singapore Pte Limited. Consequently, GFL GM Fluorspar SA is now a subsidiary of GFL Singapore Pte Limited.

2. BASIS OF PREPARATION AND PRINCIPLES OF CONSOLIDATION :-

The 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" notified under the Companies (Accounting Standard) Rules, 2006.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of CFS. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

The CFS have been prepared on the following basis.

- a) The financial statements of the Company and its subsidiaries 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.
- b) Interest in joint ventures is reported using proportionate consolidation method.
- c) 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.
- d) Financial statements of foreign subsidiaries have 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".
- e) 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.
- f) 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.
- g) 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.

3. (A) CHANGES IN ACCOUNTING POLICIES

- a) The Company has opted for accounting of exchange differences arising on reporting of long term monetary items under Clause 46A of AS 11 "The Effects of Changes in Foreign Exchange Rates" as per notification no. G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Accordingly, the exchange difference of Rs. 5098.21 lacs, arising after 1st April, 2011 on the reporting of long term foreign currency monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far they relate to acquisition of depreciable capital assets, have been added to the cost of assets and shall be depreciated over the balance useful life of the assets.

Up to the last year such exchange difference were charged to Statement of Profit and Loss. Due to this change in accounting policy the profit before tax for the current year is higher by Rs. 4941.65 (net of depreciation charge of Rs. 156.56 lacs) and cost of fixed assets is higher by Rs.3662.73 lacs.

b) In respect of FIL:

Upto last year, lease rentals paid in respect of properties were charged to the Statement of Profit and Loss on a straight line basis over the lease term. During the current year, the management has reviewed the accounting policy for such lease rentals and, in the opinion of management, charging of lease rentals paid in terms of the respective lease agreement will result in more appropriate presentation of the financial statements. Accordingly, the provision of Rs. 296.01 lacs as on 31st March 2011, in respect of such lease rentals, is reversed during the current year and credited to the lease rentals charged to the Statement of Profit and Loss and the lease rentals for the current year are also provided accordingly. Due to this change, the amount of lease rentals charged to the Statement of Profit and Loss is lower by Rs. 405.37 lacs and the profit before tax is higher by Rs. 405.37 lacs.

c) In respect of GFL Americas:

Up to the last year depreciation on tangible fixed assets was provided on the basis of rates as prescribed by Schedule XIV of the Companies Act, 1956 being the minimum rates of depreciation. From the current year the depreciation is provided on the basis of the management's estimate of the useful life of a fixed asset, at the time of acquisition of the asset or of the remaining useful life on a subsequent review, which is shorter than that envisaged in the aforesaid schedule, thus depreciation is provided at a higher rate. In the opinion of the management this change will result in more appropriate presentation of the financial statements of the Company.

Due to the above change in method for providing depreciation, the depreciation arising on retrospective re-computation for the period up to 31st March 2011 of Rs. 26.93 lacs is debited to Statement of Profit and Loss and depreciation for the current year is higher by Rs. 30.46 lacs. Consequently, total charge for the depreciation is higher, the profit before tax for the year is lower and the net block of fixed assets is lower by Rs. 57.39 lacs.

3. (B) OTHER SIGNIFICANT ACCOUNTING POLICIES

a) FIXED ASSETS AND INTANGIBLE ASSETS

i. In respect of assets other than those mentioned in (ii) below:

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.

ii. In respect of fixed assets of IRL, acquired under slump sale from GFL during the year ended 31st March 2012:

On 31st March 2012, IRL has revalued the fixed assets of the Wind Energy Business, acquired under 'slump sale', as per the report of government approved valuer. In these CF5, Rs. 6232.48 lacs is credited to revaluation reserve with corresponding additions to net block of respective fixed assets which represents the revalued amount of the fixed assets, over and above the carrying value of such fixed assets by GFL.

The cost of fixed assets 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. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised. In respect of accounting period commencing on or after 1st April 2011, consequent to the amendment of para 46 of AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, as stated in para (j)(ii), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items.

b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

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. Cost of movie script acquired is amortized over a period of five year from the date of acquisition.

In respect of GFL Americas:

Depreciation on all fixed assets (except land) is provided under straight line method on the basis of the management's estimate of the useful life of a fixed asset, at the time of acquisition of the asset or of the remaining useful life on a subsequent review.

The estimated useful life is as under:

| Asset Category | Estimated useful life | |
|------------------------|-----------------------|-------|
| Buildings | 30 | Years |
| Plant & Equipment | 7 | Years |
| Furniture and Fixtures | 7 | Years |
| Vehicle | 5 | Years |
| Computers | 5 | Years |
| Leasehold Improvements | 15 | Years |

c) 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.

d) 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.

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.

e) 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.

f) REVENUE RECOGNITION

Revenue from sales is recognised 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 revenue from operations 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.

Interest income is recognised on a time proportion basis, except in cases where interest is doubtful of recovery. Dividend income is recognised when the Company's right to receive the dividend is established by the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

g) EMPLOYEE BENEFITS

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss. Retirement benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.

h) 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 the Statement of Profit and Loss.

i) 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.

j) FOREIGN CURRENCY TRANSACTIONS AND FORWARD CONTRACTS

(i) Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate. Gains or losses on settlement of the transactions and restatement of monetary assets and liabilities are recognised in the Statement of Profit and Loss, except as mentioned in para (ii) below. 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 the respective contracts. 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 Statement of Profit and Loss. Net gains on the mark-to-market basis are not recognised.

(ii) The Central Government has vide its Notification no. G.S.R. 914(E) dated 29 December 2011, amended AS 11 - 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 1 April 2011.

As stipulated in the Notification, the Company has exercised the option to adopt the following policy irrevocably for accounting periods commencing from 1 April 2011:

Long term foreign currency monetary items are translated at the exchange rate prevailing on the balance sheet date and the net exchange gain / loss on such conversion and on settlement of the liability, is adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets.

k) LEASE

(i) Assets taken on operating lease

Lease rentals in respect of assets acquired on operating lease are charged to the Statement of Profit and Loss as per the terms of the respective lease agreements.

(ii) Assets given on operating lease

Assets given under operating lease are capitalised and included in the fixed assets. Lease income arising there from is recognised as income in the Statement of Profit and Loss as per the terms of the respective lease agreements.

l) PROVISIONS AND CONTINGENT LIABILITIES :

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. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

m) USE OF ESTIMATES :

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent liabilities, at the end of the accounting year and reported amounts of revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

4 Share Capital

4.1 Equity

Authorized
20,00,00,000 Equity Shares of Re 1 each
Issued and Subscribed and Fully Paid Up
10,98,50,000 Equity Shares of Re 1 each
Total

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| 2000.00 | 2000.00 |
| 1098.50 | 1098.50 |
| 1098.50 | 1098.50 |

4.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts, if any. During the financial year 2011-12 the Company has paid interim dividend of Rs. 2 per equity share (previous year Re 1 per equity share). Further, dividend of Rs. 1.50 per equity share (previous year Rs. 2.50 per equity share) is proposed to be distributed to the equity shareholders. The total distribution of dividend to the equity shareholders for the year is Rs. 3.50 per share (previous year Rs. 3.50 per share).

4.3 Shares held by holding company

Inox Leasing & Finance Limited

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| Nos. Rs in lacs | Nos. Rs in lacs |
| 5,77,15,310 577.15 | 57,715,310 577.15 |

4.4 Details of shareholders holding more than 5% shares in the company

Equity shares of Re 1 each fully paid
Inox Leasing & Finance Limited
Devansh Trading & Finance Private Limited
Siddhapavan Trading & Finance Private Limited

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| Nos. holding % | Nos. holding % |
| 5,77,15,310 52.54% | 57,715,310 52.54% |
| 66,62,360 6.06% | 6,662,360 6.06% |
| 55,76,440 5.08% | 5,576,440 5.08% |

4.5 Details of shares bought back in the immediately preceding five years

59,30,000 Equity shares were bought back in the Financial Year 2008-09

5 Reserves and surplus

Amount Rs. in Lacs

Capital Reserves
As per last Balance Sheet
Additions during the year (see note below)

Amalgamation Reserve
As per last Balance Sheet
Capital Redemption Reserve
As per last Balance Sheet
Securities Premium Account
As per last Balance Sheet
Add/(Less): Adjustment on account of FCCB premium
and grant of stock options to employees in subsidiaries etc.

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| 11880.56 | 11880.56 |
| 764.37 | 0.00 |
| 12644.93 | 11880.56 |
| 248.18 | 248.18 |
| 59.30 | 59.30 |
| 8243.73 | 8255.11 |
| 60.67 | (11.38) |
| 8304.40 | 8243.73 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

5 Reserves and surplus (Contd...)

Amount Rs. in Lacs

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|------------------------|------------------------|
| Revaluation Reserve | | |
| Add: Addition during the year | 6232.48 | 0.00 |
| | 6232.48 | 0.00 |
| General Reserve | | |
| As per last Balance Sheet | 166100.00 | 144100.00 |
| Add: Transfer from Profit and Loss Account | 38500.00 | 22000.00 |
| | 204600.00 | 166100.00 |
| Foreign currency translation reserve | 722.22 | 281.25 |
| Surplus in the Statement of Profit & Loss | | |
| As per last Balance Sheet | 2869.64 | 2212.93 |
| Add: Profit for the year | 78005.19 | 27142.14 |
| Less : Appropriations | | |
| Interim Dividend | 2197.00 | 1098.50 |
| Proposed Dividend | 1647.75 | 2746.25 |
| Tax on Dividend | 623.71 | 627.96 |
| Statutory surplus reserve | 33.31 | 12.72 |
| General Reserve | 38500.00 | 22000.00 |
| | 37873.06 | 2869.64 |
| | 270684.57 | 189682.66 |
| Group Share in Joint Ventures | 21.49 | 18.42 |
| Total | 270706.06 | 189701.08 |

During the year, the Company has received compensation of Rs. 764.37 Lacs (previous year Rs. Nil), equivalent to US \$ 1.64 million (previous year US \$ Nil), for phased reduction and cessation of CFC production and dismantling of plant, unless otherwise used, as stipulated. The Company has been advised that the compensation is a capital receipt and hence this amount is credited to Capital Reserve.

6 Long-term borrowings

Amount Rs. in Lacs

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|------------------------|------------------------|
| Term Loans | | |
| Secured Loans | | |
| From Banks | | |
| - Rupee Loans | 1590.06 | 5958.87 |
| - Foreign Currency Loans | 87383.62 | 19578.56 |
| | 88973.68 | 25537.43 |
| Unsecured Loans | | |
| Loans and advances from related parties (see note no 45) | | |
| Inter Corporate Deposit-from Holding Company | 600.00 | 1800.00 |
| | 89573.68 | 27337.43 |

6.1 For nature of securities and terms of repayment please refer to note no. 33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

7 Other Long-term liabilities

| As at 31st March, 2012 | As at 31st March, 2011 |
|--|------------------------|
| Trade payables (see note no 49) | 296.00 |
| Security Deposits | 754.04 |
| Retention Money | 18.59 |
| Sundry creditors for capital expenditure | 8.00 |
| Advances from customers | 9205.90 |
| | 10282.53 |
| Group Share in Joint Ventures | 1.36 |
| Total | 10283.89 |

8 Long-term provisions

| | | |
|---------------------------------|---------------|---------------|
| Provision for employee benefits | | |
| - For Gratuity | 658.24 | 522.54 |
| - For Leave benefits | 295.56 | 243.42 |
| | 953.80 | 765.96 |
| Provision for income tax | 0.00 | 0.82 |
| | 953.80 | 766.78 |
| Group Share in Joint Ventures | 1.72 | 0.29 |
| Total | 955.52 | 767.07 |

9 Short-term borrowings

9.1 Secured Loans

| | | |
|--------------------------|----------|----------|
| From Banks | | |
| - Cash Credit/Overdraft | 3228.97 | 6376.75 |
| - Rupee Loans | 1305.34 | 3661.28 |
| - Foreign Currency Loans | 16135.86 | 7080.10 |
| | 20670.17 | 17118.13 |

9.2 Unsecured Loans

| | | |
|-------------------------------|-----------------|-----------------|
| From Banks | | |
| - Rupee Loan | 5000.00 | 11000.00 |
| - Foreign Currency Loans | 23483.54 | 6083.13 |
| | 28483.54 | 17083.13 |
| | 49153.71 | 34201.26 |
| Group Share in Joint Ventures | 1948.28 | 1055.77 |
| Total | 51101.99 | 35257.03 |

9.3 For nature of securities and terms of repayment please refer to note no. 33

10 Trade Payables

| | | |
|---|-----------------|-----------------|
| Trade Payables | | |
| - dues to Micro and Small Enterprises (see note no. 49) | 17.13 | 12.03 |
| - others | 21507.62 | 20215.43 |
| | 21524.75 | 20227.46 |
| Group Share in Joint Ventures | 754.78 | 801.90 |
| Total | 22279.53 | 21029.36 |

NOTES TO THE CONSOLIDATED FINANCIAL STATMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

11 Other Current Liabilities

Bonds/Debentures

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)

Others Liabilities

Current maturities of long-term debt

Interest accrued but not due on borrowings

Interest accrued and due on borrowings

Creditors for capital expenditure

Security deposits

Income received in advance

Advances received from related parties

Advances from customers

Unpaid dividends (see note below)

Retention money

UI charges payable

Statutory dues and taxes payable

Other Payables

Group Share in Joint Ventures

Total

As at 31st March, 2012

As at 31st March, 2011

1000.00

1000.00

13493.61

15368.94

451.14

2319.64

37.05

282.74

14623.31

3594.24

491.89

495.08

598.57

566.90

0.00

1.89

9638.10

15731.81

205.52

177.88

231.28

324.62

291.42

0.00

3112.15

2324.74

14.75

6.83

44188.79

42195.31

212.78

383.37

44401.57

42578.68

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.

12 Short-term provisions

Provision for employee benefits

- For Gratuity

- For Leave benefits

139.84

94.42

304.35

211.62

444.19

306.04

Provision for Municipal tax - (see note no 43)

154.60

131.80

Provision for Service tax - (see note no 35)

1328.72

0.00

Provision for MVAT- (see note no 43)

39.61

39.61

Provision for Proposed Dividend

1647.75

2746.25

Tax on Proposed Dividend

267.31

445.51

Provision for fringe benefit tax

0.00

4.50

Provision for taxation (net of taxes paid)

58.66

20.77

58.66

25.27

Provision for mark-to-market losses on derivative contracts

1603.68

0.00

5544.52

3694.48

Group Share in Joint Ventures

45.23

0.02

Total

5589.75

3694.50

Notes to Financial Statements for the year ended 31st March, 2012

13 TANGIBLE ASSETS

Amount Rs. in Lacs

| Particulars | Gross Block | | | | | | Depreciation/Amortization | | | | Net Block | | | |
|-----------------------------------|--------------------------|---------------------------|---------------------------------|-----------|------------|------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------|-----------------|---------------------------|---------------------------|
| | As at 1 April 2011 | Translation Difference | On Account of revaluation | Additions | Deductions | Exchange Differ- ences | Borrowing Costs | As at 31 March 2012 | As at 1 April 2011 | Translation Difference | For the Year | Deduct- ions | As at 31 March 2012 | As at 31 March 2011 |
| (a) Tangible Assets | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | |
| - Freehold Land | 3333.32 | 4.03 | | 43.98 | | | | 3381.33 | | | | | 3381.33 | 3333.32 |
| - Leasehold Land | 5016.51 | | | 684.36 | 127.20 | | | 5573.67 | 166.20 | | 63.14 | 2.55 | 5346.88 | 4850.31 |
| Buildings | 27880.22 | | | 9523.45 | 4.38 | | 27.37 | 37426.66 | 2721.10 | | 842.90 | 0.08 | 33862.74 | 25159.12 |
| Leasehold improvements | 18860.52 | 1.18 | | 1121.91 | 188.36 | | 70.31 | 19865.56 | 4636.71 | 0.08 | 1543.96 | 66.69 | 13751.50 | 14223.81 |
| Plant and Equipments | 154870.95 | 33.88 | 6232.01 | 65123.30 | 157.19 | 4637.40 | 757.76 | 231498.11 | 27337.36 | 1.56 | 10716.98 | 72.00 | 37983.90 | 127533.59 |
| Furniture and Fixtures | 6188.69 | 1.72 | 0.44 | 516.10 | 95.88 | | 15.70 | 6626.77 | 1928.36 | 0.11 | 585.67 | 42.03 | 4154.66 | 4260.33 |
| Vehicles | 584.63 | | 0.28 | 151.34 | 51.42 | | | 684.83 | 206.55 | | 57.67 | 13.02 | 433.63 | 378.08 |
| Office Equipments | 2870.79 | 0.62 | (0.25) | 432.35 | 25.71 | | | 3277.80 | 1377.28 | 0.11 | 332.77 | 13.70 | 1696.46 | 1493.51 |
| Total (a) | 219605.63 | 41.43 | 6232.48 | 77596.79 | 650.14 | 4637.40 | 871.14 | 308334.73 | 38373.56 | 1.86 | 14143.09 | 210.07 | 52308.44 | 181232.07 |
| (b) Group Share in Joint Ventures | | | | | | | | | | | | | | |
| Group Share in Joint Ventures | 2754.33 | 484.15 | | 71.49 | | | | 3309.97 | 906.05 | 99.67 | 291.02 | | 1296.74 | 1848.28 |
| Grand Total (a + b) | 222359.96 | 525.58 | 6232.48 | 77668.28 | 650.14 | 4637.40 | 871.14 | 311644.70 | 39279.61 | 101.53 | 14434.11 | 210.07 | 53605.18 | 183080.35 |
| Previous year | 166400.60 | (1.05) | | 56202.80 | 242.39 | | | 222359.96 | 30124.23 | (0.08) | 9315.22 | 159.76 | 39279.61 | |

Note:

- Buildings includes office premises given on operating lease as under

| | As at 31-03-2012 | As at 31-03-2011 |
|----------------------------------|---------------------|---------------------|
| Gross Block | 914.52 | 914.52 |
| Depreciation charge for the year | 14.90 | 14.90 |
| Accumulated Depreciation | 91.00 | 76.10 |
| Net book value | 823.52 | 838.43 |
- Free hold land includes share of undivided plot of land at Anand, Gujarat
- Building includes Rs. 4681.02 lacs in respect of building at Nariman Point, Deed of Apartment of which is to be executed.
- Deductions during the year include Rs. 326.14 lacs on account of write back of provisions no longer required in respect of cost of fixed assets and adjustment of share of joint venture investor in the cost of fixed assets.

14 INTANGIBLE ASSETS

Amount Rs. in Lacs

| Particulars | Gross Block | | | | Depreciation/Amortization | | | | Net Block | | |
|-------------------------------------|--------------------------|---------------------------|-----------|------------|---------------------------|--------------------------|---------------------------|-----------------|---------------------------|---------------------------|---------|
| | As at 1 April 2011 | Translation Difference | Additions | Deductions | As at 31 March 2012 | As at 1 April 2011 | Translation Difference | For the Year | As at 31 March 2012 | As at 31 March 2011 | |
| (a) Intangible Assets | | | | | | | | | | | |
| Technical Know How | 2866.19 | | 1932.92 | | 4799.11 | 448.38 | | 432.50 | 880.88 | 3918.23 | 2417.81 |
| Computer Software | 788.48 | | 28.39 | | 816.87 | 440.91 | | 95.33 | 536.24 | 280.63 | 347.57 |
| Film Distribution Rights | 229.68 | | | 156.46 | 73.22 | 229.68 | | | 73.22 | | |
| & Prints Cost | | | | | | | | | | | |
| Movie Script | | | 155.50 | | 155.50 | | | 6.46 | 6.46 | 149.04 | |
| Movie Rights | 375.01 | | | | 375.01 | 375.01 | | | 375.01 | | |
| Total (a) | 4259.36 | | 2116.81 | 156.46 | 6219.71 | 1493.98 | | 534.29 | 1871.81 | 4347.90 | 2765.38 |
| (b) Group Share in Joint Venture | 308.68 | 66.75 | 0.07 | | 375.50 | 41.84 | 8.18 | 22.81 | 72.84 | 302.66 | 266.84 |
| Grand Total (a + b) | 4568.04 | 66.75 | 2116.88 | 156.46 | 6595.21 | 1535.82 | 8.18 | 557.10 | 1944.65 | 4650.56 | 3032.22 |
| Previous year | 3248.51 | (10.34) | 2220.07 | 890.20 | 4568.04 | 2044.53 | (1.32) | 382.78 | 1535.82 | | |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

| | Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount Rs. in Lacs | As at 31st March, 2011 Amount Rs. in Lacs |
|---|-------------------|-----------------------------------|-----------------------------------|--|--|
| 15 NON CURRENT INVESTMENTS (Long term, non-trade, at cost, unless otherwise stated) | | | | | |
| [1] INVESTMENTS IN SECURITIES | | | | | |
| A] UNQUOTED | | | | | |
| i) Investment in Equity instrument | | | | | |
| In Associate company | | | | | |
| Megnasolace City Private Limited - Equity shares of Rs.10/- each - paid up Rs. 1.60 per share (previous year Rs. 1.60 per share) | | 50,00,000 | 50,00,000 | 3201.47 | 3201.18 |
| In Other company | | | | | |
| Kaleidoscope Entertainment Private Limited | 1 | 5,62,500 | 5,62,500 | 60.75 | 60.75 |
| | | | | 3262.22 | 3261.93 |
| Less: Provision for diminution in value of Investment | | | | 60.75 | 60.75 |
| | | | | 3201.47 | 3201.18 |
| ii) Investment in Govt. or Trust Securities | | | | | |
| National Saving Certificate (Held in the name of Directors & Pledged with Government Authorities) | | | | 69.83 | 52.56 |
| | | | | 69.83 | 52.56 |
| iii) Investment in Mutual Funds | | | | | |
| Birla Sunlife Midcap Fund- Plan A-Dividend-Reinvestment | 10 | 0 | 4,57,330 | 0.00 | 108.72 |
| DSP Blackrock Small & Midcap Fund-Regular Plan-Dividend | 10 | 0 | 39,09,152 | 0.00 | 544.74 |
| HDFC Top 200 Fund-Dividend | 10 | 0 | 2,80,960 | 0.00 | 119.96 |
| ICICI Prudential Infrastructure Fund - Dividend | 10 | 0 | 9,80,689 | 0.00 | 110.09 |
| ICICI Prudential Discovery Fund-Dividend | 10 | 0 | 29,71,809 | 0.00 | 567.61 |
| Reliance Diversified Power Sector Fund- Retail Dividend Plan | 10 | 0 | 1,44,797 | 0.00 | 67.20 |
| Reliance Equity Opportunities Fund Retail Plan-Dividend Plan | 10 | 0 | 25,81,455 | 0.00 | 547.26 |
| SBI- Magnum Global Fund- Dividend | 10 | 0 | 17,68,991 | 0.00 | 500.00 |
| SBI- Magnum Sector Funds Umbrella Contra-Dividend | 10 | 0 | 3,65,187 | 0.00 | 84.83 |
| SBNPP Select Midcap- Dividend | 10 | 0 | 13,71,196 | 0.00 | 230.80 |
| Templeton India Equity Income Fund-Dividend Reinvestment | 10 | 0 | 2,56,370 | 0.00 | 36.00 |
| | | | | 0.00 | 2917.21 |
| iv) Investment in Venture Capital Fund | | | | | |
| Indiareit Fund Scheme III | 100000 | 850.78 | 850.78 | 850.78 | 850.78 |
| Kshitij Venture Capital Fund | 920 | 2,50,000 | 2,50,000 | 2300.00 | 2350.00 |
| | (1000) | | | 3150.78 | 3200.78 |
| Net Unquoted Investments | | | | 6422.08 | 9371.73 |
| B] QUOTED | | | | | |
| Investment in Equity instrument | | | | | |
| Advanta India Limited | 10 | 48,590 | 48,590 | 598.39 | 598.39 |
| Clarus Finance & Securities Limited | 10 | 9,07,000 | 0 | 560.13 | 0.00 |
| Dalmia Bharat Sugar And Industries Limited | 2 | 0 | 1,91,881 | 0.00 | 155.15 |
| TCS E-Serve Ltd. | 10 | 0 | 200 | 0.00 | 1.92 |
| ElH Limited | 2 | 4,39,950 | 4,39,950 | 963.28 | 963.28 |
| Future Ventures India Limited | 10 | 1,50,00,000 | 1,50,00,000 | 1500.00 | 1500.00 |
| Garware Wall Ropes Limited | 10 | 4,41,308 | 4,41,308 | 729.88 | 729.88 |
| Housing Development & Infrastructure Limited | 10 | 1,56,556 | 1,56,556 | 1176.02 | 1176.02 |
| HEG Limited | 10 | 1,16,000 | 1,16,000 | 500.91 | 500.91 |
| K S Oils 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 | 2613.06 | 2613.06 |
| OCL India Limited | 2 | 0 | 1,12,950 | 0.00 | 150.05 |
| Praj Industries Limited | 2 | 9,93,630 | 9,93,630 | 2461.04 | 2461.04 |

NOTES TO THE CONSOLIDATED FINANCIAL STATMENTS FOR THE YEAR ENDED 31st March, 2012

15 NON CURRENT INVESTMENTS (Contd...)

| | Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount Rs. in Lacs | As at 31st March, 2011 Amount Rs. in Lacs |
|--|-------------------|-----------------------------------|-----------------------------------|--|--|
| 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 |
| Shree Global Tradefin Limited | 5 | 0 | 6,51,093 | 0.00 | 1601.57 |
| Taneja Aerospace & Aviation Limited | 5 | 3,65,559 | 3,65,559 | 738.06 | 738.06 |
| Tantia Constructions Limited | 10 | 2,24,774 | 2,24,774 | 332.94 | 332.94 |
| Bajaj Finance Limited | 10 | 640 | 640 | 4.79 | 4.79 |
| Central Bank of India | 10 | 0 | 2,007 | 0.00 | 4.40 |
| City Union Bank Limited | 1 | 9,013 | 9,013 | 4.27 | 4.27 |
| Dewan Housing Finance Corporation.Limited | 10 | 1,542 | 1,542 | 4.82 | 4.82 |
| Edelweiss Financial Services Limited | 1 | 11,110 | 10,144 | 6.21 | 5.85 |
| Emkay Global Finance Service Limited | 10 | 1,976 | 1,976 | 2.10 | 2.10 |
| GIC Housing Finance Limited | 10 | 3,017 | 3,017 | 3.99 | 3.99 |
| India Infoline Limited | 2 | 4,294 | 4,294 | 4.92 | 4.92 |
| Indian Bank | 10 | 1,835 | 1,835 | 4.71 | 4.71 |
| Mahindra & Mahindra Financial Services Limited | 10 | 573 | 573 | 4.55 | 4.55 |
| Motilal Oswal Financial Services Limited | 1 | 2,496 | 2,075 | 4.43 | 3.82 |
| Phoenix Mills Limited | 2 | 1,946 | 1,946 | 4.10 | 4.10 |
| Sobha Developers Limited | 10 | 0 | 1,530 | 0.00 | 5.11 |
| Geojit BNP Paribas Financial Services Limited | 1 | 7,787 | 7,787 | 2.97 | 2.97 |
| The Federal Bank Limited | 10 | 1,019 | 924 | 4.32 | 3.96 |
| LIC Housing Finance Limited | 2 | 1,835 | 1,835 | 4.93 | 4.93 |
| Shriram City Union Finance Limited | 10 | 144 | 144 | 0.99 | 0.99 |
| The South Indian Bank Limited | 1 | 15,365 | 0 | 3.57 | 0.00 |
| Sundaram Finance Limited | 10 | 453 | 453 | 2.99 | 2.99 |
| Cholamandalam Investment & Finance Limited | 10 | 1,398 | 1,048 | 2.55 | 1.93 |
| Manappuram Finance Limited | 2 | 6,900 | 2,535 | 4.88 | 3.68 |
| YES Bank Limited | 10 | 896 | 1,789 | 2.37 | 5.02 |
| Shriram Transport Finance Company Limited | 10 | 365 | 309 | 2.59 | 2.22 |
| | | | | 14158.74 | 15512.37 |
| Less: Provision for diminution in value of Investment | | | | 5494.75 | 1307.64 |
| | | | | 8663.99 | 14204.73 |
| Net Quoted Investments | | | | 8663.99 | 14204.73 |
| Total Investments | | | | 15086.07 | 23576.46 |
| Aggregate amount of quoted investments | | | | 14158.74 | 15512.37 |
| Market value of quoted investments | | | | 6645.33 | 5629.77 |
| Aggregate amount of unquoted investments | | | | 9684.30 | 12633.66 |
| Aggregate provision for diminution in value of investments | | | | 5555.50 | 1368.39 |

[2] INVESTMENTS IN PROPERTY

| Particulars | Gross Block (at cost) | | | Depreciation/Amortization | | | Net Block | |
|----------------|-----------------------|-----------|--------------------|---------------------------|-----------------|--------------------|--------------------|--------------------|
| | As at 1-Apr-11 | Additions | As at 31-Mar-12 | As at 1-Apr-11 | For the year | As at 31-Mar-12 | As at 31-Mar-12 | As at 31-Mar-11 |
| Leasehold Land | 169.37 | 0.00 | 169.37 | 0.25 | 0.17 | 0.42 | 168.96 | 169.13 |
| Building | 102.53 | 0.00 | 102.53 | 2.44 | 1.67 | 4.11 | 98.41 | 100.08 |
| Total | 271.90 | 0.00 | 271.90 | 2.69 | 1.84 | 4.53 | 267.37 | 269.21 |
| Previous Year | 271.90 | - | 271.90 | 0.85 | 1.84 | 2.69 | | |

Total Non Current Investments [1+2]
15,353.44
23,845.67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|------------------------|------------------------|
| 16 Long-term loans and advances | | |
| (Unsecured, considered good, unless otherwise stated) | | |
| Capital Advances | 8893.72 | 6214.32 |
| Security Deposits | 7841.07 | 7797.58 |
| Advances recoverable in cash or in kind | | |
| - Considered Good | 2,574.47 | 4472.09 |
| - Considered Doubtful | 67.32 | 10.00 |
| | 2,641.79 | 4,482.09 |
| Less: Provision for doubtful advances | 67.32 | 10.00 |
| | 2574.47 | 4472.09 |
| Inter corporate Deposits | 536.95 | 536.95 |
| Prepaid expenses | 33.39 | 46.15 |
| Electricity Charges refund claimed (see note no 38(e)) | 389.83 | 389.83 |
| Service Tax Credit Available | 74.54 | 97.84 |
| Entertainment Tax Refund Claimed | 1093.08 | 846.13 |
| Income tax paid (Net of provisions) | 10378.84 | 1431.03 |
| | 31815.89 | 21831.92 |
| Group Share in Joint Ventures | 71.40 | 166.18 |
| Total | 31887.29 | 21998.10 |
| 17 Other non-current assets | | |
| MAT Credit Entitlement | 2480.54 | 1854.81 |
| Deposits | 307.20 | 0.25 |
| Non-current bank balances (bank balances with original maturity of more than 12 months) | 92.43 | 44.70 |
| Interest accrued | | |
| on Investment | 16.47 | 17.59 |
| on bank fixed deposit | 1.78 | 0.42 |
| others | 111.54 | 93.31 |
| Other recoverables | 100.81 | 121.66 |
| Total | 3110.77 | 2132.74 |

NOTES TO THE CONSOLIDATED FINANCIAL STATMENTS FOR THE YEAR ENDED 31st March, 2012

| | Face Value Rs. | Nos. As at 31st March, 2012 | Nos. As at 31st March, 2011 | As at 31st March, 2012 Amount (Rs. in Lacs) | As at 31st March, 2011 Amount (Rs. in Lacs) |
|---|-------------------|-----------------------------------|-----------------------------------|--|--|
| 18 CURRENT INVESTMENTS (Non-trade, at cost) | | | | | |
| A] CURRENT MATURITIES OF LONG TERM INVESTMENTS | | | | | |
| i) Investment in Mutual Funds | | | | | |
| Kotak FMP 24 Months Series 1-Growth | 10 | 50,00,000 | 50,00,000 | 500.00 | 500.00 |
| Birla Sunlife FMP Series.CQ-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Birla Sunlife FMP Series CP Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| BNP Paribas FTF Series.21B-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| BNP Paribas FTF Series.21 E-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Canara Robeco FMP Series.6 13Month Plan-A | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| DSP Blackrock FMP-12 Month Series.14-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| DWS Fixed Term Fund-Series 68-Regular Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| DWS Fixed Term Fund-Series 69-Regular Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Fortis Fixed Term Fund Series 16 | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Fidelity FMP Series.5 Plan A-Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| HDFC FMP 24 Months Feb 10-Series XII - Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| ICICI Prudential FMP Series.55-1Year Plan.D-Cumulative | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| ICICI Prudential FMP Series.51-15 Months Plan.E-Cumulative | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| ICICI Prudential FMP Series.55-1 Year.Plan.B-Cumulative | 10 | 0 | 1,50,00,000 | 0.00 | 1500.00 |
| ICICI Prudential FMP Series.55-1 Year Plan.C-Cumulative | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| IDFC FMP Yearly Series.38-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| IDFC FMP Yearly Series.37-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| JPMORGAN India FMP 400 Days Series.1-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Kotak FMP 13 Months Series 6 - Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Kotak FMP Series 37 - Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| Kotak FMP Series 35 - Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| Kotak FMP Series 34 - Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| L&T FMP-III(JAN 369 Days)-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| SUNDARAM FMP AX 366 Days Growth | 10 | 0 | 50,00,000 | 0.00 | 500.00 |
| TATA FMP Series.31 Scheme A-Growth | 10 | 0 | 1,00,00,000 | 0.00 | 1000.00 |
| | | | | 500.00 | 22000.00 |
| ii) Investment in Govt. or Trust Securities | | | | | |
| National Saving Certificate | | | | 0.21 | 0.21 |
| (Held in the name of Directors & Pledged with Government Authorities) | | | | 0.21 | 0.21 |
| B] CURRENT INVESTMENT | | | | | |
| Investment in Mutual Funds | | | | | |
| Goldman Sachs Liquid Exchange Traded Scheme | 1000 | 1 | 782 | 0.01 | 7.82 |
| JM High Liquidity Fund Instl. Plan Daily Dividend | 10 | 20,80,397 | 19,42,499 | 208.37 | 194.56 |
| JP Morgan India Liquid Fund-Super Instl. Daily Dividend Plan | 10 | 19,43,638 | 18,15,122 | 194.52 | 181.66 |
| ICICI Prudential Flexible Income Plan Premium - Daily Dividend | 100 | 86,951 | 95,153 | 91.94 | 100.61 |
| DSP Black Rock Liquidity Fund | 1000 | 23,216 | 0 | 232.23 | 0.00 |
| Taurus Liquid Fund - Institutional Growth | 10 | 34,168 | 0 | 400.00 | 0.00 |
| Templeton India Treasury Management Account Institutional Plan - Growth. | 10 | 27,170 | 0 | 450.00 | 0.00 |
| JM High Liquidity Fund - Super Institutional Plan - Growth | 10 | 35,93,611 | 0 | 600.00 | 0.00 |
| Peerless Liquid Fund - Super Institutional Growth | 10 | 34,36,839 | 0 | 400.00 | 0.00 |
| | | | | 2,577.07 | 484.64 |
| Total Unquoted Investments | | | | 3077.28 | 22484.85 |
| Group share in Joint Ventures | | | | 0.00 | 10.42 |
| Total Investments | | | | 3077.28 | 22495.27 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|------------------------|------------------------|
| 19 Inventories (at cost or net realizable value whichever is lower) | | |
| Raw materials | 28761.14 | 13372.48 |
| Work-in-progress | 4014.67 | 1030.30 |
| Finished goods | 13488.98 | 5879.46 |
| Stores and spares | 3785.25 | 3672.22 |
| Others | | |
| - Fuel | 996.34 | 116.00 |
| - Packing Material | 528.08 | 227.97 |
| - By products | 240.70 | 10.94 |
| - Food and Beverages | 274.16 | 225.74 |
| - Carbon Credits | 786.35 | 523.84 |
| | 2825.63 | 1104.49 |
| | 52875.67 | 25058.95 |
| Group Share in Joint Ventures | 434.03 | 443.34 |
| Total | 53309.70 | 25502.29 |
| 20 Trade receivables (Unsecured, considered good, unless otherwise stated) | | |
| Considered good | | |
| Outstanding for a period exceeding 6 months | 1842.61 | 1098.55 |
| Others | 25574.83 | 17927.21 |
| | 27417.44 | 19025.76 |
| Considered Doubtful | | |
| Outstanding for a period exceeding 6 months | 233.09 | 169.18 |
| Others | 0.00 | 0.00 |
| | 233.09 | 169.18 |
| | 27650.53 | 19194.94 |
| Less: Provision for Doubtful Debts | (233.09) | (169.18) |
| | 27417.44 | 19025.76 |
| Group Share in Joint Ventures | 1611.53 | 817.34 |
| Total | 29028.97 | 19843.10 |
| 21 Cash and bank balances | | |
| 21.1 Cash & cash equivalents | | |
| Balances with banks in current accounts | 17626.94 | 2535.88 |
| Bank deposits with original maturity upto 3 months | 10260.77 | 920.83 |
| Cash on hand | 234.58 | 141.36 |
| | 28122.29 | 3598.07 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

21.2 Other Bank Balances

- Unpaid Dividend with banks
- Margin Money with banks
- Deposit with original maturity for more than 3 months but less than 12 months
- Bank deposits with original maturity more than 12 months

Group Share in Joint Ventures

Total

22 Short-term loans and advances

(Unsecured, considered good, unless otherwise stated)

Loans and advances to related parties (see note no 45)

Advance recoverable in cash or in kind

- Considered Good
- Considered Doubtful

Less: Provision for doubtful advances

Others

- Prepaid expenses
- Advances to suppliers
- Advances recoverable in cash or in kind
- Security deposits
- Inter-corporate Deposits

Considered Good

Considered Doubtful

Less: Provision for Doubtful Inter-corporate deposits

- Income Tax paid (Net of provisions)
- Balances in Excise, Service Tax and VAT Accounts

Group Share in Joint Ventures

Total

23 Other current assets

- Interest accrued
- Insurance claim lodged
- MAT credit entitlement

Group Share in Joint Ventures

Total

| As at 31st March, 2012 | As at 31st March, 2011 |
|------------------------|------------------------|
| 205.52 | 177.88 |
| 176.40 | 0.00 |
| 345.27 | 1,645.61 |
| 17.39 | 322.46 |
| 744.58 | 2145.95 |
| 28866.87 | 5744.02 |
| 244.72 | 328.39 |
| 29111.59 | 6072.41 |
| 1.17 | 0.00 |
| 350.48 | 385.35 |
| 95.31 | 75.65 |
| 445.79 | 461.00 |
| 95.31 | 75.65 |
| 350.48 | 385.35 |
| 531.52 | 490.17 |
| 957.61 | 767.64 |
| 2357.64 | 1827.74 |
| 64.73 | 10.79 |
| 1050.00 | 1729.27 |
| 377.35 | 99.00 |
| 1427.35 | 1828.27 |
| 377.35 | 99.00 |
| 1050.00 | 1729.27 |
| 1.31 | 0.32 |
| 3660.24 | 2764.88 |
| 8974.70 | 7976.16 |
| 534.71 | 309.83 |
| 9509.41 | 8285.99 |
| 182.56 | 342.69 |
| 88.34 | 0.00 |
| 0.00 | 2590.15 |
| 270.90 | 2,932.84 |
| 0.12 | 0.34 |
| 271.02 | 2933.18 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| | 2011-2012 | 2010-2011 |
|--|------------------|-----------|
| 24 Revenue from operations | | |
| Sale of products | 228256.09 | 111854.40 |
| Sale of services | 51631.55 | 30565.75 |
| Other operating revenues | 1487.37 | 721.39 |
| | 281375.01 | 143141.54 |
| Less: Excise duty | 5897.01 | 3439.17 |
| | 275478.00 | 139702.37 |
| Group Share in Joint Ventures | 7537.64 | 4689.24 |
| Total | 283015.64 | 144391.61 |
| 25 Other income | | |
| Interest Income | | |
| - on bank deposits | 166.31 | 403.61 |
| - on Inter corporate deposits | 174.84 | 134.29 |
| - on others | 275.38 | 166.34 |
| - on long term investments | 6.23 | 5.14 |
| | 622.76 | 709.38 |
| Dividend Income | | |
| - on long term investments | 154.88 | 428.77 |
| - on current investments | 40.37 | 85.27 |
| - from joint venture company | 78.44 | 0.00 |
| | 273.69 | 514.04 |
| Profit on sale of investments (Net) | | |
| - on long term investments | 2082.69 | 3825.93 |
| - on current investments | 391.21 | 487.32 |
| | 2473.90 | 4313.25 |
| Provision for doubtful debts written back | 10.66 | 5.00 |
| Liabilities written back | 254.03 | 199.66 |
| Net gain on foreign currency translation and transaction | 1.72 | 2607.77 |
| Profit on assets sold/scrapped | 6.26 | 0.00 |
| Rental income from operating leases | 772.56 | 772.56 |
| Miscellaneous income | 263.01 | 317.76 |
| | 4678.59 | 9439.42 |
| Group Share in Joint Ventures | 2.10 | 5.41 |
| Total | 4680.69 | 9444.83 |
| 26 Cost of materials consumed | | |
| Raw Materials consumed | 63533.99 | 24071.39 |
| Packing Materials consumed | 2928.97 | 3513.05 |
| Cost of food and Beverages | 3443.68 | 1950.59 |
| | 69906.64 | 29535.03 |
| Group Share in Joint Ventures | 6054.49 | 3850.46 |
| Total | 75961.13 | 33385.49 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| | 2011-2012 | 2010-2011 |
|---|-------------------|----------------|
| 27 Purchases of Stock-in-Trade | | |
| Purchases of Stock-in-Trade | 1365.65 | 1473.77 |
| | <u>1365.65</u> | <u>1473.77</u> |
| 28 Changes in inventories | | |
| Opening Stock | | |
| Finished Goods | 5778.28 | 6849.94 |
| Material-in-process | 1030.30 | 1768.08 |
| By-products | 10.94 | 1.79 |
| Carbon Credits | 523.84 | 218.91 |
| | <u>7343.36</u> | <u>8838.72</u> |
| Less : Closing Stock | | |
| Finished Goods | 13488.98 | 5778.28 |
| Material-in-process | 4014.67 | 1030.30 |
| By-products | 240.70 | 10.94 |
| Carbon Credits | 786.35 | 523.84 |
| | <u>18530.70</u> | <u>7343.36</u> |
| Excise Duty on Stock of Finished Goods (Net) | 860.36 | (21.51) |
| (Increase) / Decrease in Stock | <u>(10326.98)</u> | <u>1473.85</u> |
| 29 Employee benefits expense | | |
| Salaries and wages | 11300.10 | 7955.22 |
| Contribution to provident and other funds | 641.52 | 383.97 |
| Expense on ESOP (Net) | (4.78) | 9.87 |
| Gratuity | 208.08 | 159.06 |
| Staff welfare expenses | 506.37 | 296.29 |
| | <u>12651.29</u> | <u>8804.41</u> |
| Group Share in Joint Ventures | 99.43 | 54.16 |
| Total | <u>12750.72</u> | <u>8858.57</u> |
| 30 Finance costs | | |
| Interest expense | 6043.88 | 4247.30 |
| Other borrowing costs | 485.35 | 77.45 |
| Loss on foreign currency transactions and translation | 2288.02 | 0.00 |
| | <u>8817.25</u> | <u>4324.75</u> |
| Group Share in Joint Ventures | 91.74 | 80.95 |
| Total | <u>8908.99</u> | <u>4405.70</u> |
| 31 Depreciation and amortization expense | | |
| Depreciation and amortization on Tangible assets | 14143.09 | 9141.24 |
| Amortization of Intangible assets | 534.29 | 364.04 |
| Depreciation on Investment property | 1.67 | 1.67 |
| Amortization of Investment property | 0.17 | 0.17 |
| Depreciation written back | (90.92) | 0.00 |
| | <u>14588.30</u> | <u>9507.12</u> |
| Group Share in Joint Ventures | 313.83 | 192.72 |
| Total | <u>14902.13</u> | <u>9699.84</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

32 Other expenses

| | 2011-2012 | 2010-2011 |
|--|------------------|-----------------|
| Stores and Spare parts Consumed | 6111.86 | 2537.56 |
| Power and Fuel | 31481.63 | 19649.56 |
| Entertainment tax | 8303.52 | 4923.15 |
| Distributors' share | 17010.60 | 9832.29 |
| Other exhibition cost | 745.26 | 401.69 |
| Freight and Octroi | 2697.83 | 2558.27 |
| Insurance | 683.95 | 480.59 |
| Excise Duty, Custom Duty and Sales Tax | 834.73 | 103.03 |
| Production Labour Charges | 397.08 | 366.89 |
| Processing Charges | 699.99 | 146.49 |
| Outsourced Personnel Cost | 1339.33 | 991.27 |
| Property Rent and Conducting Fees | 8094.47 | 5082.31 |
| Common Facility Charges | 2454.90 | 1709.03 |
| Factory Expenses | 809.07 | 359.02 |
| Repairs to | | |
| - Buildings | 278.79 | 221.14 |
| - Machinery | 4191.83 | 2552.08 |
| - Others | 499.05 | 526.82 |
| | 4969.67 | 3300.04 |
| Directors' Sitting Fees | 11.15 | 6.05 |
| Commission to Chairman | 1275.04 | 326.85 |
| Rent | 200.73 | 205.00 |
| Rates and Taxes | 862.59 | 575.54 |
| Service Tax - (see note no. 35) | 1420.20 | 219.73 |
| Travelling and Conveyance | 1621.70 | 1065.04 |
| Communication expenses | 369.70 | 304.93 |
| Legal and Professional Fees and Expenses | 2815.79 | 2069.51 |
| Lease Rentals and Hire Charges | 653.70 | 192.45 |
| Loss on assets sold/scrapped (Net) | 50.58 | 61.94 |
| Foreign exchange fluctuation loss (Net) | 12201.26 | 0.00 |
| Provision for trade receivables | 163.47 | 98.42 |
| Provision for doubtful advances | 298.60 | 27.30 |
| Provision for diminution in value of investments | 4189.04 | 60.75 |
| Bad debts and Remissions | 96.10 | 3.41 |
| Expenditure on Sustainable Development Plan | 80.48 | 88.24 |
| Commission | 326.90 | 330.72 |
| Royalty | 775.72 | 504.96 |
| Purchase of Carbon Credits | 8751.52 | 3665.41 |
| Miscellaneous Expenses | 6961.00 | 3785.47 |
| | 129759.16 | 66032.91 |
| Group Share in Joint Ventures | 718.89 | 204.93 |
| Total | 130478.05 | 66237.84 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

33. Securities and terms of repayment in respect of secured loans taken by GFL :

Rupee Term Loan of Rs. 1111.05 lacs (previous year Rs. 3333.33 lacs) from Oriental Bank of Commerce is secured by the way 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, except for R23 incineration project. The term loan is repayable in 16 equal quarterly instalments starting from 31st May 2008 and carries interest @ 8.50% p.a.

As per the term of sanction, Foreign Currency Term Loan of Rs. 24929.24 lacs (previous year Rs. Nil) from Axis Bank Limited is secured by way of first charge on all movable and immovable assets of Mahidad (36 MW), Gujarat, and Ossiya (10.50 MW) Rajasthan. Further, the lender also has a charge/lien over the escrow account. The Company has not yet created the above mention security. Further, Ossiya (10.50 MW) Rajasthan is transferred to Inox Renewables Limited under slump sale. Now the Company is in the process of creation of security on the said loan after considering the above. The term loan is repayable in 40 equal quarterly instalments starting from 15th June 2012 and carries interest @ 3 months LIBOR plus 4.25% p.a.

As per the term of sanction, Foreign Currency Term Loan of Rs. 8379.58 lacs (previous year Rs. Nil) from ICICI Bank Limited is secured by way of an exclusive first ranking security interest/ mortgage/hypothecation on movable and immovable fixed assets including cash flow and receivables of project assets Dangri (20 MW) Rajasthan, Mahidad (14 MW) and Ossiya (19.50 MW) and first pari-passu mortgage/hypothecation on movable and immovable fixed assets including cash flow and receivables of wind power assets located at Gude Panchgani (23.1 MW). Further, the lender also has a charge/lien over the escrow account. The Company has not yet created the above mention security. Further, Dangri (20 MW) Rajasthan, Ossiya (19.50 MW) Rajasthan and Gude Panchgani (23.1 MW) is transferred to Inox Renewables Limited under slump sale. Now the Company is in the process of creation of security on the said loan after considering the above. The term loan is repayable in 20 equal half yearly instalments starting from 20th September 2013 and carries interest @ 6 months LIBOR plus 4.14% p.a.

Foreign Currency Term Loan of Rs. 9033.00 lacs (previous year Rs. 9033.00 lacs) from DBS Bank Limited is secured by first pari passu charge over moveable fixed assets of the Company at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch except assets pertaining to 18 MW coal based captive power plant. The term loan is repayable in 16 equal quarterly instalments starting from 16th April 2012 and carries interest @ 8.65% p.a.

Foreign Currency Term Loan of Rs. 2800.25 lacs (previous year Rs. 4200.38 lacs) 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. The term loan is repayable in 16 equal quarterly instalments starting from 9th April 2010 and carries interest @ 7.07% p.a.

Foreign Currency Term Loan of Rs. 1955.55 lacs (previous year Rs. 3085.07 lacs) 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). The term loan is repayable in 16 equal quarterly instalments starting from 3rd July 2009 and carries interest @ 3 months LIBOR plus 4.00% p.a.

Working Capital Loans of Rs. 3014.61 lacs (previous year Rs. 3278.99 lacs) from HDFC Bank Limited is 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. The loan is repayable on demand and carries interest @ 12.80% p.a

Working Capital Loans of Rs. 5410.46 lacs (previous year Rs. 5118.13 lacs) from The Royal Bank of Scotland is secured by way of first pari passu charge in favour of the bank by way of hypothecation over the borrower's stock and receivables, both present and future of the Company's unit at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch, Gujarat. The loan is repayable in 30 days to 330 days carrying interest ranging @ 1 month LIBOR plus 1.65% to 11 month LIBOR plus 1.65%.

Working Capital Loan of Rs. Nil (previous year Rs.1961.96 lacs) and Rs. Nil (previous year Rs. 2000.00 lacs) from Canara Bank were secured by way of first pari passu charge on current assets of the Company's unit at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat and second charge on fixed assets of the Company's unit at Survey No.16/3, 26 and 27, Village Ranjitnagar, Taluka Goghamba, District Panchmahals, Gujarat along with term lenders of the Company's unit at Plot No.12-A, GIDC Estate, Village – Dahej, Taluka Vagra, District Bharuch. The loan is repayable on demand and carries interest @ 6 month LIBOR plus 2.00% and 10.00% p.a. respectively.

Securities and terms of repayment in respect of secured loans taken by IRL :

Foreign Currency Term Loan of Rs. 11970.82 lacs (previous year Rs. Nil) from ICICI Bank Limited is secured by way of an exclusive first ranking security interest / mortgage / hypothecation on movable and immovable fixed assets including cash flow and receivables of project assets of its Dangri (20 MW) wind farm The term loan is repayable in 20 half yearly equal instalments starting from 21st September 2013 and carries interest @ 6 month LIBOR + 4.14% p.a. The security is yet to be created.

Foreign Currency Term Loan of Rs. 30525.60 lacs (previous year Rs. Nil) from ICICI Bank Limited is secured by way of an exclusive first ranking security interest / mortgage / hypothecation on movable and immovable fixed assets including cash flow and receivables of project assets at Dangri (50 MW) wind farms The term loan is repayable in 20 half yearly equal instalments starting from 6th August 2013 and carries rate of interest @ 6 month LIBOR + 4.14% p.a. The security is yet to be created.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

The above two loans are also secured by way of an exclusive first ranking security interest / mortgage / hypothecation on movable and immovable fixed assets including cash flow and receivables of project assets of its Ossiya (19.5 MW) wind farm and first pari-passu mortgage/hypothecation on movable and immovable fixed assets including cash flow and receivables of wind power assets located at Gude Panchgani (23.1 MW) wind farm and the lender also has a charge/lien over the escrow account, where the collections of sales of electricity are to be deposited including cash flow and receivables. The security is yet to be created.

Foreign Currency Term Loan of Rs. 6881.65 lacs (previous year Rs. 7237.66 lacs – in GFL) from ICICI Bank Limited is secured by equitable mortgage of land and hypothecation of all movable property of 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. The term loan is repayable in 38 equal quarterly installments starting from 20th December 2007 and carries interest @ 5.86% p.a. The security is originally created by the holding company and modification in the loan documents and creation of charge on IRL's asset is pending.

Securities and terms of repayment in respect of secured loans taken by ILL Group:

Term loan from Axis Bank taken by ILL amounting to Rs. 660.81 lacs (previous year Rs. 1101.33 lacs) is secured by mortgage of immovable property situated at Vadodara and charge on all stocks, debts and movable properties situated at Burdhan, Indore Central, Rajarhat (Kolkata), Jayanagar (Bangalore), Siliguri and Maleshwaram (Bangalore) multiplexes and carries interest @ bank base rate + 2.75 % p.a which is in the range of 11.75% to 12.75%. The loan is repayable in 16 equal quarterly instalments beginning from 31st December, 2009.

Term loan from Citi Bank taken by ILL amounting to Rs.1166.66 lacs (previous year Rs.1833.33 lacs) carries interest @ 8.75% p.a and is secured by mortgage of immovable property situated at Pune and charge on all movable assets situated at Pune, Thane and Rajapark (Jaipur) multiplexes and five future properties. The loan is repayable in 12 equal quarterly instalments beginning from 29th January, 2011.

Term loan from ING Vysya Bank taken by ILL amounting to Rs.1944.44 lacs (previous year Rs. 3111.11 lacs) carries interest @ 9.5% p.a and is secured by charge on immovable property situated at Nariman Point and exclusive charge on all the current and fixed assets situated at Vizag Beach Road, Vizag CMR Mall, Kanpur, Belgaum, J.P.Nagar (Bangalore) multiplexes and two future multiplexes. The loan is repayable in 36 equal monthly instalments beginning from 1st December, 2010.

Term loan from Axis Bank taken by FIL amounting to Rs. 1108.63 lacs (previous year Rs. 750.00 lacs) is secured against first charge on the entire movable fixed assets of the Subsidiary Company, both present and future; and extension of first charge on the entire current assets of FIL, both present and future. The Loan is repayable in 18 equal quarterly instalments starting from 01/04/2009 along with interest of 12.75%. Further loan is secured by first charge by way of equitable mortgage of property at Anand, Gujarat.

Term loan from IDBI Bank taken by FIL amounting to Rs. Nil (previous year Rs. 1416.67 lacs) was secured by first pari passu charge with other lenders Axis Bank Limited by deposit of title deeds of immovable properties located at Anand, Gujarat and further secured by first charge by way of hypothecation of entire movables (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future, in respect of the existing multiplexes at Fame South City, South City Mall, Kolkata, Fame Lido, Fame Dahisar, Thakur Mall and Multiplex, Fame Thakur, Fame Anand, Fame Inorbit, Fame Raghuleela, Fame Highland Park, Fame Akurdi, and new multiplexes at Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat, subject to prior charges created and/or to be created in favour of the bankers on the stocks of raw material, semi-finished and finished goods, consumable stores and by escrow of entire cash flows arising out of multiplexes at South City – Kolkata, Lido-Bangalore, Fame Dahisar, Fame Thakur-Kandivali, Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat on pari-passu basis with Axis Bank. The loan is repayable in 18 equal quarterly instalments starting from 31/05/2009 along with interest of 12.75%.

In case of FIL, the bank overdraft is secured against first charge on the entire current assets, both present and future; and extension of first charge on the entire movable fixed assets, both present and future and further secured by fixed deposits to the extent of Rs. Nil (Previous year Rs. 1350 lacs).

Terms of long-term unsecured borrowings taken by ILL

The inter-corporate deposits are repayable in 3 years from the date of the respective deposits beginning from 18th June 2013 and carry interest in the range of 8.75% to 11.00%.

Securities and terms of repayment in respect of secured loans taken by IWL :

Working capital short term loans from Banks amounting to Rs. 1305.34 lacs are repayable on demand and are secured by current assets.

Foreign currency short term loans from Banks amounting to Rs. 10725.39 lacs are repayable as per terms of avallment and are secured by current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

34. Employee Stock Options

a. In the case of ILL

During the year ended 31st March 2006, ILL had issued 500,000 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 ILL under the scheme of ESOP framed in this regard. ILL 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 500,000 equity shares allotted to the Trust, 161,843 shares have been transferred to employees up to 31st March 2012. Accordingly, for the balance number of shares, ILL has reduced the Share Capital by the amount of face value of equity shares and Share Premium Account by the amount of share premium on such shares.

Following stock options have been granted to the employees:

| | |
|---|-----------------|
| On 29 th January 2007 (First Grant) | 2,44,120 shares |
| On 27 th 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 using the intrinsic value method.

The summary of stock options is as under:

| | |
|---|--------|
| Outstanding on 1 st April 2011 | 38,419 |
| Granted during the year | Nil |
| Lapsed during the year | 12,839 |
| Exercised during the year | 15,580 |
| Outstanding as on 31 st March 2012 | 10,000 |
| Exercisable as on 31 st March 2012 | 5,000 |

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 27 th October 2009 | 1.58 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, 'Employee benefits expense' in note no 29 includes credit of Rs. 4.78 lacs (previous year Rs. 9.87 lacs) being the amortization of employee compensation.

b. In case of the FIL

On 21 May 2009, the FIL established the 'Employee Stock Option Scheme 2009' ('ESOS' or 'the Plan' or "the Scheme"). Under the Plan, FIL 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 subject to the requirements of vesting. A compensation committee constituted by the Board of Directors of FIL 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. Further, the participants shall exercise the options within a period of 5 years commencing on or after respective date of vesting of the options.

The Scheme provides that these options would vest in tranches as follows:

| Period within which options will vest | % 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

The terms and conditions of the scheme, as approved by the remuneration committee of the Board of Directors of FIL in its meeting held on 21 May 2009 in pursuance to the approval of the Company at its Annual General Meeting held on 27 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 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.

| | Amount Rs. in Lacs | |
|--|--------------------|------------|
| | March 2012 | March 2011 |
| Outstanding at the beginning of the year | 2,73,780 | 10,63,300 |
| Granted during the year | Nil | Nil |
| Forfeited during the year * | (1,32,261) | (6,37,750) |
| Vested during the year | (37,989) | (1,51,770) |
| Exercised during the year | 36,603 | 1,51,770 |
| Outstanding at the end of the year - not vested ** | 1,03,530 | 2,73,780 |
| Options vested and exercisable as at the year end | 1,386 | Nil |

*On account of non fulfillment of vesting conditions by the employees.

**On 21 May 2012, the third tranche of options have vested to the eligible employees.

35. In respect of service tax matters of Inox Leisure Limited Group (ILL Group):-

As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from 1 June, 2007 and accordingly, in the annual accounts for the year ended 31st March 2010, ILL Group had provided for service tax in respect of rent on immovable properties for the year ended 31st March 2009 and 31st March 2010.

During the year ended 31st March 2011, this levy was challenged by ILL Group by filing Writ Petitions with various High Courts and some of the High Courts had granted a stay against the levy of service tax in respect of immovable properties situated within their jurisdictions. Based on legal advice obtained by ILL Group, no provision of service tax was made for the year ended 31st March 2011. Further, the amount provided in the accounts during the year ended 31st March 2010 towards such service tax was reversed and the same is shown as an exceptional item in the Statement of Profit and Loss.

During the current year, the levy has been upheld by several High Courts. ILL Group has preferred a Special Leave Petition before the Hon'ble Supreme Court which is pending and ILL Group has made the payments in this regard as directed by the Hon'ble Supreme Court.

In the above circumstances, ILL Group has provided for service tax on renting of immovable properties. Accordingly the amount of Rs. 834.14 lacs being the charge for the current year is included in 'Service tax' and the amount of Rs. 1797.51 lacs being the charge for the period upto 31st March 2011 is shown as an exceptional item in the Statement of Profit and Loss.

The movement in the provision for service tax account (including Group's share in a joint venture) is as under:

| | Amount Rs. in Lacs | |
|---|--------------------|-----------|
| Particulars | 2011-2012 | 2010-2011 |
| Opening Balance | Nil | Nil |
| Provided during the year (including Rs. 1797.50 lacs for earlier years) | 2631.65 | Nil |
| Amount paid and adjusted during the year | 1286.55 | Nil |
| Closing balance | 1345.10 | Nil |

36. Foreign Currency Convertible Bonds issued by FIL

On 21 April 2006, FIL, pursuant to a resolution of the Board of Directors dated 28 January 2006 and by a resolution of the shareholders dated 8 March 2006, issued

- 12,000, Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and
- 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 US\$ 20,000,000 due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds").

The Bonds were convertible 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 Rs. 90 per share for Series A Bonds; and Rs. 107 per share for Series B Bonds, as defined in terms and conditions of the Bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Unless previously converted, redeemed or repurchased and cancelled, Series A Bonds were redeemable on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and Series B Bonds were redeemable on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

The bond issue expenses had been adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956. Premium payable on redemption of FCCB has been amortised over the period of the bonds and has been charged to the securities premium account.

During the year ended 31 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 FIL.

With the permission of Reserve Bank of India and with the necessary consent of the bondholders, in September 2011 FIL has redeemed the outstanding bonds at a final redemption price of 112.35% of their principal amount for Series A Bonds of face value of USD 90,00,000 and 115.37% of their principal amount for Series B Bonds of face value of USD 40,00,000, which represents a discount of 18% to the original redemption value of the Bonds. Accordingly, the Bonds stand fully discharged.

37. In respect of income-tax matters of Inox Leisure Limited Group (ILL Group):-

- In the appellate proceedings before the Commissioner of Income-tax (Appeals) and Income Tax Appellate Tribunal, Ahmedabad Bench, ILL's contention that the amount of entertainment tax exemption availed for some of its multiplexes is a capital receipt has been accepted. Provision for current tax is made on the same basis for such multiplexes by ILL.
- Provision for current taxation is for Minimum Alternate Tax (MAT) payable on book profit in the case of ILL (for the current and previous year) and FIL (for the previous year). MAT paid by these companies 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 period available for utilization of MAT credit, these companies would have normal tax liability within the specified period to avail such MAT credit. Consequently, these companies have recognized Rs. 410.63 lacs (Previous year Rs. 323.38 lacs) towards MAT credit entitlement.

38. Contingent liabilities not provided for in respect of :-

| Particulars | Amount Rs. in Lacs | |
|--|------------------------------------|-----------|
| | 2011-2012 | 2010-2011 |
| (a) Claims against company not acknowledge as debt | 1639.64 | 254.53 |
| (b) Others | | |
| Sales Tax | 4.13 | 7.12 |
| Income Tax(including TDS matters) | 5499.75 | 3191.25 |
| Service Tax | 563.70 | 366.24 |
| Excise duty/Custom duty | 759.81 | 4.36 |
| Electricity Duty | 1204.86 | 1317.30 |
| Municipal Tax | 596.59 | 506.61 |
| Entertainment Tax | 2.22 | 53.06 |
| ESIC demand | 0.00 | 9.71 |
| Stamp Duty | 263.81 | Nil |
| Claims in respect of labour matters and Custom duty on import of cinematographic films | Amount is not ascertainable | |
| (c) During the year, the Company has received CIT(A) order for the Assessment Year 2008-09 where in the CIT(A) has confirmed the action of the Assessing Officer in respect of | | |
| i. treatment of Investment activity of the Company in respect of investment in shares as a business activity and | | |
| ii. the re-computation of the amount of deduction u/s 80IA by applying the regulatory prices in respect of power generated at its captive power units. | | |

The Company has not accepted the order the of the CIT(A) and has preferred appeal before ITAT, Ahmedabad. The said issues were decided in favour of the Company by CIT(A) in earlier years. Consequently, the amount of demands in respect of the above are included in the amount of contingent liabilities in para (b).

NOTES TO THE CONSOLIDATED FINANCIAL STATMENTS FOR THE YEAR ENDED 31st March, 2012

- (d) FIL has issued termination notice for one of its proposed multiplexes seeking refund of security deposit of Rs. 60.07 lacs and reimbursement of the cost of fit-outs of Rs. 902.83 lacs incurred by FIL and carried forward as capital work-in-progress. The party has made a counter claim of Rs. 675.86 lacs towards rent for lock in period and other costs which is included in (a) above. An arbitration petition filed by FIL under section 9 of the Arbitration and Conciliation Act, 1996 before the Court of District Judge, Chandigarh was dismissed vide order dated 11 November 2011. FIL has taken necessary legal steps to sustain its claim and pending the settlement of matter, adjustment, if any, in the carrying amount of the said assets, will be made when the matter is finally decided.
- (e) FIL may be required to charge additional cost of Rs. 389.83 lacs (previous year Rs. 389.83 lacs) towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. FIL has paid the whole amount to the respective authorities under protest (which is included in 'long term loans and advances').

39. Commitments:

- (a) Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances, is Rs. 18198.98 lacs (previous year Rs. 3588.24 lacs).
- (b) Other commitments:

The exemption from payment of Entertainment Tax in respect of multiplexes of ILL Group, which are eligible for such exemption, is subject to fulfilment of the terms and conditions of the respective State Government Policies issued in this regard. The amount of Entertainment Tax exemption availed so far by ILL 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 is Rs. 14877.77 lacs (Previous year Rs. 14311.39 lacs).

40. In respect of Entertainment Tax liability and its treatment in these accounts: -

- a. The Entertainment Tax exemption in respect of some of ILL's multiplexes 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. 413.37 lacs (Previous year Rs 304.91 lacs) being Entertainment Tax in respect of such Multiplexes has not been charged to the Statement of Profit & Loss. Cumulative amount as on 31st March 2012 – Rs. 3007.10 lacs (Previous year Rs. 2593.73 lacs).
- b. In respect of the multiplex of ILL 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 ILL 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 (a) above includes the figures pertaining to the said multiplex.

41. 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

| | 2011-2012 | 2010-2011 |
|--|--------------|---------------|
| (A) Deferred Tax Assets (Net) | | |
| (i) Expenditure allowable on payment basis | 12.24 | 15.26 |
| Carry Forward Losses | 0.00 | 793.55 |
| Others | 15.88 | 30.66 |
| Total | 28.12 | 839.47 |
| (B) Deferred Tax Liabilities | | |
| Depreciation | 0.00 | 606.19 |
| Total | 0.00 | 606.19 |
| Net Deferred Tax Assets (A-B) | 28.12 | 233.28 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

In respect of Deferred Tax Liabilities (Net):

| S.No. | Particulars | Amount Rs. in Lacs | |
|-------|---|--------------------|-----------|
| | | 2011-2012 | 2010-2011 |
| (A) | Deferred Tax Liabilities | | |
| (i) | On account of difference between tax depreciation and depreciation /amortisation charged in the books | 17002.42 | 15559.00 |
| (ii) | Others | 595.67 | |
| | Total | 17598.09 | 15559.00 |
| (B) | Deferred Tax Assets | | |
| (i) | Expenditure allowable on payment basis | 645.67 | 367.88 |
| (ii) | Others | 104.74 | 67.84 |
| | Total | 750.41 | 435.72 |
| | Net Deferred Tax Liability (A-B) | 16847.68 | 15123.28 |

Note: Amount of deferred tax recognized in the CFS exclude the net deferred tax asset in the case of FIL, two of its subsidiaries and its joint venture, as the same is not recognized in the standalone financials of these companies due to absence of virtual certainty of realization.

42. 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 :

| Particulars | Amount Rs. in Lacs | |
|--|--------------------|-----------|
| | 2011-2012 | 2010-2011 |
| (i) Gross carrying amount of asset given on operating lease included in Buildings block of fixed assets. | 914.52 | 914.52 |
| (ii) Accumulated Depreciation as at the end of the year | 91.00 | 76.10 |
| (iii) Depreciation for the year | 14.90 | 14.90 |
| (iv) Future minimum lease payments - | | |
| (a) Not later than one year | 523.94 | 742.70 |
| (b) Later than one year and not later than five years | 1869.69 | 2949.64 |
| (c) Later than five years | 0.00 | 517.84 |

(v) 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 plant taken on operating lease:

The plants taken on operating lease are for an initial non-cancellable period of ten years, which can be further extended at the mutual agreement. The future minimum lease payments under these lease arrangement are as under:

| S.No. | Payable in future | Amount Rs. in Lacs | |
|-------|---|--------------------|-----------|
| | | 2011-2012 | 2010-2011 |
| a) | Not later than one year | 74.66 | 35.28 |
| b) | Later than one year and not later than five years | 312.30 | 141.12 |
| c) | Later than five years | 206.25 | 26.46 |

c) Operating leases for some of the multiplexes of Inox Leisure Limited Group (“ILL Group”)

ILL Group 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’ charged in the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

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

| S.No. | Amount payable in future | Amount Rs. in Lacs | |
|-------|---|--------------------|-----------|
| | | 2011-2012 | 2010-2011 |
| a) | Not later than one year | 8073.47 | 7818.75 |
| b) | Later than one year and not later than five years | 33253.75 | 32369.70 |
| c) | Later than five years | 77970.61 | 84243.32 |
| d) | In respect of other operating leases for premises (offices and residential accommodations for employees) - generally, these lease arrangements range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. Lease rentals are included in 'Property Rent and Conducting Fees' charged in the Statement of Profit and Loss. | | |

43. Provisions:

- (a) ILL has recognised provision towards estimated liability in respect of municipal taxes payable for one of its multiplexes as under :-

| Particulars | Amount Rs. in Lacs | |
|--------------------------|--------------------|-----------|
| | 2011-2012 | 2010-2011 |
| Opening Balance | 131.80 | 119.00 |
| Provided during the year | 52.80 | 52.80 |
| Paid during the year | 30.00 | 40.00 |
| Closing balance | 154.60 | 131.80 |

- (b) FMPL has recognized a provision towards Maharashtra Value Added Tax (MVAT) on account of inclusion of 'copyright' in the scheduled list of taxable items w.e.f. 1st April 2005, as under:

| Particulars | Amount Rs. in Lacs | |
|--------------------------|--------------------|-----------|
| | 2011-2012 | 2010-2011 |
| Opening Balance | 39.61 | 39.61 |
| Provided during the year | Nil | Nil |
| Paid during the year | Nil | Nil |
| Closing balance | 39.61 | 39.61 |

44. In respect of ILL, the arbitration award in the matter of disputed recoveries pertaining to one of its multiplexes has been received in favour of ILL and the arbitrator has further granted interest claimed on the unpaid amount at the rate of 15% p.a. ILL has accordingly accounted interest of Rs. 18.23 lacs (Previous Year Rs. 18.23 lacs). Total amount of interest receivable upto 31st March, 2012 is Rs.111.54 lacs. During the previous year the said award has been challenged before the District Court and the matter is pending.

45. 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)

Swanston Multiplex Cinema Private Limited (SMCPL) – joint venture of a subsidiary

Associate of a subsidiary

Megnasolace City Private Limited

Key Management Personnel

Mr. V K Jain (Managing Director)

Mr. D K Sachdeva (Whole Time Director)

Mr. J S Bedi (Whole Time Director)

Mr. G Arumugam (Whole Time Director) w.e.f. 12th August 2011

Mr. Alok Tandon – Manager of Inox Leisure Limited

Mr. Rajiv Patni – Manager of Fame India Limited w.e.f. 21st December 2011

Mr. David Kaufmann – Manager of GFL Americas LLC, U.S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Relatives of Key Management Personnel

Mr. D K Jain (Father of Mr. V K Jain)
 Mr. P K Jain (Brother of Mr. V K Jain)
 Mr. Devansh Jain (Son of Mr. V.K. Jain)
 Mr. Cody Kaufmann (Son of Mr. David Kaufmann)

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. 6th 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. 6th January 2011 are considered in related party disclosures:

- a) Key Management Personnel
 - Mr. Rishi Negi - Chief Operating Officer in FIL (resigned on 28 February 2011)
 - Mr. Shyam Shroff - Director in Fame Motion Pictures Limited (FMPL) (Resigned on 21 January 2011)
 - Mr. Balkrishna Shroff - Director in FMPL (resigned on 21 January 2011)
 - Mr. Aditya Shroff - Director in FIL (resigned on 21 January 2011)
- b) Enterprises over which Key Management Personnel, or his relative, has significant influence
 - M/s Shringar Films (upto 21 January 2011)
 - Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCPL') (upto 21 January 2011)

(ii) Particulars of transactions: -

Amount Rs. in Lacs

| Particulars | Holding Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|--|-----------------|---------|---------------|---------|--------------------------------|---------|--------------------------------------|---------|--|---------|---------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| A) Transactions during the year | | | | | | | | | | | | |
| Sales of Goods | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 25.18 | 19.58 | 25.18 | 19.58 |
| Others | | | | | | | | | 0.03 | 0.22 | 0.03 | 0.22 |
| Total | | | | | | | | | 25.21 | 19.80 | 25.21 | 19.80 |
| Purchase of Assets | | | | | | | | | | | | |
| David Kaufmann | | | | | 45.34 | 0.00 | | | | | 45.34 | 0.00 |
| Total | | | | | 45.34 | 0.00 | | | | | 45.34 | 0.00 |
| Purchase of Goods | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 424.74 | 111.57 | 424.74 | 111.57 |
| Inox India Limited | | | | | | | | | 578.59 | 1748.05 | 578.59 | 1748.05 |
| XHCT Co. Ltd | | | 569.58 | 112.91 | | | | | | | 569.58 | 112.91 |
| Others | | | | | | | | | 0.00 | 0.08 | 0.00 | 0.08 |
| Total | | | 569.58 | 112.91 | | | | | 1003.33 | 1859.70 | 1572.91 | 1972.62 |
| Inter-corporate Deposits received | | | | | | | | | | | | |
| Inox Leasing & Finance Limited | 0.00 | 1300.00 | | | | | | | | | 0.00 | 1300.00 |
| Total | 0.00 | 1300.00 | | | | | | | | | 0.00 | 1300.00 |
| Inter-corporate Deposits repaid | | | | | | | | | | | | |
| Inox Leasing & Finance Limited | 1200.00 | 0.00 | | | | | | | | | 1200.00 | 0.00 |
| Total | 1200.00 | 0.00 | | | | | | | | | 1200.00 | 0.00 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| Particulars | Holding Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|---|-----------------|--------------|---------------|--------------|--------------------------------|----------------|--------------------------------------|-------------|--|---------------|---------------|----------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Interest Paid/Interest on Debentures | | | | | | | | | | | | |
| Inox Leasing & Finance Limited | 139.48 | 60.24 | | | | | | | | | 139.48 | 60.24 |
| Devansh Trading & Finance Private Limited | | | | | | | | | 17.50 | 17.50 | 17.50 | 17.50 |
| Inox Chemicals Private Limited | | | | | | | | | 17.50 | 17.50 | 17.50 | 17.50 |
| Siddhapavan Trading & Finance Private Limited | | | | | | | | | 17.50 | 17.50 | 17.50 | 17.50 |
| Siddho Mal Investments Private Limited | | | | | | | | | 17.50 | 17.50 | 17.50 | 17.50 |
| Total | 139.48 | 60.24 | | | | | | | 70.00 | 70.00 | 209.48 | 130.24 |
| Expenses (Repairs) | | | | | | | | | | | | |
| Inox India Limited | | | | | | | | | 0.00 | 1.67 | 0.00 | 1.67 |
| Refron Valves Limited | | | | | | | | | 2.85 | 9.68 | 2.85 | 9.68 |
| Total | | | | | | | | | 2.85 | 11.35 | 2.85 | 11.35 |
| Reimbursement of expenses (paid) | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 8.01 | 5.05 | 8.01 | 5.05 |
| Inox India Limited | | | | | | | | | 0.08 | 0.00 | 0.08 | 0.00 |
| Inox Leasing & Finance Limited | 0.57 | 0.76 | | | | | | | | | 0.57 | 0.76 |
| ASMCP | | | | | | | | | 0.00 | 1.73 | 0.00 | 1.73 |
| SMCPL | | | 4.87 | 4.35 | | | | | | | 4.87 | 4.35 |
| David Kaufmann-Manager | | | | | 0.00 | 56.70 | | | | | 0.00 | 56.70 |
| Total | 0.57 | 0.76 | 4.87 | 4.35 | 0.00 | 56.70 | | | 8.09 | 6.78 | 13.53 | 68.59 |
| Reimbursement of expenses (received) | | | | | | | | | | | | |
| Inox India Limited | | | | | | | | | 4.62 | 4.64 | 4.62 | 4.64 |
| Inox Leasing & Finance Limited | 0.32 | 0.41 | | | | | | | | | 0.32 | 0.41 |
| SMCPL | | | 3.85 | 26.83 | | | | | | | 3.85 | 26.83 |
| Total | 0.32 | 0.41 | 3.85 | 26.83 | | | | | 4.62 | 4.64 | 8.80 | 31.88 |
| Project hiring charges received | | | | | | | | | | | | |
| SMCPL | | | 14.51 | 14.31 | | | | | | | 14.51 | 14.31 |
| Total | | | 14.51 | 14.31 | | | | | | | 14.51 | 14.31 |
| Rent Received | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 144.90 | 144.90 | 144.90 | 144.90 |
| Others | | | | | | | | | 0.72 | 0.72 | 0.72 | 0.72 |
| Total | | | | | | | | | 145.62 | 145.62 | 145.62 | 145.62 |
| Deposit refund received | | | | | | | | | | | | |
| Shringar Films | | | | | | | | | 0.00 | 19.68 | 0.00 | 19.68 |
| Total | | | | | | | | | 0.00 | 19.68 | 0.00 | 19.68 |
| Dividend Received | | | | | | | | | | | | |
| XHCT Co. Ltd | | | 78.44 | 0.00 | | | | | | | 78.44 | 0.00 |
| Total | | | 78.44 | 0.00 | | | | | | | 78.44 | 0.00 |
| Rent paid | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 0.63 | 0.60 | 0.63 | 0.60 |
| Devansh Gases Private Limited | | | | | | | | | 18.00 | 18.00 | 18.00 | 18.00 |
| Inox Leasing & Finance Limited | 48.00 | 36.00 | | | | | | | | | 48.00 | 36.00 |
| Shringar Films | | | | | | | | | 0.00 | 6.69 | 0.00 | 6.69 |
| ASMCP | | | | | | | | | 0.00 | 52.41 | 0.00 | 52.41 |
| Others | | | | | 1.20 | 1.20 | | | | | 1.20 | 1.20 |
| Total | 48.00 | 36.00 | | | 1.20 | 1.20 | | | 18.63 | 77.70 | 67.83 | 114.90 |
| O&M Charges & Lease Rents paid | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 137.96 | 116.31 | 137.96 | 116.31 |
| Total | | | | | | | | | 137.96 | 116.31 | 137.96 | 116.31 |
| Erection & Commissioning Charges | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 30.00 | 0.00 | 30.00 | 0.00 |
| Total | | | | | | | | | 30.00 | 0.00 | 30.00 | 0.00 |
| Remuneration paid | | | | | | | | | | | | |
| Mr. V K Jain | | | | | 567.31 | 1369.04 | | | | | 567.31 | 1369.04 |
| Others | | | | | 236.50 | 158.29 | 5.38 | 5.38 | | | 241.88 | 163.67 |
| Total | | | | | 803.81 | 1527.33 | 5.38 | 5.38 | | | 809.18 | 1532.71 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| Particulars | Holding Company | | Joint Venture | | Key Management Personnel (KMP) | | Relative of key Management Personnel | | Enterprises over which KMP has significant influence | | Total | |
|--|-----------------|---------|---------------|---------|--------------------------------|---------|--------------------------------------|---------|--|---------|---------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Professional fees | | | | | | | | | | | | |
| Mr.David Kaufmann-Manager | | | | | 46.40 | 38.41 | | | | | 46.40 | 38.41 |
| Mr.Cody Kaufmann | | | | | | | 28.92 | 21.26 | | | 28.92 | 21.26 |
| Total | | | | | 46.40 | 38.41 | 28.92 | 21.26 | | | 75.33 | 59.67 |
| Commission paid | | | | | | | | | | | | |
| Mr. D K Jain-Chairman | | | | | | | 1275.04 | 326.85 | | | 1275.04 | 326.85 |
| Mr.David Kaufmann-Manager | | | | | 8.00 | 0.00 | | | | | 8.00 | 0.00 |
| Total | | | | | 8.00 | 0.00 | 1275.04 | 326.85 | | | 1283.04 | 326.85 |
| Sitting Fees paid | | | | | | | | | | | | |
| Mr. D K Jain | | | | | | | 1.60 | 1.00 | | | 1.60 | 1.00 |
| Mr. P K Jain | | | | | | | 0.20 | 0.00 | | | 0.20 | 0.00 |
| Total | | | | | | | 1.80 | 1.00 | | | 1.80 | 1.00 |
| B) Amounts outstanding | | | | | | | | | | | | |
| Amount payable | | | | | | | | | | | | |
| Shri V K Jain | | | | | 350.14 | 907.82 | | | | | 350.14 | 907.82 |
| Shri D K Jain | | | | | | | 881.05 | 225.85 | | | 881.05 | 225.85 |
| Others | | | 106.39 | 27.69 | 15.87 | 5.63 | 0.45 | 0.45 | 139.09 | 176.08 | 261.80 | 209.85 |
| Total | | | 106.39 | 27.69 | 366.01 | 913.45 | 881.50 | 226.30 | 139.09 | 176.08 | 1492.99 | 1343.52 |
| Inter -corporate deposits received | | | | | | | | | | | | |
| Inox Leasing & Finance Limited | 600.00 | 1800.00 | | | | | | | | | 600.00 | 1800.00 |
| Total | 600.00 | 1800.00 | | | | | | | | | 600.00 | 1800.00 |
| Debentures Outstanding | | | | | | | | | | | | |
| 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 |
| Total | | | | | | | | | 1000.00 | 1000.00 | 1000.00 | 1000.00 |
| Interest on Debentures accrued not paid | | | | | | | | | | | | |
| Devansh Trading & Finance Private Limited | | | | | | | | | 15.75 | 16.53 | 15.75 | 16.53 |
| Inox Chemicals Private Limited | | | | | | | | | 15.75 | 16.53 | 15.75 | 16.53 |
| Siddhapavan Trading & Finance Private Limited | | | | | | | | | 15.75 | 16.53 | 15.75 | 16.53 |
| Siddho Mal Investments Private Limited | | | | | | | | | 15.75 | 16.53 | 15.75 | 16.53 |
| Total | | | | | | | | | 63.00 | 66.12 | 63.00 | 66.12 |
| Trade Receivables | | | | | | | | | | | | |
| Inox Air Products Limited | | | | | | | | | 0.46 | 0.00 | 0.46 | 0.00 |
| Total | | | | | | | | | 0.46 | 0.00 | 0.46 | 0.00 |

46. 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 | 2011-2012 | 2010-2011 | Purpose |
|------|---|------------------|----------|-----------|-----------|---|
| a) | Forward Contracts | USD | Sell | 604.50 | 540.60 | Hedging of Receivable |
| b) | Forward Contracts | EURO | Sell | 1,470.00 | 1,777.50 | Hedging of Receivable |
| c) | Currency and Interest | USD | Buy | 257.50 | 286.25 | Hedging of Loan and Interest Rate of Loan |
| d) | Interest Rate Swap (Notional Principal) | USD | Buy | 135.26 | 162.32 | Hedging of Loan and Interest Rate of Loan |

NOTES TO THE CONSOLIDATED FINANCIAL STATMENTS FOR THE YEAR ENDED 31st March, 2012

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

| S. No. | Particulars | 2011-2012 | | | | | | 2010-2011 | | | | | |
|--------|-------------------|-----------|--------|--------|------|------|--------|-----------|--------|--------|------|------|--------|
| | | USD | EURO | JPY | GBP | CHF | YUAN | USD | EURO | JPY | GBP | CHF | YUAN |
| a) | Payables | 21.74 | 9.12 | 19.40 | 0.03 | 0.47 | - | 84.67 | 8.73 | 344.39 | 0.87 | 0.04 | 0.00 |
| b) | Advances Received | 7.15 | 130.25 | - | - | - | - | 21.45 | 372.79 | - | 0.00 | 0.00 | 0.00 |
| c) | Advances Paid | 10.50 | 2.77 | 352.04 | - | - | - | 40.37 | 10.79 | 586.77 | 0.85 | 0.01 | 0.00 |
| d) | ECB/FCNRB | 1663.70 | - | - | - | - | - | 231.50 | - | - | - | - | - |
| e) | PCFC | 219.08 | - | - | - | - | - | 115.06 | - | - | - | - | - |
| f) | Buyers Credit | 348.85 | - | - | - | - | - | 180.14 | - | - | - | - | - |
| g) | Interest Payable | 2.50 | - | - | - | - | - | 0.92 | - | - | - | - | - |
| h) | Investments | 28.86 | - | - | - | - | 225.91 | 12.24 | - | - | - | - | 225.91 |
| i) | FCCB liability | - | - | - | - | - | - | 130.00 | - | - | - | - | - |
| j) | YTM on FCCB | - | - | - | - | - | - | 48.79 | - | - | - | - | - |

47. Segment Information

A) Information about Primary (Business) Segments.

| | | Amount Rs. in Lacs | |
|--|--------------------------|--------------------------|--|
| Particulars | Year Ended 31.03.2012 | Year Ended 31.03.2011 | |
| [I] Segment Revenue | | | |
| i. Chemicals | 213207.66 | 99034.33 | |
| ii. WTG | 62136.91 | 7192.08 | |
| iii. Power | 4910.53 | 8231.66 | |
| iv. Theatrical Exhibition | 64745.45 | 37125.56 | |
| v. Others, Un-allocable and Corporate | 4680.84 | 9444.98 | |
| Total Segment Revenue | 349681.39 | 161028.62 | |
| Less : Inter Segment Revenue | | | |
| - WTG | 61985.06 | 7192.08 | |
| - Others | 0.00 | 0.10 | |
| Total External Revenue | 287696.33 | 153836.44 | |
| [II] Segment Result | | | |
| i. Chemicals | 107828.38 | 34240.59 | |
| ii. WTG | 2350.30 | 806.35 | |
| iii. Power | 946.92 | 825.96 | |
| iv. Theatrical Exhibition | 2773.61 | 1579.53 | |
| v. Others, Un-allocable and Corporate | (1337.72) | (636.84) | |
| Total Segment Result | 112561.49 | 36815.59 | |
| Add/(Less): Un-allocable Income /(Expenses)(net) | (1794.29) | 3372.24 | |
| Less : Finance costs | 8909.01 | 4405.70 | |
| Total Profit Before Tax | 101858.19 | 35782.13 | |
| Less : Taxation (net) | 24281.50 | 8727.80 | |
| Net Profit After Tax | 77576.69 | 27054.33 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| Particulars | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
|--|--------------------------|--------------------------|
| [III] Other Information | | |
| a] Segment Assets | | |
| i. Chemicals | 279199.97 | 159505.07 |
| ii. WTG | 33576.29 | 19820.72 |
| iii. Power | 88441.53 | 48700.35 |
| iv. Theatrical Exhibition | 50101.04 | 66318.64 |
| v. Others, Un-allocable and Corporate | 67103.49 | 67023.52 |
| Total | 518422.32 | 361368.30 |
| b] Segment Liabilities | | |
| i. Chemicals | 28579.39 | 41518.01 |
| ii. WTG | 13622.70 | 4613.10 |
| iii. Power | 3005.04 | 759.74 |
| iv. Theatrical Exhibition | 10445.98 | 7918.57 |
| v. Others, Un-allocable and Corporate | 175623.91 | 101366.77 |
| Total | 231277.01 | 156176.20 |
| c] Capital Expenditure (Including Capital Advances) | | |
| i. Chemicals | 82952.30 | 44615.31 |
| ii. WTG | 3264.69 | 4313.96 |
| iii. Power | 30502.33 | 9818.41 |
| iv. Theatrical Exhibition | 3460.06 | 3391.92 |
| v. Others, Un-allocable and Corporate | 735.37 | 37.41 |
| Total | 120914.75 | 62177.01 |
| d] Depreciation & Amortization | | |
| i. Chemicals | 7883.96 | 3295.40 |
| ii. WTG | 758.58 | 394.28 |
| iii. Power | 2277.14 | 3457.23 |
| iv. Theatrical Exhibition | 3750.37 | 2292.85 |
| v. Others, Un-allocable and Corporate | 241.59 | 260.08 |
| Total | 14911.64 | 9699.84 |
| e] Non-cash expenses (other than depreciation) | | |
| i. Chemicals | 16.75 | 16.99 |
| ii. Theatrical Exhibition | 256.06 | 118.35 |
| iii. Others, Un-allocable and Corporate | 4904.31 | 111.80 |
| Total | 5177.12 | 247.15 |

B) Information about Secondary (Geographical) Segments.

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--------------|------------------|------------------|
| Domestic | 125869.32 | 77174.43 |
| Overseas | 155658.95 | 66495.78 |
| Total | 281528.27 | 143670.21 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

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 multiplexes and cinema theatres.
 - d. WTG – Manufacture of Wind Turbine Generators
 - e. Other Segment – Distribution of movies, programming business and production of movies.
- 2) Inter-segment revenue comprises of Wind Turbine Generators manufactured by WTG segment is capitalized as fixed assets in Power Segment and is priced at estimated 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. All multiplexes/theatres are located in India and all movies are distributed/produced in India. In respect of WTG, the entire production is captively used in India. The disclosures regarding geographical segments are made accordingly.
- 4) The Group is having various power generation facilities viz. Wind Mills, Gas Based Power Plants and Coal Based Power Plant and the power generated is used for captive consumption as well as sold outside. Power generation facilities which are generating and supplying power to the Chemical Business and Theatrical Exhibition Business were included in Power Segment upto last year. Since such power is primarily used for captive consumption in chemical/theatrical exhibition business, the management has reviewed the classification during the year and the activity of generation of such power is now included in the chemical / theatrical exhibition segment respectively.
- 5) The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

48. Employee Benefits:

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs. 561.56 lacs (Previous Year Rs. 372.62 lacs) is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Statement of Profit and Loss and Rs. 0.39 lacs (Previous year Rs. 1.32 lacs) is included in pre-operative expenses.
- b) Defined Benefit Plans: In respect of Gratuity and Leave Encashment – as per Actuarial valuation.

Amount Rs. in Lacs

| Particulars | Gratuity 2011-2012 | Gratuity 2010-2011 | Leave Encashment 2011-2012 | Leave Encashment 2010-2011 |
|---|-----------------------|-----------------------|----------------------------------|----------------------------------|
| 1. Change in Benefit Obligation | | | | |
| Liability at the beginning of the year | 616.73 | 505.22 | 286.37 | 216.48 |
| Interest Cost | 49.82 | 37.05 | 21.54 | 13.72 |
| Current Service Cost | 204.23 | 142.03 | 192.25 | 138.83 |
| Recognised Past Service Cost | 0.09 | 0.09 | 0.00 | 0.00 |
| Benefit paid | (37.60) | (35.23) | (66.36) | (61.89) |
| Actuarial (Gain)/Loss | (34.99) | (32.45) | (71.75) | (20.77) |
| Liability at the end of the year | 798.28 | 616.71 | 362.05 | 286.38 |
| Group Share in joint ventures | 1.15 | 0.15 | 0.62 | 0.12 |
| 2. Expenses recognized in the Statement of Profit and Loss | | | | |
| Current Service Cost | 204.23 | 142.03 | 192.25 | 138.83 |
| Interest Cost | 49.82 | 37.05 | 21.54 | 13.72 |
| Recognised Past Service Cost | 0.09 | 0.09 | 0.00 | 0.00 |
| Actuarial (Gain)/Loss | (34.99) | (32.43) | (71.75) | (20.77) |
| Expenses recognized in the Statement of Profit and Loss | 219.15 | 146.74 | 142.04 | 131.78 |
| Group Share in joint ventures | 1.23 | 0.00 | 0.81 | (0.03) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount Rs. in Lacs

| Particulars | Gratuity 2011-2012 | Gratuity 2010-2011 | Leave Encashment 2011-2012 | Leave Encashment 2010-2011 |
|---------------------------------|---|-----------------------|----------------------------------|----------------------------------|
| 3. Actuarial Assumptions | | | | |
| Discount Rate | 7 to 8.63 % | 7 to 8.17 % | 7 to 8.63 % | 7 to 8.17 % |
| Salary Escalation Rate | 7% to 10% | 7% to 12% | 7% to 10% | 7% to 12% |
| Retirement Age | 58 years to 60 Years | | | |
| Withdrawal Rates | 5% to 10% | 5% to 10% | 5% to 10% | 5% to 10% |
| Mortality | LIC (1994-96) published table of rates | | | |

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.

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

Amount Rs. in Lacs

| Particulars | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| Principal amount due to suppliers under MSMED Act, 2006 at the year end. | 13.98 | 9.18 |
| Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount, unpaid at the year end. | 0.01 | 0.04 |
| Payment made to suppliers (other than interest) beyond the appointed date during the year | 53.59 | 48.10 |
| Interest paid to suppliers under MSMED Act, 2006 (Sec 16) during the year | 0.16 | 0.00 |
| Interest due and payable to suppliers under MSMED Act for payments already made. | 0.48 | 0.48 |
| Interest accrued and not paid to suppliers under MSMED Act, 2006 up to the year end. | 3.15 | 2.82 |

50. Details of pre-Operative Expenditure incurred during the year and included in Capital Work in Progress:-

| Sr. No. | Particulars | 2011-2012 | 2010-2011 |
|---------|-----------------------------|----------------|----------------|
| 1 | Salaries and wages | 223.11 | 287.16 |
| 2 | Legal and Professional fees | 199.59 | 307.43 |
| 3 | Travelling and conveyance | 155.79 | 130.93 |
| 4 | Finance Costs | 491.32 | 405.99 |
| 5 | Other expenditure | 336.48 | 293.99 |
| | Total | 1406.29 | 1425.50 |

51. Calculation of Earnings Per Share (EPS):

| Particulars | 2011-12 | 2010-2011 |
|--|-----------|-----------|
| a) Amount used as the numerator - Profit after taxation (Rs. in lacs) | 78005.19 | 27142.14 |
| b) Equity shares outstanding at the beginning & end of the year – (Nos.) | 109850000 | 109850000 |
| c) Nominal value of each share – (Re) | 1 | 1 |
| d) Basic and Diluted Earnings per share (Rs.) | 71.01 | 24.71 |

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

V. K. JAIN
Managing Director

D. K. JAIN
Director

S. P. JAIN
Director

M. Y. Kulkarni
Partner

DEEPAK ASHER
Director & Group Head
(Corporate Finance)

B. V. DESAI
Company Secretary

Place : Pune
Dated : 25th May, 2012

Place : Noida
Dated : 25th May, 2012



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 2011-2012

Amount Rs. in Lacs

| | Name of Subsidiary Company (including subsidiaries of subsidiaries) | | | | | | | | | | | | |
|--------|---|-------------------------------------|------------------------------|--|---|-----------------------|-------------------|-------------------------|----------------------|--------------------|---|---|----------------------------------|
| S. No. | Particulars | Inox Infrastructure Private Limited | Inox Motion Pictures Limited | Gujarat Fluorochemicals Americas LLC, U.S.A. * | Gujarat Fluorochemicals Singapore Pte. Limited* | GFL GM Fluorspar SA * | 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 | Headstrong Films Private Limited |
| a) | Capital | 5,000.00 | 300.00 | 799.23 | 589.56 | 4.56 | 3,000.00 | 305.00 | 6,155.74 | 5,527.51 | 99.99 | 5.00 | 1.00 |
| b) | Reserves | 217.26 | (573.23) | 294.97 | 30.66 | (56.32) | 10,488.90 | 41,833.77 | 26,673.52 | 10,579.60 | 1,854.76 | (98.53) | (25.46) |
| c) | Total Assets | 5,241.57 | 4.66 | 2,897.07 | 622.47 | 589.95 | 43,381.61 | 100,401.83 | 64,378.31 | 22,924.66 | 2,058.63 | 0.47 | 0.69 |
| d) | Total Liabilities | 24.31 | 277.89 | 1,802.87 | 2.25 | 641.71 | 29,892.71 | 58,263.06 | 31,549.05 | 6,817.54 | 103.88 | 94.00 | 25.15 |
| e) | Investments (other than investment in subsidiary) | 4,194.42 | - | - | 3.82 | - | - | 0.45 | 46.26 | 4,065.71 | 0.10 | - | - |
| f) | Turnover | - | - | 2,245.42 | - | - | 62,136.91 | 346.89 | 41,873.24 | 21,858.72 | 2.21 | - | - |
| g) | Profit/(Loss) before taxation | 100.19 | (15.25) | 266.78 | 22.50 | (55.97) | 11,942.55 | (27.62) | 1,259.33 | (1,113.47) | 105.95 | (0.19) | (0.35) |
| h) | Provision for taxation | 29.50 | - | 88.49 | 3.97 | - | 1,868.42 | - | 231.64 | - | 30.93 | - | - |
| i) | Profit/(Loss) after taxation | 70.69 | (15.25) | 178.29 | 18.53 | (55.97) | 10,074.13 | (27.62) | 1,027.69 | (1,113.47) | 75.02 | (0.19) | (0.35) |
| j) | Proposed dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |



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-FIFTH ANNUAL GENERAL MEETING of the Company to be held on **Friday, the 27th July, 2012 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

ofbeing 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-FIFTH ANNUAL GENERAL MEETING of the Company to be held on **Friday, the 27th July, 2012** and at any adjournment thereof.

Signed this day of..... 2012.

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.



