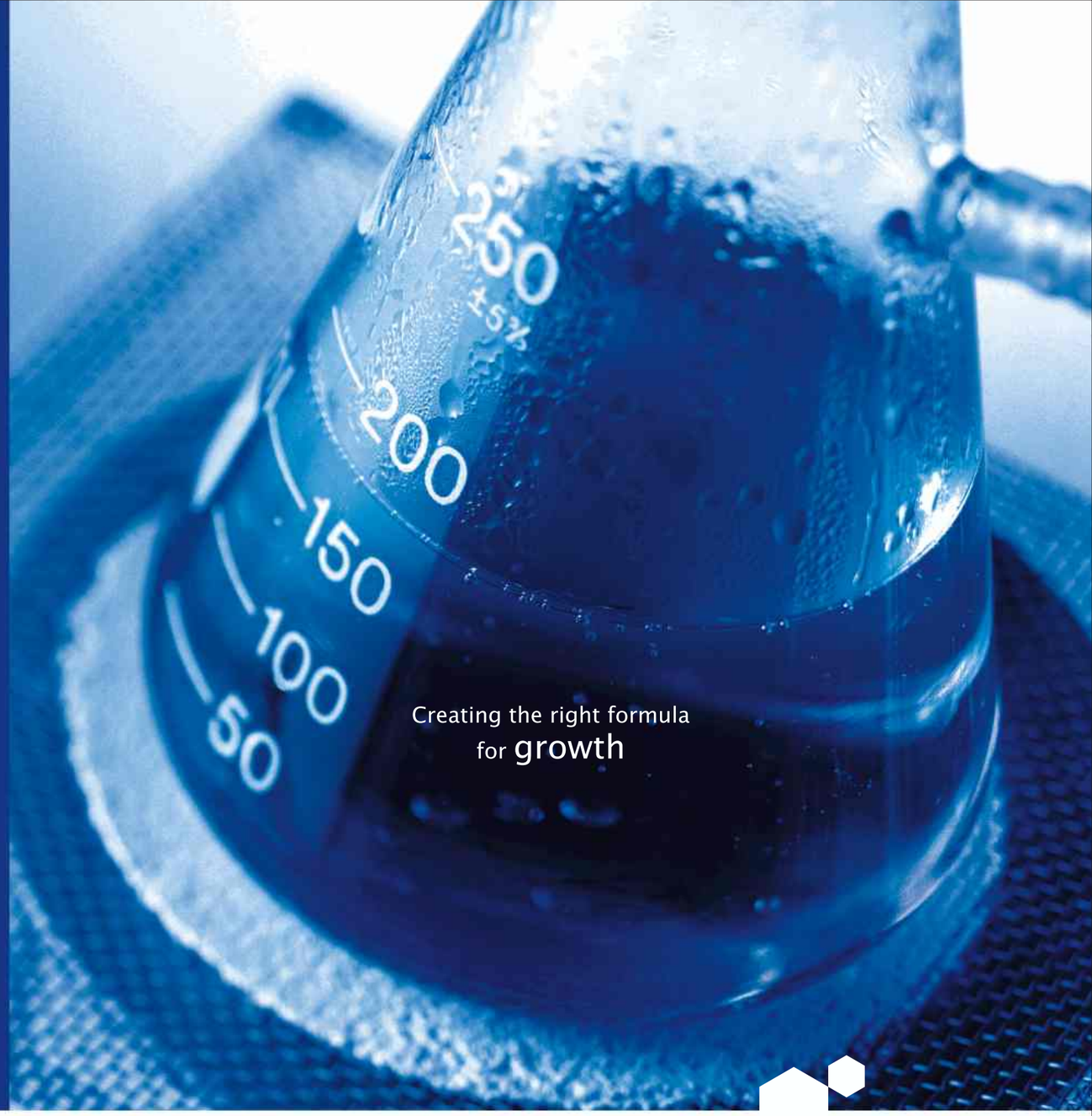


Creating the right formula
for growth

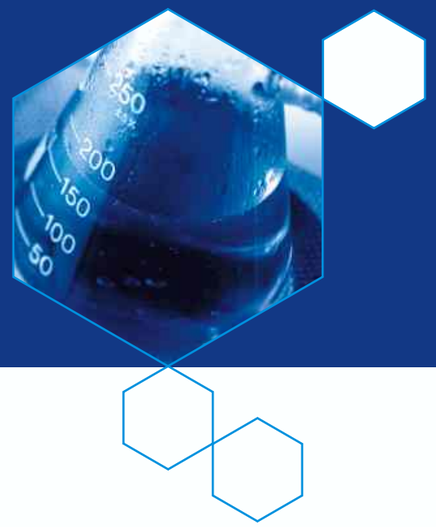
GUJARAT
FLUOROCHEMICALS
LIMITED

INOX
GROUP COMPANY

20th Annual Report 2006-07

designed & printed at Shruti Art Pvt. Ltd.

Creating the right formula for growth



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GUJARAT FLUOROCHEMICALS LIMITED

TWENTIETH ANNUAL GENERAL MEETING

Saturday, the 29th September, 2007

at 11.30 a.m.

at

S/No. 16/3, 26 & 27
Ranjitnagar 389 380
Taluka Ghoghamba
Dist. Panchmahals
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 :

   Intime Spectrum Registry Ltd.

   308, 1st Floor,

   Jaldhara Complex

   Opp. Manisha Society

   Vadodara - 390 015

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	*Chairman*
Shri Shailendra Swarup	
Shri V.P. Mittal	
Shri P.K. Jain	
Shri V.K. Jain	*Managing Director*
Shri D.K. Sachdeva	*Whole-Time Director*
Shri J.S. Bedi	*Whole-Time Director*
Shri O.P. Lohia	

Audit Committee

Shri D.K. Jain
Shri V.P. Mittal
Shri Shailendra Swarup

Group Head (Corporate Finance)

Shri Deepak Asher

Company Secretary

Shri B.V. Desai

Auditors

M/s. Patankar & Associates
Chartered Accountants

Bankers

Canara Bank	ICICI Bank
State Bank of Saurashtra	United Bank of India
Bank of Maharashtra	Oriental Bank of Commerce
ABN Amro Bank N.V.	UCO Bank

Registered Office

S/No. 16/3, 26 & 27,
Ranjitnagar 389 380
Taluka Ghoghamba,
Dist. Panchmahals,
Gujarat.
Tel.: 02678 - 248 153

Corporate Office

ABS Towers, 2nd Floor,
Old Padra Road,
Vadodara 390 007,
Gujarat. 0265 - 308 111

PLANT LOCATION

Ranjitnagar Project
Survey No. 16/3, 26 & 27,
Ranjitnagar 389 380,
Taluka Ghogama,
District Panchmahals,
Gujarat - State

Dahej Project
Plot No. 12A,
GIDC Dahej Industrial Estate,
Taluka Vasra,
District Bharuch,
Gujarat - State

Wind Farm Project
Village Gudhe,
Panchgini,
Maharashtra State

GUJARAT FLUOROCHEMICALS LIMITED

NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Twentieth 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 Panchmahals, Gujarat, on Saturday, the 29th September, 2007, at 11:30 am, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007, 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 dividends and declare final dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Shri PK Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri VP Mittal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED THAT Shri OP Lohia, who having been appointed as an Additional Director and in respect of whom Notice under Section 257 of the Companies Act, 1956, has been received from a Member of the Company be and is hereby appointed as a Director of the Company."

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

   "RESOLVED THAT Shri JS Bedi, who having been appointed as an Additional Director and in respect of whom Notice under Section 257 of the Companies Act, 1956, has been received from a Member of the Company be and is hereby appointed as a Director of the Company."

8. 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, Shri VK Jain be and is hereby re-appointed, as a Managing Director of the Company, for the period from 01st January, 2008 to 31st December, 2012 on the following terms :

   I. SALARY

   Basic Pay Rs 2,00,000 per month in the grade of 200000-20000-300000.

   II. PERQUISITES

   Perquisites are classified into three categories A, B and C as follows :

CATEGORY A

1. Housing I: The expenditure incurred by the Company on hiring furnished accommodation to the Managing Director will be to the extent of basic pay.

   Housing II: In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

   Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

2. Medical Reimbursement: Expenses incurred for the Managing Director and his family subject to a ceiling of one month basic pay in a year or three months basic pay over a period of three years.
3. Leave Travel Concession : For the Managing Director and his family, once in a year incurred in accordance with the rules specified by the Company.

CATEGORY B

The Managing Director shall also be eligible to the following perquisites :

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
3. Encashment of leave is at the end of the tenure.
4. Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
5. Personal Accident Insurance : Premium not to exceed Rs 4,000 per annum.

CATEGORY C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites.

III. COMMISSION

Equivalent to four per cent of the net profits of the Company per annum, or pro-rata for a part of the year.

Notwithstanding anything contained hereinabove where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, it will pay him above remuneration by way of salary and perquisites."

9. 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, Shri DK Sachdeva be and is hereby re-appointed as a Whole-Time Director of the Company, for the period from 29.11.2007 to 28.11.2008 on the following terms :

I. SALARY

a) Salary and allowances of up to Rs 22, 00,000 per annum with annual increment(s) as may be decided by the Managing Director of the Company.

b) Ex-gratia : 20% of the monthly basic salary payable per annum at the end of the year subject to overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

II. PERQUISITES

Perquisites will be restricted to Rs 5,00,000 per annum. Perquisites are classified into three categories A, B and C as follows :

CATEGORY A

1) Housing I : The expenditure incurred by the Company on hiring furnished accommodation for the Whole-Time Director will be subject to a ceiling of Rs 20,000 per month.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

2) Medical Reimbursement : Expenses incurred for the Whole-Time Director and his family subject to a ceiling of Rs 15,000 per annum.

3) Leave Travel Concession : 6% of the basic salary per month for the Whole-Time Director and his family, once in a year incurred in accordance with the rules specified by the Company.

CATEGORY B

The Whole-Time Director shall also be eligible to the following perquisites :

1) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

2) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

3) Encashment of leave is as per the rules of the Company.

CATEGORY C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the individual Whole-Time Director.

Notwithstanding anything contained hereinabove where in any financial year, during the currency of the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, it will pay him above remuneration by way of salary and perquisites."

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 Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, Shri JS Bedi be and is hereby appointed as a Whole-Time Director of the Company, for the period from 31.10.2006 to 30.11.2008 on the following terms and conditions :

I. SALARY

a) Salary and allowances, including performance linked incentive, etc., of up to Rs. 18,00,000 per annum with annual increment(s) as may be decided by the Managing Director of the Company.

b) Ex-gratia : Up to Rs. 2,00,000 per annum subject to overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

II. PERQUISITES

Perquisites will be restricted to Rs 10,00,000 per annum. Perquisites are classified into three categories A, B and C as follows :

CATEGORY A

1) Housing I : The expenditure incurred by the Company on hiring furnished accommodation for the Whole-Time Director will be subject to a ceiling of Rs. 30,000 per month.

Housing II : In case no accommodation is provided by the Company, the Whole-Time Director shall be entitled to House Rent Allowance subject to ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

2) Medical Reimbursement: Expenses incurred for the Whole-Time Director and his family subject to a ceiling of Rs 15,000 per annum.

3) Leave Travel Concession: Up to Rs. 1,10,000 per annum for the Whole-Time Director and his family, once in a year incurred in accordance with the rules specified by the Company.

CATEGORY B

The Whole-Time Director shall also be eligible to the following perquisites:

1) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

2) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

3) Encashment of leave is as per the rules of the Company.

CATEGORY C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual Whole-Time Director.

Notwithstanding anything contained hereinabove where in any financial year, during the currency of the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, it will pay him above remuneration by way of salary and perquisites."

11. 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 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the earlier resolutions passed in this behalf, the consent of the Company be and is hereby given to the Board of Directors to borrow from time to time in excess of the paid-up capital and free reserves, if any, provided that the amounts so borrowed or to be borrowed, together with the amounts already borrowed by the Company shall not exceed the sum of Rs. 1500 crores (Rupees fifteen

hundred crores only) exclusive of temporary loans of the bankers of the Company in the ordinary course of the business of the Company."

12. 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 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or create charge, on such terms and conditions and at such time or times and in such form or manner as it may think fit, all the moveable and immoveable properties of the Company wheresoever situated, present or future, and the whole or substantially the whole of the undertaking of the Company, to or in favour of the financial institutions / banks / trustees for the debenture holders for an aggregate value up to Rs. 1500 crores (Rupees fifteen hundred crores only) to secure the loans / debentures with interest, costs, charges, expenses and other monies including premium payable in the above connection in the terms of the agreement to be entered into between the Company and the financial institutions / banks / trustess for the holders of the debentures, such security to rank pari-passu with, or second or subservient to, the mortgages and / or charges already created by the Company, or in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board and that the Board be and is hereby authorised to finalise and execute the documents and any other deeds, papers and writings for creating the aforesaid mortgages and / or charges and to do all such acts, deeds and things as may be necessary or expedient for implementing this Resolution."

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

"RESOLVED THAT pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the commencement of business by the Company as given in sub-clause 23 and sub-clause 128 of clause III- B and C of the Memorandum of Association respectively, namely,

23. To let on lease or on hire-purchase system or on rent or to lend or otherwise dispose of any property belonging to the Company and to finance the purchase of any article or articles, whether made by the Company or not, by way of loans or by the purchase of any such article or articles and letting thereof on the hire-purchase system or otherwise howsoever.

128. To establish and provide all kinds of facilities, conveniences and attraction for customers and others and in particular, reading, writing and smoke rooms, lockers and safe deposits, telephones, telex, telegraphs, clubs, stores, shops and lavatories including provisions of all services and facilities of a business centre and conference room.

"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the Board of Directors to commence the above business, pursuant to the provisions of sub-section (2A) of the Section 149 of the Act."

By Order of the Board of Directors

DK JAIN
Chairman

Noida
31st July, 2007

Registered Office :

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

Note :

a) A Member entitled to attend the Meeting and vote thereat is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a Member. Duly executed proxies must be registered with the Company not later than forty-eight hours before the scheduled time of the Meeting.

b) The Register of Members and the Share Transfer Books of the Company will be closed from 24th September, 2007 to 29th September, 2007 (both days inclusive).

c) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.

d) Those Members who have not received interim dividend and / or final dividend for 2000-2001 and / or 2001-2002 and / or 2002-2003 and/ or 2003-2004 and / or 2004-2005 and / or 2005-06 declared and paid by the Company, are requested to write to our Registrar & Share Transfer Agents at the following address :

Intime Spectrum Registry Limited,
308, Jaldhara Complex, First Floor, Opp Manisha Society, Vasna Road
VADODARA 390 005

ANNEXURE TO THE NOTICE

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

Items No. 6 and 7

Shri OP Lohia and Shri JS Bedi were appointed as additional directors of the Company pursuant to Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company with effect from 31st October, 2006. The terms of their office expire at the ensuing Annual General Meeting of the Company. The Company has received notices from the Members proposing to appoint Shri OP Lohia and Shri JS Bedi as Directors of the Company.

The Directors commend that the proposed Resolutions be approved.

None of the Directors of the Company are interested in the Resolution, except Shri OP Lohia and Shri JS Bedi to the extent of their appointment as Directors of the Company.

Item No. 8

At the Fifteenth Annual General Meeting of the Company, the Members had re-appointed Shri VK Jain as the Managing Director of the Company for a period of five years from 01st January, 2003 to 31st December, 2007. Having regard to the performance of the Company in the past, and the increase in responsibilities of the Managing Director in the future, 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 VK Jain for himself, and Shri DK Jain and Shri PK Jain being relatives of Shri VK Jain, to the extent of his re-appointment as a Managing Director of the Company.

Item No. 9

At the Nineteenth Annual General Meeting of the Company, the Members had appointed Shri DK Sachdeva as a Whole-Time Director of the Company for a period from 29th November, 2006 to 28th November, 2007. It is desirable that the Company should continue to avail his services as a Whole-Time Director of the Company, on the terms as contained in the Resolution.

The Directors commend that the proposed Resolution be approved.

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

Item No. 10

At the Meetings of the Board of Directors of the Company, it had appointed Shri JS Bedi as a Whole-Time Director of the Company for a period from 31st October, 2006 to 30th November, 2008. It is desirable that the Company should continue to avail his services as a Whole-Time Director of the Company, on the terms as contained in the Resolution.

The Directors commend that the proposed Resolution be approved.

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

Items No. 11 and 12

As a part of the Company's diversification and growth strategy, it is implementing various projects for which it may require borrowings exceeding the paid-up share capital and free reserves of the Company and to create charge on properties of the Company.

Under Section 293(1)(d) of the Companies Act, 1956, borrowing by the Company in excess of its paid-up share capital and free reserves and Section 293(1)(a) of the Companies Act, 1956, mortgaging by the Company of its immoveable and moveable properties require approval of the Members of the Company.

The Directors commend that the proposed Resolutions be approved.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

Items No. 13

The Company is contemplating starting of leasing and business centre activities.

Pursuant to Section 149 (2A) of the Companies Act, 1956, such activities can be carried out by passing of a special resolution in General Meeting. Under the circumstances, permission of shareholders is sought for starting new business activities as specified in sub-clause 23 and sub-clause 128 of clause III – B and C of the Memorandum of Association respectively. Such activities, therefore, can be started by the Company in course of time after due formalities and approvals.

Directors commend that the proposed Resolution be approved.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

By Order of the Board of Directors

Noida
31st July, 2007

DK JAIN
Chairman

Registered Office :

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

Directors' Report

To the Members of

GUJARAT FLUOROCHEMICALS LIMITED

Your Directors take pleasure in presenting to you their Twentieth Annual Report for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

Following are the working results for the year 2006-2007 :

(Rs in lacs)

	2006-2007	2005-2006
Turnover	**57376.72**	18203.14
Gross Profit before Interest and Depreciation	**36485.53**	11834.07
Less: Interest	**495.63**	129.17
Profit before Depreciation	**35989.90**	11704.90
Less: Depreciation for the year	**2271.17**	740.94
Less: Write off of amortised expenditure	**26.06**	3.61
Less: Provision for diminution in value of investments	**27.58**	0.00
Add: Capitalised during the year	**1281.50**	0.00
Profit before Taxation	**34946.59**	10960.35
Less: Provision for Taxation		
Current tax	**7104.79**	1110.00
Deferred tax	**3617.32**	176.87
Fringe benefit tax	**38.00**	40.00
Profit for the year	**24186.48**	9633.48
Add: Profit brought forward from previous year	**102.49**	89.18
	24288.97	9722.67
Appropriations		
Transferred to General Reserve	**20700.00**	8300.00
Interim Dividend	**2315.60**	0.00
Proposed Dividend subject to approval of the shareholders	**578.90**	1157.80
Tax on Dividend	**423.14**	162.38
Balance carried to Balance Sheet	**271.33**	102.49
	24288.97	9722.67

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

There are around 4 manufacturers of Refrigerant Gases in India, of which your company is amongst the largest. Around 90% of your company's production is exported to around 75 countries across the globe. The Refrigerant Gas market in India comprises of two distinct customer categories - distributors, who cater to the replacement demand, and OEs, who represent requirements for new equipment. Internationally, the market is serviced predominantly by a network of distributors

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

Your company is setting up a chemical complex at an industrial plot allotted to it at Dahej, GIDC Estate, Taluka Vagra, District Bharuch, Gujarat, a 30 MW Captive Power Plant, a 52,500 tpa Caustic Soda / Chlorine Plant, a 41,500 tpa Chloromethane Plant and a 5,500 tpa Poly Tetra Fluoro Ethane (PTFE) Plant. The first two of the above projects were commissioned before the end of the last financial year, and the third has been commissioned since then. The PTFE project is expected to be commissioned in the coming few months. All the chlorine and most of teh chlormethanes produced will be used captively. On commissioning, the PTFE plant will become the largest PTFE plant in the country.

Your Company is currently evaluating the Wind Energy Business for significant investments going forward. Preliminary studies conducted by the company with the assistance of McKinsey & Co. Inc, international strategy consultants, suggest that this would be a good business with ample growth opportunity and stable and attractive returns if implemented well. Currently, the wind energy business is fragmented, with 95% capacity held by small investors.

b) Opportunities and threats

The Refrigerant Gas Business of your Company will continue to grow at a robust pace in line with its business plan, due to the inherent cost-competiveness your Company enjoys, the distribution network it has built up, and quality of the product of your Company. Your Company's competitive advantage is likely to be further enhanced with the commissioning of all its integration projects at Dahej. The key threats to the Regrigerant Gas Business continues to be pressures on margins due to competition from China, and any proposal to accelerate the phase-out of HCFCs under the Montreal Protocol.

On the Carbon Credit Business, your Company has, till the end of the last financial year, been issued 5.73 million Carbon Credits (CERs) by CDM Executive Board, which have already been sold. The sale of Carbon Credits to buyers has added a healthy revenue stream to your Company's operating results and is expected to do so, right upto 2012, and potentially beyond. The key threat to this business is price volatility, but your Company has implemented an effective price hedging strategy to mitigate this risk.

Once the Chemical Complex at Dahej is fully commissioned, this will diversify the product portfolio of the company, strengthen its cost-competitiveness by making it amongst the most integrated manufacturers of these products in the world, add longevity to its existing Refrigerant Gas Business, and expand your Company's size in terms of turnover and assets, and add to its profitability.

The Wind Energy Business is quite nascent in the country, and there is a good opportunity of creating value by identifying viable sites, a cost-effective equipment procurement strategy and ability to raise capital efficiently. Growth opportunities could be Greenfield, as well as through consolidation. The key threat in this business is increasing costs due to supply constraints, and wind uncertainty.

c) Segment-wise and product-wise performance

In line with the requirements of the Accounting Standard on Segment Reporting (AS-17), the Company has disclosed performance of each segment in the Note No 22 of Notes to the Accounts of Annual Report of the Company.

d) Outlook

HCFC22 is expected to witness a growth of around 5% per annum globally, largely due to growth in PTFE demand. Your company, due to its vast marketing reach and increasing cost competitiveness, as also due to faster Montreal Protocol mandated phase-out schedules in developed countries, has been able to maintain a healthy growth rate over the past few years, and expects to be able to maintain the momentum in growth going into the future.

On the Carbon Credit front, it is expected that tighter allocations expected under the second phase of the EU-ETS, should spur demand growth and firm up prices for 2008-2012. There is still some uncertainty about the market post 2012, over which some clarity could evolve over the next months.

The outlook on the Chemical Complex at Dahej is quite positive, with the firming up of Caustic soda prices domestically, and the improved PTFE realizations expected due to the imposition of anti-dumping duty on Chinese product exported to Europe.

As regards the Wind Energy Business, there continues to be a demand-supply gap for energy in general, and renewables in particular, and this should provide the impetus for regulatory regime changes to further improve the viability of this business.

e) Internal control system and their adequacy

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

f) Discussion on financial performance with respect to operational performance

Your Company has been able to marginally grow its level of operating profitability, despite a fall in CFC production, primarily due to its increased focus on HCFC22 production and exports. Treasury operations of the Company, in line with market conditions, have contributed to increase in profits.

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

The company has around 600 employees on its rolls. Your company continues to have cordial and harmonious relations with all its employees.

3. RESPONSIBILITY STATEMENT

Your Directors would like to confirm that

I. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;

II. the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period;

III. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. the Directors have prepared the Annual Accounts on a going concern basis.

4. DIVIDEND

Your Company had already paid two interim dividends of Rs 2.00 per share (100%) each and your Directors now recommend a final dividend of Rs 1.00 per share (50%) subject to approval of the Shareholders. The total payout on account of dividend (including dividend distribution tax) for the year will be Rs 3317.64 lacs.

5. DIRECTORS

Shri PK Jain and Shri VP Mittal, retire by rotation and being eligible, offer themselves for re-appointment.

Shri OP Lohia and Shri JS Bedi were appointed as additional directors of the Company at the Meeting of the Board of Directors held on 31st October, 2006. They hold their office up to the 20th Annual General Meeting of the Company. Notices have been received from Members of the Company specifying their intention to propose the candidatures of Shri OP Lohia and Shri JS Bedi as Directors of the Company. The Board recommends their appointments as Directors of the Company.

6. SUBSIDIARY COMPANY

The Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report and a Statement of your Company's interest in Inox Leisure Limited, as required under Section 212 of the Companies Act, 1956, for the year 31st March 2007 are annexed hereto.

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 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 thereunder, the names and other particulars of employees 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 81.82 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.

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. 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
31st July, 2007

DK JAIN
Chairman

Annexure

To The Directors' Report

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

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

1. Benefits of energy savings are continued to be obtained due to lower power consumption by trimming of impellers of all cooling towers, water pumps and chilled water pumps.
2. Installation of servo stabilizer on lighting circuit has resulted in power savings.
3. Additional power saving is achieved by improving the power factor by installation of additional capacitors.
4. Recurring Energy Savings are continued to be obtained by increase in height of HCl Distillation Column with increase in Trays.
5. Energy saving is continued to be achieved by utilizing the waste heat from AHF Kiln Hot Air system.
6. Insulation with better material has resulted in saving in refrigeration energy in AHCl section.

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

1. Measures are being taken as per the Electrical Energy Audit Report to save electrical energy.
2. Further utilisation of waste heat in Boiler and process.
3. Further plant corrosion and robustness study to improve steam efficiency.
4. Better utilization of equipments by changing MOC for better plant efficiency.
5. Further process improvement to reduce slippage of AHF in by-product HCl to improve raw material efficiency.
6. Further improvement in steam condensate recovery system to improve the recovery and to use flash steam in process.
7. Utilization of Hot Water from gas based generator in process.
8. Further improvement in power supply system to improve power factor.
9. Better utilization of recovered water in process and to reduce the water consumption.

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

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

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

				Current Year	Previous Year
A			**Power and Fuel Consumption**		
	1		Electricity		
		A	Purchased		
			Units (in lacs)	**16.17**	9.99
			Total Amount (Rs. in lacs)	**111.78**	79.98
			Rate/Unit (Rs.)	**6.91**	8.01
		B	Own Generation		
			Units (in lacs)	**292.68**	132.37
			Total Amount (Rs. in lacs)	**3598.07**	420.94
			Rate/Unit (Rs.)	**12.29**	3.18
	2		Coal	**0**	0
	3		Furnace Oil		
			Quantity (k. ltrs.)	**1098.397**	945.007
			Total Amount (Rs. in lacs)	**213.43**	165.37
			Average Rate (Rs.)	**19.43**	17.50
	4		RLNG SCM		
			Quantity (scm)	**148.79**	54.26
			Total Amount (Rs. in lacs)	**1472.90**	468.26
			Average Rate (Rs.)	**9.90**	8.63

				Current Year	Previous Year
B			**Consumption per unit of production**		
			Ranjitnagar (Fluorochemicals) Unit		
	1		Electricity KWH/MT	**868**	723
	2		Fuel Oil LTR/MT	**40**	46
	3		RLNG SCM/MT	**294**	892
	4		Coal	**0**	0
	5		Others	**0**	0
			Dahej (Chloralkalies)		
	1		Electricity KWH/MT	**5480**	0
	2		Fuel Oil LTR/MT	**0**	0
	3		RLNG SCM/MT	**5582**	0
	4		Coal	**0**	0
	5		Others	**0**	0

Note: Dahej Unit is under implementation stage which has resulted in increase in power consumption

(B) TECHNOLOGY ABSORPTION

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

Research and Development

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

i. Close study of the plant to improve the plant throughput, to improve efficiency and product quality.

ii. Study on plant corrosion to improve technique to reduce downtime and to study use of better material of construction.

iii. Study the utilization of by-products for various value added products.

iv. More efficient system to remove impurities in product gases.

v. Development of alternative and quicker methods of analysis to save time and cost.

vi. Close study to improve product gases and by-product gas to manufacture PTFE Grade and electronic grade.

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

i. Improved throughput improved efficiency, better quality, better capacity utilisation, and consistency in product quality and improved profitability.

3. Future plan of action

i. The Company proposes to increase to develop various value-added products based on Hydrofluoric Acid, Hydrofluosilicic Acid and Hydrogen Chloride.

Technology absorption, adaptation and innovation :

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

i. Plant personnel were given exclusive training for better technology absorption and innovation.

ii. Technological information is up-dated by discussions with the collaborators, Engineers, Consultants and through technical literature.

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

i. Improvements carried out in AHF, HCFC and ETP plants have resulted in lowering of corrosion and water consumption and in increasing throughput and efficiency.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Foreign exchange earned - Refer to Note No. 17 of Schedule 15 of Annual Accounts

By Order of the Board of Directors

Noida
31st July, 2007

DK JAIN
Chairman

Statement pursuant to section 212 of the Companies Act, 1956

1.	Name of the Company	:	Inox Leisure Limited
2.	Financial year ended	:	31st March, 2007
3.	Shares held by the Holding Company in the Subsidiary Company	:	3,96,00,000 Equity Shares of Rs 10 each
4.	Holding Company's Interest	:	66.00 %
5	The net aggregate of Profits or Losses for the current and previous financial periods of the Subsidiary so far as it concerns the Members of the Holding Company : a) dealt with or provided for in the accounts of the Holding Company b) not dealt with or provided for in the accounts of the Holding Company	:	Rs 396.00 lakhs (10% maiden dividend)

By Order of the Board of Directors

Noida
31st July, 2007

DK JAIN
Chairman

Corporate Governance Report

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

1. Company's philosophy on Code of Governance

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

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

2. Board of Directors

The Board of Directors consists of eight directors of which one is Managing Director and two are Whole-Time Directors. There are five non-executive Directors.

During the year, 2006-2007, the Board met six times on following dates, namely, 18th May, 2006, 17th June, 2006, 29th July, 2006, 31st October, 2006, 30th January, 2007 and 19th March, 2007.

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 and Committee Member / Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri DK Jain	Non-Executive Chairman	5	No	9	2	1
Shri VP Mittal	Independent Director	6	Yes	6	5	3
Shri Shailendra Swarup	Independent Director	5	No	9	5	-
Shri VK Jain	Managing Director	6	Yes	17	3	-
Shri DK Sachdeva	Whole-Time Director	1	Yes	-	-	-
Shri PK Jain	Director	1	No	15	3	2
Shri OP Lohia	Independent Director	2	No	5	2	-
Shri JS Bedi	Whole-Time Director	1	No	-	-	-

Directors seeking re-appointment / appointment

Shri PK Jain and Shri VP Mittal retire by rotation and, being eligible offer themselves for re-appointment.

Shri OP Lohia and Shri JS Bedi were appointed as additional directors of the Company and hold office up to 20th Annual General Meeting. Notices have been received from Members of the Company signifying their intention to propose the candidatures of Shri OP Lohia and Shri JS Bedi as Directors of the Company.

Shri PK Jain

Shri PK Jain is a Chemical Engineer from IIT, New Delhi, with over 30 years of experience in various capacities, of which the last twenty have been as Managing Director of INOX Air Products Limited. Under his stewardship INOX Air Products Limited has grown from a single plant business to one of the largest players in the Industrial Gases business in the country.

Shri VP Mittal

Shri VP Mittal is M.A., LL.B. and IRS (Retired). He was Chief Commissioner of Income Tax. He has served in various capacities in the Government of India and as Taxation Advisor to the Government of Barbados (West Indies). He is Director on the Board of several companies apart from your Company and is presently practicing as Tax Consultant.

Shri OP Lohia

Shri OP Lohia is Chairman and Managing Director of Indo-Rama Synthetics Limited as well as Director on the Board of several companies and has rich and varied business experience.

Shri VK Jain

Shri VK Jain is a graduate of Commerce from St. Stephens College, Delhi. He also has a post-graduate degree in Business Administration from the Indian Institute of Management, Ahmedabad. He has over 28 years of business experience.

Shri DK Sachdeva

Shri DK Sachdeva is B.Tech (Chemical Engineering) and has over 38 years of experience in the technical field.

Shri JS Bedi

Shri JS Bedi is a Chemical Engineering graduate and has over 32 years of experience in the technical field.

3. Audit Committee

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

Name	Category	Attendance			
		18th May 2006	29th July 2006	31st October 2006	30th January 2007
Shri DK Jain	Director	Yes	Yes	Yes	No
Shri VP Mittal	Chairman	Yes	Yes	Yes	Yes
Shri Shailendra Swarup	Director	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 and the Whole-Time Director was approved by the Board of Directors in its Meeting when all the Directors were present. The Remuneration Committee being optional is not formed so far. The following are the details of remuneration drawn by Directors:

Remuneration paid during 2005-2006

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, Notice Period, Severance Fee
Shri VK Jain	Relative of Shri DK Jain and Shri PK Jain	Managing Director	Particulars — Rs. in Lacs Salary & Allowances : 25.92 Perquisites : 18.97 Contribution To PF : 2.59 Commission : 1299.96 Total : 1347.44	Service Contract 01.01.2003 to 31.12.2007
Shri DK Sachdeva	None	Whole-Time Director	Particulars — Rs. in Lacs Salary & Allowances : 21.40 Perquisites : 1.71 Contribution To PF : 1.11 Total : 24.78	Service Contract 29.11.2006 to 28.11.2007

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, Notice Period, Severance Fee
Shri JS Bedi	None	Whole-Time Director	Particulars Rs.in Lacs Salary & Allowances : 4.93 Perquisites : 0.62 Contribution to PF : 0.42 Total : 5.97	Service Contract 31.10.2006 to 30.11.2007

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 DK Jain	64000
Shri Shailendra Swarup	34000
Shri VP Mittal	39000
Shri PK Jain	10000

5. Shareholders and Investors Grievance Committee

The Committee comprises of Shri DK Jain, Chairman, Shri PK Jain, Director and Shri VK 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 49 complaints which were replied / resolved to the satisfaction of the shareholders and 9 requests for transfer were pending for approval as on 31st March, 2007 and the same were approved and dealt with in share transfer committee meeting on 18th April, 2007.

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

Name	Category	Attendance
Shri DK Jain	Director	14
Shri VK Jain	Managing Director	13
Shri PK Jain	Director	1

6. General Body Meetings

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

Year	Location	Date	Time
2003-2004	Survey No.16/3, 26 & 27, Ranjitnagar 389 380 Taluka Ghoghamba Dist. Panchmahal, Gujarat	29.09.2004	11:30 am
2004-2005	Same as above	16.09.2005	11:30 am
2005-2006	Same as above	23.09.2006	11:30 am

Note

No special resolution was passed at the Annual General Meetings held on 29th September, 2004 and 23rd September, 2006.

The following special resolutions were passed at the last Annual General Meeting held on 16th September, 2005:

- Alteration of object clause of Memorandum of Association.
- Commencement of new business by the Company.

- Alteration of capital clause in the Memorandum and Articles of Association.
- Permission for issue of Foreign Currency Convertible Bonds not exceeding USD 100 million.

No postal ballots were used for voting at these meetings. At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

7. Disclosures

(a) Disclosures on materially significant related party transactions

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

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

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

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

8. Means of communication

(a) The Company has published its quarterly results in The Economic Times and Gujarat Samachar.

(b) The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

9. General Shareholder information

9.1 Annual General Meeting	:	29th September, 2007 Survey No. 16/3, 26 & 27 Ranjitnagar 389 380, Taluka Ghoghamba, District Panchmahals
9.2 Financial Year	:	April to March
9.3 Book Closure Date	:	24th September, 2007 to 29th September 2007
9.4 Dividend Payment Date	:	28th October, 2007
9.5 Listing of Equity Shares	:	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Kolkata 700 001 The Company's application for voluntarily delisting of its equity shares with The Calcutta Stock Exchange Association Limited is pending.

9.6 Stock code

Mumbai Stock Exchange	:	500173
Demat ISIN No in NSDL & CDSL	:	INE538A01029

9.7 Market Price data

	Bombay Stock Exchange (BSE)(In Rs.)				National Stock Exchange (NSE)(in Rs.)			
	Monthly low price	Monthly high price	Quantity in Nos.	Value in Rs. in lacs	Monthly low price	Monthly high price	Quantity in Nos.	Value in Rs. in lacs
April, 2006	465.05	700.00	1040254	5855.29	465.00	695.90	1216663	6902.16
May, 2006	411.45	690.00	686812	3922.62	411.80	689.80	1005068	5601.62
June, 2006	330.10	480.00	864390	3311.16	329.90	487.40	578417	2206.55
July, 2006	333.00	407.80	252671	939.20	332.00	413.00	447035	1691.84
August, 2006	375.50	518.60	958692	4568.53	376.20	519.95	789956	3816.67
September, 2006	502.00	605.00	752603	4155.31	505.05	600.00	937309	5172.62
October, 2006	535.00	698.00	508479	3206.13	537.00	698.80	888250	5676.51
November, 2006	606.00	699.00	278854	1850.78	611.00	696.10	435081	2882.97
December, 2006	595.05	686.00	229189	1430.38	595.00	688.00	191031	1198.58
January, 2007	596.00	759.40	263236	1794.20	598.00	772.00	368133	2527.09
February, 2007	590.00	734.00	306672	2079.93	590.25	733.80	348722	2392.94
March, 2007	524.05	622.00	301603	1738.08	524.55	625.80	399793	2310.51

9.8 Company's share price performance in comparison to BSE Sensex based on share price on 31.03.2007

Period	% change		Company in comparison to Sensex
	Co's share price	Sensex	
2006-2007	33.75	13.04	20.71

Company's share price performance in comparison to NIFTY based on share price on 31.03.2007

Period	% change		Company in comparison to Nifty
	Co's share price	Nifty	
2006-2007	34.58	10.03	24.55

9.9 Registrar and Transfer Agents

Intime Spectrum Registry Limited, 308 Jaldhara Complex, Opp. Manisha Society, Vasna Road, Vadodara 390 015

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 31.03.2007

Shareholding of nominal value of Rs	No of shareholders	% to total	Number of shares	Amount in Rs	% to total
Up to 5000	8738	95.44	3406039	6812078	5.89
5001 to 10000	177	1.93	702478	1404956	1.21
10001 to 20000	87	0.95	689128	1378256	1.19
20001 to 30000	41	0.45	518938	1037876	0.90
30001 to 40000	12	0.13	207338	414676	0.36
40001 to 50000	7	0.08	153938	307876	0.26
50001 to 100000	33	0.36	1182447	2364894	2.04
100001 and above	60	0.66	51029694	102059388	88.15
Total	**9155**	**100.00**	**57890000**	**115780000**	**100.00**

Shareholding pattern of the Company as on 31.03.2007 is as under :

Sr. No.	Category	No. of shares held	% of total shareholding
A	**Shareholding of Promoters and Promoters' Group**		
1	Indian Promoters	39052864	67.46
	Sub-Total of A	39052864	67.46
B	**Non-Promoters; Holding**		
1	Institutions		
a	Mutual Funds and UTI	1184920	2.05
b	Banks, Financial Institutions, Insurance Companies	8450	0.01
c	Central / State Government	10148	0.02
d	Foreign Institutional Investors	1640408	2.83
	Sub-Total of B (1)	2843926	4.91
2	Non-Institutions		
a	Bodies Corporate	7608014	13.14
b	Individual	8049745	13.91
c	Non-Resident	314879	0.55
d	Foreign companies	1000	0.00
e	Clearing Member	19572	0.03
	Sub-Total B (2)	15993210	27.63
	Sub-Total of B	18837136	32.54
	Grand Total (A+B)	**57890000**	**100**

Particulars of shareholding of Non-Executive Directors:

Sr. No.	Name of Non-Executive Director	No. of shares held	% of total shareholding
1	Shri DK Jain	5050	0.01
2	Shri PK Jain	10050	0.02
3	Shri Shailendra Swarup	5000	0.01
4	Shri VP Mittal	8500	0.01

9.12 Dematerialization of shares

Approximately 35.15% of the shares issued by the Company have been dematerialized upto 31st March, 2007.

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

Liquidity

Company's shares are traded on Bombay Stock Exchange and National Stock Exchange. Relevant data of National Stock Exchange for the Financial Year 2006-2007 is given 9.7 above.

9.13 Plant location

Ranjitnagar Project

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

Dahej Project

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

Wind Farm Project

Village Gudhe, Panchgini, Maharashtra State

9.14 (i) Address for Investor Correspondence

Intime Spectrum Registry Limited, 308, Jaldhara Complex, 1st Floor, Opp. Manisha Society, Vasna Road, Vadodara 390 015

(ii) Any query on Annual Report

Company Secretary, Gujarat Fluorochemicals Limited,
ABS Tower, 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, 2007.

Noida
31st July, 2007

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, 2007, 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

Pune
31st July, 2007

M.Y. Kulkarni
Partner

Auditor's Report

TO THE MEMBERS OF

GUJARAT FLUOROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of Gujarat Fluorochemicals Limited, as at 31st March, 2007 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet and Profit and Loss Account 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Patankar & Associates
Chartered Accountants

M.Y. Kulkarni
Partner
Membership No. 35524

Pune,
Dated : 19th June, 2007

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, 2007

In term of the Companies (Auditor's Report) Order, 2003, on the basis of information and explanation 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 programme 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 had granted a loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 100 lacs and the year end balance of the loan given is Rs. Nil.

   In our opinion, the rate of interest and other terms and conditions on which the loan was granted to the party covered in the register maintained under Section 301 of the Companies Act, 1956 were not prima-facie prejudicial to the interest of the Company.

   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 Companies 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 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
Uttar Pradesh Trade Tax	Sales Tax for the period 1996-97 to 1999-00	0.33	Writ petition is filed by the Company in Allahabad High Court, Allahabad
	Sales Tax for the period 2000-01	4.53	Joint Commissioner Appeals –Trade Tax Ghaziabad
	Sales Tax for the period 2001-02	6.22	Joint Commissioner Appeals –Trade Tax Ghaziabad
West Bengal Sales Tax	Sales Tax for the period 1995-96	2.83	Sales Tax Appellate Tribunal –Kolkata
	Sales Tax for the period 1997-98 and 1999-00	1.30	Asst Commissioner (Appeals) –WBST-Kolkata
Gujarat Sales Tax	Sales Tax for the year 1995-96	13.35	Sales Tax Appellate Tribunal –Ahmedabad
	Sales Tax for the year 2001-02	1.79	Deputy Commissioner Appeals-Ahmedabad
Income Tax Act	Income Tax for the financial year 2003-04	74.42	Commissioner of Income Tax Appeals – Vadodara
Finance Act, 1994 & 1998	Service tax on the Goods Transport Operator for the period 16.11.1997 to 01.06.1998 and Service Tax on C&F Agency 16.07.1997 to 16.10.1998	28.48	Joint Commissioner, Central Excise & Customs(P&V), Vadodara – II.

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 dealing in shares, securities, debentures and other investments purely as an investment activity. In our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other securities are held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and the shares which are not transferred in the name of the company as mentioned in the Schedule of Investments in the annual accounts.
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. The Company has not raised any funds on short term basis and hence the provisions of Clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
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

M.Y. Kulkarni
Partner
Membership No. 35524

Pune,
Dated : 19th June, 2007

Balance Sheet as at 31st March, 2007

	Schedule Number	As at 31st March, 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
I SOURCES OF FUNDS					
1 **Shareholders' Funds**					
(a) Capital	1	**1157.80**		1157.80	
(b) Reserves and Surplus	2	**69995.22**		48221.00	
			71153.02		49378.80
2 **Loan Funds**					
Secured Loans	3		**44436.19**		14256.12
3 **Deferred Tax Liability (Net)**			**4055.76**		438.44
Total			**119644.97**		64073.36
II APPLICATION OF FUNDS					
1 **Fixed Assets**	4				
(a) Gross Block		**46772.52**		14789.15	
(b) Less : Depreciation		**6963.46**		4822.39	
(c) Net Block		**39809.06**		9966.76	
(d) Capital work-in-progress		**22168.18**		11187.60	
(e) Advances on Capital Account		**1702.71**		1073.29	
(f) Pre-operative expenditure pending allocation	5	**4050.63**		1305.78	
			67730.58		23533.43
2 **Investments**	6		**53053.31**		28769.21
3 (i) **Current Assets, Loans and Advances**	7				
(a) Inventories		**5336.69**		8336.93	
(b) Sundry Debtors		**4421.59**		3418.10	
(c) Cash and Bank Balances		**1970.91**		2959.39	
(d) Other Current Assets		**435.14**		157.07	
(e) Loans and Advances		**11425.06**		9880.45	
Sub-Total (i)		**23589.39**		24751.94	
(ii) **Less : Current Liabilities and Provisions**	8				
(a) Liabilities		**23758.44**		11389.96	
(b) Provisions		**969.87**		1591.26	
Sub-Total (ii)		**24728.31**		12981.22	
Net Current Assets (i) - (ii)			**(1138.92)**		11770.72
Total			**119644.97**		64073.36
Notes forming part of Accounts	15				

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Profit and Loss Account for the year ended 31st March, 2007

		Schedule Number	2006-07 Amount (Rs. in Lacs)		2005-06 Amount (Rs. in Lacs)	
INCOME						
1	Sales - Gross			**58241.28**		18779.88
	Less: Excise Duty			**864.56**		576.74
	Sales - Net			**57376.72**		18203.14
2	Other Income	9		**5535.55**		8145.47
				62912.27		26348.61
EXPENDITURE						
1	Materials Consumed and Purchase of Goods	10	**14920.18**		10677.17	
2	(Increase) / Decrease in Stocks	11	**(378.69)**		(1108.72)	
3	Manufacturing and other expenses	12	**9550.18**		3963.31	
4	Salaries and benefits	13	**2335.06**		982.78	
5	Interest	14	**495.63**		129.17	
6	Depreciation	4	**2271.17**		740.94	
7	Amortization of premium on lease hold land		**26.06**		3.61	
8	Provision for diminution in value of investments		**27.58**		0.00	
			29247.18		15388.26	
9	Less : Capitalized during the year		**(1281.50)**		0.00	
	Total Expenditure			**27965.68**		15388.26
10	Profit before Taxation			**34946.59**		10960.35
11	Provision for Taxation					
	Current tax		**7125.00**		1110.00	
	Deferred tax		**3617.32**		176.87	
	Fringe benefit tax		**38.00**		40.00	
				10780.32		1326.87
12	Profit after taxation for the year			**24166.27**		9633.48
13	Taxation pertaining to earlier years			**(20.21)**		0.00
				24186.48		9633.48
14	Profit brought forward from previous year			**102.49**		89.19
15	Profit available for appropriation			**24288.97**		9722.67
	Less :					
	Transfer to General Reserve		**20700.00**		8300.00	
	Interim Dividend		**2315.60**		0.00	
	Proposed Dividend		**578.90**		1157.80	
	Tax on Dividend		**423.14**		162.38	
				24017.64		9620.18
16	Balance carried to Balance Sheet			**271.33**		102.49
	Basic and diluted Earnings Per Share of Rs. 2 each			**41.78**		16.64
	Notes forming part of Accounts	15				

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Cash Flow Statement for the year ended 31st March, 2007

	Amount (Rs. in Lacs)	
	2006-2007	2005-2006
A Cash flow from operating activities		
Net profit before tax and extraordinary items	**34946.59**	10960.35
Adjustments for :		
Depreciation and Amortisation	**2297.24**	744.55
(Profit)/Loss on assets sold/written off	**13.99**	(19.58)
Income in respect of investing activities (Net)	**(5116.35)**	(7967.06)
Interest	**495.63**	129.17
	(2309.49)	(7112.92)
Operative profit before working capital changes	**32637.10**	3847.43
Adjustments for :		
Trade and other receivables	**(3659.88)**	(772.32)
Inventories	**3000.24**	(3621.41)
Trade payables	**11917.48**	8835.05
	11257.84	4441.32
Cash generated from operations	**43894.94**	8288.75
Income-tax paid (Net)	**(7260.01)**	(1201.27)
Net cash from operating activities	**36634.93**	7087.48
B Cash flow from investing activities		
Purchase of fixed assets (including change in capital wip and advances)	**(46515.94)**	(18668.53)
Sale of fixed assets	**7.55**	42.80
Purchase of investments	**(118133.86)**	(56816.72)
Sale of Investments	**95586.60**	58144.18
Investment in inter-corporate and other loans (Net)	**3199.87**	(2751.42)
Interest and Dividend received (Net)	**1126.05**	1127.79
Adjustment for receivables on investment account	**1.52**	(81.09)
Net cash used in investment activities	**(64728.21)**	(19002.99)
C Cash flow from financing activities		
Proceeds from Long Term Loan (Net)	**30180.07**	11772.77
Interest paid	**(480.11)**	(121.01)
Dividend paid (Including Tax on Dividend)	**(3500.55)**	(657.44)
Net cash used in financing activities	**26199.41**	10994.32
D Capital receipts	**905.39**	868.02
(Please refer to Note no. 3 of Notes to Accounts)		
Net increase/(decrease) in cash and cash equivalent	**(988.48)**	(53.17)
Cash and cash equivalents as at the beginning of the year	**2959.39**	3012.56
Cash and cash equivalents as at the end of the year	**1970.91**	2959.39

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

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Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Schedules Forming part of the Balance Sheet

	As at 31st March, 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 1 : CAPITAL				
Authorized				
10,00,00,000 Equity Shares of Rs 2 each		**2000.00**		2000.00
Issued and Subscribed and Paid Up				
5,78,90,000 Equity Shares of Rs 2 each		**1157.80**		1157.80
Total		**1157.80**		1157.80
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserves				
As per last Balance Sheet	**8813.89**		7945.87	
Additions during the year (Refer note No. 3)	**905.38**		868.02	
		9719.27		8813.89
Share Premium Account				
As per last Balance Sheet		**4.62**		4.62
General Reserve				
As per last Balance Sheet	**39300.00**		31000.00	
Add: Transfer from Profit and Loss Account	**20700.00**		8300.00	
		60000.00		39300.00
Profit and Loss Account				
Balance as per Annexed Account		**271.33**		102.49
Total		**69995.22**		48221.00
SCHEDULE 3 : SECURED LOANS				
(for securities please refer note No. 4)				
From Banks				
Rupee Loan				
- Term Loan		**30000.00**		10032.14
(amount payable within one year Rs. Nil, Previous year Rs. Nil)				
Foreign Currency Loans				
- Term Loan		**14432.40**		4217.66
(amount payable within one year Rs. 1540.30 Lacs, Previous year Rs.791.18 Lacs)				
From Financial Institutions		**3.79**		6.32
(amount payable within one year Rs. 2.80 Lacs, Previous year Rs. 2.53 Lacs)				
Total		**44436.19**		14256.12

Schedules Forming part of the Balance Sheet

SCHEDULE 4 - FIXED ASSETS

Amount (Rs. in Lacs)

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01/04/06	Additions	Deductions	As at 31/03/07	As at 01/04/06	For the year	Deductions	As at 31/03/07	As at 31/03/07	As at 01/04/06
Land										
- Freehold Land	8.84	59.29	0.00	68.13	0.00	0.00	0.00	0.00	68.13	8.84
- Leasehold Land	1260.91	331.55	0.00	1592.46	35.51	16.51	0.00	52.02	1540.44	1225.40
Buildings and Roads	2119.53	2253.82	0.00	4373.35	141.85	64.82	0.00	206.67	4166.68	1977.68
Plant and Machinery	10088.28	11961.94	140.83	21909.39	4065.14	1923.76	128.80	5860.10	16049.29	6023.14
Wind Mills	0.00	16195.50	0.00	16195.50	0.00	152.51	0.00	152.51	16042.99	0.00
Electrical Installations	469.02	919.20	0.45	1387.77	229.02	44.57	0.10	273.49	1114.28	240.00
Manufacturing and other Equipment	411.25	275.24	0.89	685.60	214.57	39.32	0.64	253.25	432.35	196.68
Furniture and Fixtures	230.81	104.64	0.00	335.45	48.63	25.78	0.00	74.41	261.04	182.18
Vehicles	200.51	49.33	24.97	224.87	87.67	19.28	15.94	91.01	133.86	112.84
Total	**14789.15**	**32150.51**	**167.14**	**46772.52**	**4822.39**	**2286.55**	**145.48**	**6963.46**	**39809.06**	**9966.76**
Previous year	8302.60	6555.95	69.40	14789.15	4113.34	755.23	46.18	4822.39		

Schedules Forming part of the Balance Sheet

	As at 31st March, 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 5 : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION				
Opening balance		**1305.78**		379.53
Add: Expenses incurred during the year				
Salaries	**466.41**		168.83	
Contribution to Provident and other funds	**23.17**		8.93	
Legal, Professional and Consultancy charges	**115.55**		199.91	
Travelling and Conveyance	**208.78**		161.19	
Insurance	**160.01**		0.00	
Electricity charges	**1374.51**		14.89	
Communication expenses	**23.67**		7.20	
Rent	**32.18**		9.77	
Rates and Taxes	**24.31**		74.94	
Lease Rentals	**9.17**		0.00	
Repairs & Maintenance				
- Machinery	**21.00**		9.17	
- Others	**21.15**		0.00	
Foreign exchange fluctuation loss	**7.61**		198.17	
Miscellaneous expenses	**274.18**		102.69	
Bank charges	**12.30**		84.73	
Interest on fixed loans	**1360.21**		238.58	
Depreciation/Amortization	**0.00**		10.68	
	4134.21		1289.68	
Less:				
Dividend on current investments	**0.00**		8.48	
Interest on Bank Deposits	**84.89**		27.97	
Miscellaneous income	**61.33**		1.17	
	146.22		37.62	
		3987.99		1252.06
		5293.77		1631.59
Less: Capitalized/Transferred		**1243.14**		325.81
Total		**4050.63**		1305.78

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 6 : INVESTMENTS							
(Long term, non-trade, at cost, unless otherwise stated)							
A] UNQUOTED							
i) In Bonds							
5.18% - Nabard Capital Gain Bonds	**10000**	**0**	4000	**0.00**		400.00	
5.40% - Nabard Capital Gain Bonds	**10000**	**3600**	3600	**360.00**		360.00	
5.42% - Nabard Capital Gain Bonds	**10000**	**8000**	8000	**800.00**		800.00	
5.52% - Nabard Capital Gain Bonds	**10000**	**30000**	30000	**3000.00**		3000.00	
5.00% - SIDBI Capital Gain Bonds	**10000**	**0**	6000	**0.00**		600.00	
5.25% - SIDBI Capital Gain Bonds	**10000**	**5500**	5500	**550.00**		550.00	
5.15% - National Housing Bank Capital Gain Bonds	**10000**	**3600**	3600	**360.00**		360.00	
5.50% - National Housing Bank Capital Gain Bonds	**10000**	**10000**	10000	**1000.00**		1000.00	
5.50% - National Highway Authority of India	**10000**	**11000**	11000	**1100.00**		1100.00	
					7170.00		8170.00
ii) In Venture Capital Fund							
Kshitij Venture Capital Fund	**1000**	**250000**	250000	**1825.00**		1250.00	
(Paidup Rs.730 per unit - Previous year Rs.500 per unit)					**1825.00**		1250.00
iii) In Fully Paid-up Equity Shares							
Inox Global Services Limited	**10**	**2474930**	2474930	**247.49**		247.49	
(a company under the same management)							
Inox Infrastructure Private Limited	**10**	**3000**	0	**0.30**		0.00	
The Ratnakar Bank Limited	**100**	**116277**	0	**523.25**		0.00	
Kaleidoscope Entertainment Private Limited	**1**	**562500**	562500	**60.75**		60.75	
					831.79		308.24

Schedules Forming part of the Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 6 : INVESTMENTS (Contd.)							
iv) In Cummulative, Non-convertible, Redeemable Preference Shares (fully paid-up)							
0.01% - Essar Steel Limited	10	160000	160000	16.00		16.00	
5% - Inox Leasing and Finance Limited	100	0	400000	0.00		400.00	
5% - Inox Global Services Limited (a company under the same management)	100	0	1883000	0.00		1883.00	
1% - Inox Global Services Limited (a company under the same management)	100	1883000	0	1883.00		0.00	
					1899.00		2299.00
v) In Units of Mutual Funds							
ABN AMRO Fixed Term Plan Series1-Regular Growth	10	5000000	5000000	500.00		500.00	
Birla FTP-Institutional-Series U-Growth	10	10000000	0	1000.00		0.00	
Birla Sunlife Equity Fund Dividend	10	720623	0	500.00		0.00	
Birla Sunlife New Millennium Fund-Dividend	10	2721829	0	500.00		0.00	
DSP Merrill Lynch-T.I.G.E.R Fund Dividend Reinvest	10	0	2627430	0.00		500.00	
DWS Fixed Term Fund Series 24-Institutional Plan-Growth	10	10000000	0	1000.00		0.00	
Fidelity Equity Fund-Dividend Rinvest	10	0	5665735	0.00		600.00	
Franklin India Opportunities Fund-Dividend	10	6417406	0	1053.64		0.00	
Franklin India Prima Fund - Dividend	10	892004	0	544.03		0.00	
Franklin Templeton Fixed Tenure Fund Series V 13 Month Plan-Growth	10	5000000	5000000	500.00		500.00	
Grindlays Fixed Maturity 6th Plan-Growth	10	2000000	2000000	200.00		200.00	
HDFC Core and Satellite Fund - Dividend	10	0	2494263	0.00		500.00	
HDFC FMP 13M July 2006(1)-Institutional Plan-Growth	10	5000000	0	500.00		0.00	
HDFC FMP 26M August 2006(1)-Institutional Plan-Growth	10	10000000	0	1000.00		0.00	
HDFC Multiple Yield Fund-Plan 2005 Growth	10	2000100	2000100	217.21		200.01	
HSBC India Opportunities Fund-Dividend	10	2776342	0	500.00		0.00	
HSBC Liquid Plus-Institutional Plus Weekly Dividend	10	15949914	0	1600.00		0.00	
JM Equity & Derivative Fund-Growth	10	1999997	2000000	224.33		200.00	
JM Fixed Maturity Plan-Ysoi-Growth	10	0	2000000	0.00		200.00	
JM Fixed Maturity Fund-Series II-Yearly Plan - YSA-Growth Option	10	5000000	5000000	500.00		500.00	
Kotak FMP 13M Series 2 Institutional-Growth	10	10000000	0	1000.00		0.00	
Kotak FMP Series 13-Growth	10	5000000	5000000	500.00		500.00	
Kotak FMP Series 26-Growth	10	5000000	0	500.00		0.00	
Kotak Opportunities-Dividend	10	0	2889139	0.00		500.00	
Magnum Global Fund-Dividend	10	1925282	1825484	594.41		500.00	
Megnum Sector Fund Umbrella Contra-Dividend	10	1826270	0	547.70		0.00	
Principal PNB Fixed Maturity Plan-385 Days-Series I	10	5000000	5000000	500.00		500.00	
Principal PNB FMP-Series IV(FMP-37) 385 Days-Institutional Growth Plan	10	10000000	0	1000.00		0.00	
Prudential ICICI Dynamic Plan-Dividend	10	2332574	0	500.00		0.00	
Prudential ICICI Emerging Star Fund-Dividend	10	2293578	0	500.00		0.00	
Prudential ICICI FMP Series 34-18 Months Plan-Instiutional Growth	10	10000000	0	1000.00		0.00	
Prudential ICICI Services Industries Fund-Dividend	10	3136763	0	500.00		0.00	
Prudential ICICI FMP Series 30-13 Months Plan-Institutional Growth	10	5000000	0	500.00		0.00	
Prudential ICICI Infrastructure Fund-Dividend	10	3759374	5351941	568.08		645.41	
Prudential ICICI FMP Plan-Institutional Cumulative-XXVIII	10	5000000	5000000	500.00		500.00	
Prudential ICICI FMP-Yearly Gr. XII	10	0	2000000	0.00		200.00	
Prudential ICICI Power Dividend	10	0	2474023	0.00		500.00	
Prudential ICICI Technology Fund-Dividend	10	3017502	0	500.00		0.00	
Prudential ICICI Institutional FMP-15 Month Plan Series-XXV	10	5000000	5000000	500.00		500.00	
Reliance Fixed Horizon Fund II-Annual Plan-Series II-Institutional Growth	10	10000000	0	1000.00		0.00	
Reliance Growth Fund-Dividend Plan	10	1086345	0	567.34		0.00	
Reliance Vision Fund-Dividend Plan	10	1123369	0	545.84		0.00	
SBI Debt Fund Series-13 Months-II-(March 2007)-Growth	10	10000000	0	1000.00		0.00	
Standard Chartered Arbitrage Fund Plan-B-Dividend	10	10138048	0	1014.04		0.00	
Standard Chartered Fixed Maturity-6Th Plan-Growth	10	5000000	0	500.00		0.00	
Standard Chartered Fixed Maturity Plan-Yearly Series 5-Growth	10	10000000	0	1000.00		0.00	
Sundram BNP Paribas Select Midcap-Appreciation	10	3322577	0	551.40		0.00	
					26228.03		8245.42
Total Unquoted					37953.81		20272.66
B] Quoted							
Paid Equity shares							
i) In subsidiary company							
Inox Leisure Limited	10	39600000	39600000	3960.00		3960.00	
					3960.00		3960.00
ii) In Other companies							
Aditya Birla Nuvo Limited	10	6209	3000	44.93		18.19	
Alstom Projects India Limited	10	0	14900	0.00		43.10	
Bajaj Auto Limited	10	2085	0	52.88		0.00	
BF Utilities Limited	5	21802	18199	538.67		78.99	
Bharat Earth Movers Limited.	10	0	1797	0.00		14.47	
Blue Star Limited	1	227139	0	519.61		0.00	

Schedules Forming part of the Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 6 : INVESTMENTS (Contd.)							
Borosil Glass Works Limited	10	39622	0	149.21		0.00	
CESC Limited	10	15000	0	48.25		0.00	
Dalmia Cement Bharat Limited	2	240000	0	994.40		0.00	
DCM Shriram Consolidated Limited	2	0	100000	0.00		98.30	
Diamond Cables Limited	1	16908	7743	19.14		6.03	
Dynamatic Technologies Limited	10	2500	0	25.39		0.00	
E Serve International Limited	10	200	200	1.93		1.93	
Entertainment Network India Limited	10	19889	0	48.25		0.00	
Everest Kanto Cylinder Limited	10	113000	0	901.24		0.00	
Gammon India Limited	2	0	3250	0.00		11.08	
Govind Rubber Limited	10	20000	0	6.01		0.00	
GTC Industries Limited	10	5000	0	8.00		0.00	
Hindustan Lever Limited	1	0	314500	0.00		500.30	
I-Flex Solutions Limited	5	0	4000	0.00		44.12	
Indian Hotels Co. Limited	10	0	1850	0.00		13.91	
Indo-Rama Synthetics Limited	10	160000	980860	136.44		841.02	
Infosys Technologies Limited	5	1500	0	27.15		0.00	
Jyoti Structures Limited	2	49000	0	84.01		0.00	
Kesoram Textile Mills Limited (Received pursuant to A Scheme Of Arrangement)	10	131893	131893	0.00		0.00	
La Opala RG Limited	10	28938	0	12.43		0.00	
Lupin Limited	10	13000	6500	55.24		55.24	
Madhucon Projects Limited	2	0	9200	0.00		17.97	
Maharashtra Seamless Limited	5	0	97430	0.00		450.07	
Maruti Udyog Limited	5	0	5500	0.00		41.20	
Maxwell Industries Limited	2	148972	0	50.66		0.00	
Mcnally Bharat Engg. Co. Limited	10	250000	160098	423.05		144.82	
Moser-Baer (I) Limited	10	5000	0	17.84		0.00	
Mount Everest Mineral Water Limited	10	1320000	682499	958.23		315.04	
Mphasis Limited	10	19791	0	52.40		0.00	
Navin Flourine International Limited	10	150027	0	552.21		0.00	
Northgate Technologies Limited	10	4300	0	42.00		0.00	
Orbit Corporation Limited	10	250000	0	225.00		0.00	
Patel Engineering Limited	1	0	7191	0.00		30.71	
PTC India Limited	10	48068	0	28.83		0.00	
Praj Industries Limited	2	879700	90000	2845.69		96.04	
Provogue (India) Limited	10	130055	110055	586.94		301.74	
Rain Calcining Limited	10	0	30000	0.00		12.03	
Raipur Alloys & Steel Limited	10	12500	0	18.55		0.00	
Rasandik Engineering Industries (I) Limited	10	0	13065	0.00		35.06	
Reliance Communication Limited	5	0	13000	0.00		41.78	
Reliance Industires Limited	10	5916	0	74.63		0.00	
Repro India Limited	10	12000	45665	10.79		113.90	
Ruchi Soya Industries Limited.	10	0	9300	0.00		29.63	
Solectron Centum electr.Limited	10	18000	5250	37.99		13.79	
South East Asia Marine Eng. & Cons. Co Limited	10	165000	107518	311.17		115.90	
SRF Limited	10	50000	71000	133.55		199.16	
Subex Azure Limited	1	12000	5450	51.60		16.41	
Sujana Metal Products Limited	1	0	50000	0.00		43.89	
Taneja Aerospace & Aviation Limited	5	390559	107000	781.30		184.72	
Texmaco Limited	10	1000	0	7.97		0.00	
Titanor Components Limited	10	0	20000	0.00		55.42	
Triveni Engineering & Industries Limited	10	0	120000	0.00		98.51	
United Phosphorus Limited	2	0	16500	0.00		44.01	
Vaibhav Gems Limited	10	0	11000	0.00		41.44	
Venus Remedies Limited	10	25000	0	107.68		0.00	
Webel Sl Energy Systems Limited	10	28700	109070	119.15		366.63	
Zee Entertainment Enterprises Limited	1	15000	0	39.00		0.00	
Zenith Infotech Limited	10	9000	0	17.67		0.00	
					11167.08		**4536.55**
Total Equity shares					**15127.08**		8496.55
Less: Provision for diminution in value of Investment					**27.58**		0.00
Total Quoted					**15099.50**		8496.55
Total Investments					**53053.31**		28769.21
Market value of quoted investments					**54372.30**		89304.76

Note : 1) Pursuant of the listing of the subsidiary company, Inox Leisure Limited on 23.02.2006, 120 Lacs equity shares are locked in for a period of three years viz. up to 22.02.2009.
Further, as per the Comfort Letter issued to the lender of Inox Leisure Limited, Gujarat Fluorochemicals Limited will not dilute its holding in the subsidiary company to less than 51% during the continoution of the credit facility by the lender.
2) Uncalled amount payable by Company in respect of 250000 units of Kshitij Venture Capital fund is Rs. 675 Lacs (Previous year Rs.1250 Lacs)

Schedules Forming part of the Balance Sheet

SCHEDULE 6 : INVESTMENTS (Contd.)

Notes :

3 Following investments were purchased and sold during the year

	Face Value	Nos. Rs.	Cost (Rs. in Lacs)
a) Mutual Funds Units			
Birla Cash Plus Institutional Plan-Growth	10	2026948	400.00
Birla Cash Plus-Inst. Premium Weekly Dividend	10	5012040	502.54
DSP Merrill Lynch Liquidity Fund-Weekly-Institutional Plan	10	4562263	566.73
DSP Merrill Lynch Liquidity Fund Weekly-Institutional Plan	10	391482	3918.40
Fidelity Multi Manager Cash Fund-Dividend	10	5670380	798.86
Frank India Opportunities Fund-Growth	10	2004326	544.17
Franklin India Opportunity Fund-Dividend	10	3355094	584.79
Franklin India Prima Fund-Dividend	10	896539	500.00
Franklin India Prima Fund-Growth	10	249005	530.77
GCDB Grindlays Cash Fund-Institutional-Dividend	10	2920037	301.01
HDFC Liquid Fund - Dividend	10	19312979	1991.71
HDFC Liquid Fund-Premium Plan	10	8078166	1005.17
HDFC Multiple Yieldfund-Plan2005 Dividend	10	2000100	215.53
HSBC Cash Fund	10	3865867	404.25
HSBC Cash Fund Institutional Plus-Weekly Dividend	10	27441076	2747.59
ING Vysya Liquid Fund-Institutional Weekly Dividend	10	40115047	4037.53
JM Equity & Derivative Fund-Dividend	10	2160152	222.18
JM High Liquidity Fund-Super Institutional Plan-Weekly Dividend	10	4966642	501.33
JM Money Manager Fund Super Plan-Daily Dividend	10	5048910	504.89
Kotak Liquid (Institutional Premium) Weekly Dividend	10	27505788	2762.16
Kotak Opportunities-Dividend	10	265986	43.34
Magnum Global Fund-Dividend	10	1636126	500.00
Magnum Global Fund-Growth	10	1274918	590.80
Magnum Sector Funds Umbrella Contra-Growth	10	1379576	545.62
Magnum Sector Funds Umbrella Contra-Dividend	10	1835536	500.00
Principal Cash Management Fund-Liquid Option-Inst. Plan	10	26877720	2690.05
Prud. ICICI Infrastructure Fund-Dividend	10	3385240	500.00
Prudential ICICI Liquid Plan-Weekly Dividend	10	732353	86.66
Prudential ICICI Infrastructure Fund-Growth	10	2928042	570.68
Reliance Growth Fund-Dividend Plan	10	941974	500.00
Reliance Growth Fund-Growth Plan	10	287523	540.57
Reliance Vision Fund-Dividend Plan	10	1129013	577.37
Reliance Vision Fund-Growth Plan	10	200841	564.52
SBI Premier Liquid Fund-Institutional-Weekly Dividend	10	87371180	9034.41
Standard Chartered Liquidity Manager-Plus-Weekly Dividend	10	653624	6540.31
Sundram BNP Paribas Select Midcap-Appreciation	10	573145	545.40
Sundram BNP Paribas Select Midcap-Dividend	10	2894775	500.00
Templeton India Treasury Management A/c. Super Inst. Plan	10	199251	2024.67
Tata Liquid Super High Investment Fund Weekly Dividend	10	179175	2062.00
Templeton India Equity Income Fund-Dividend	10	4975124	500.00
Templeton India Treasury Management Account-Inst. Plan	10	30982	468.55
Templeton India Treasury Management Account-Regular Plan	10	184956	2534.30
b) Equity Shares			
Akruti Nirman Limited	10	21039	99.34
BF Utilities Limited	5	17699	411.13
Blue Star Limited	1	50	0.12
Everest Kanto Cylinder Limited	10	113000	775.58
Gujarat Alkalies & Chemicals Limited	10	60000	101.14
Ambuja Cements Limited	2	45375	47.78
Hindustan Unilever Limited	1	600500	1405.92
I-Flex Solutions Limited	5	750	7.67
Indian Hotels Co. Limited	10	1400	19.65
Jyoti Structures Limited	2	82000	99.36
La Opala RG Limited	10	197062	97.07
Lupin Limited	10	40000	221.87
Maharashtra Seamless Limited	5	379260	1304.22
Maruti Udyog Limited	5	2000	17.47
Matrix Laboratories Limited	2	9000	20.22
Mcnally Bharat	10	249902	396.54
Micro Inks Limited	10	20500	55.88
Moser-Baer (I) Limited	10	20000	71.35
Mount Everest Mineralwater Limited	10	600004	266.68

Schedules Forming part of the Balance Sheet

	Face Value	Nos. Rs.	Cost (Rs. in Lacs)
Navin Flourine International Limited	10	20	0.07
Northgate Technologies Limited	10	49500	333.66
Pantaloon Retail (India) Limited	2	2500	40.16
Patel Engineering Limited	1	2809	11.83
Praj Industries Limited	2	497867	1376.87
Provogue (India) Limited	10	32900	141.21
Reliance Capital Venture Limited	10	425150	76.07
Reliance Communication Venture Limited	5	20000	41.40
Reliance Industries Limited	10	8265	86.59
Ruchi Soya Industries Limited	10	4200	13.84
Shiv Vani Oil & Gas Exploration Services Limited	10	36450	100.27
South East Asia Marine Eng. & Cons. Co Limited	10	384893	599.10
Tata Motors Limited	10	2444	19.46
Tech Mahindra Limited	10	22834	104.10
Vivimed Labs Limited	10	12000	19.25
Wire & Wireless India Limited	1	7500	7.76
Zee News Limited	1	6781	3.78
Zee Entertainment Enterprises Limited	1	15000	50.54
4 Following shares purchased are not transferred in the name of the Company as on 31.03.2007			
Dalmia Cement Limited	2	37500	140.10

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
A CURRENT ASSETS				
1 Inventories				
(for basis of valuation, please refer to the accounting policies)				
Stores and Spares	**616.05**		302.88	
Packing Materials	**509.48**		858.88	
Finished Goods				
- Manufactured Goods	**1386.46**		842.08	
- Traded Goods	**430.43**		605.42	
	1816.89		1447.50	
By-products	**6.32**		18.13	
Material-in-process	**87.51**		52.51	
Raw Materials	**2205.66**		5548.37	
Carbon credits	**94.78**		108.66	
		5336.69		8336.93
2 Sundry Debtors (Unsecured)				
Considered good				
Exceeding 6 months	**51.02**		39.97	
Others	**4370.57**		3378.13	
	4421.59		3418.10	
Considered Doubtful				
Exceeding 6 months	**87.83**		131.87	
Others	**0.00**		0.00	
	87.83		131.87	
	4509.42		3549.97	
Less: Provision for Doubtful Debts	**87.83**		131.87	
		4421.59		3418.10
3 Cash and Bank Balances				
Cash on Hand	**1.58**		2.59	
Bank Balances with Scheduled Banks				
(a) in Current Accounts	**1537.26**		868.60	
(b) in Cash Credit Accounts	**20.58**		119.14	
(c) Fixed Deposits	**395.92**		1969.06	
(d) Money in Transit	**15.57**		0.00	
		1970.91		2959.39
4 Other Current Assets				
Interest accrued		**435.14**		157.07

Schedules Forming part of the Balance Sheet

	As at 31st March , 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
B LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
1 Advances recoverable in cash or in kind or for value to be received	**980.88**		666.88	
2 Deposits	**274.46**		83.82	
3 Inter-corporate Deposits				
Considered Good				
- to subsidiary company - Inox Leisure Limited (long term investment)	**3221.68**		4342.75	
(Maximum balance during the year - Rs. 4342.75 lacs, Previous year Rs. 4342.75 lacs)				
- to others (current investments)	**1090.35**		3169.15	
	4312.03		7511.90	
Considered Doubtful	**144.51**		144.51	
	4456.54		7656.41	
Less: Provision for Doubtful Inter-corporate deposits	**144.51**		144.51	
	4312.03		7511.90	
4 Application Money:				
- to Company	**475.39**		0.00	
- to Mutual Fund	**1500.00**		0.00	
	1975.39		0.00	
5 Balances in Excise and Service Tax Accounts	**2846.99**		696.76	
6 Income tax paid (Net of provisions)	**1035.31**		921.09	
		11425.06		9880.45
Total		**23589.39**		24751.94
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS				
A CURRENT LIABILITIES				
1 Sundry Creditors				
- due to small scale industrial undertakings	**123.26**		41.99	
- others	**6340.14**		3853.33	
	6463.40		3895.32	
2 Trade Deposits	**210.24**		160.57	
3 Investor Education and Protection Fund shall be credited by the following amounts namely:				
- Unclaimed dividends (Refer note no. 6)	**500.06**		40.07	
4 Advances from Customers	**14714.83**		7122.03	
5 Other Liabilities	**1838.21**		155.79	
6 Interest accrued but not due	**31.70**		16.18	
		23758.44		11389.96
B PROVISIONS				
1 Proposed Dividend	**578.90**		1157.80	
2 Tax on Proposed Dividend	**98.38**		162.38	
3 For Gratuity	**176.38**		161.25	
4 For Leave Encashment	**113.21**		103.83	
5 For Fringe Benefit Tax (Net of Payment)	**3.00**		6.00	
		969.87		1591.26
Total		**24728.31**		12981.22

Schedules Forming part of the Profit and Loss Account

	2006-2007 Amount (Rs. in Lacs)		2005-2006 Amount (Rs. in Lacs)	
SCHEDULE 9: OTHER INCOME				
Interest				
- On long term investments	**647.03**		459.98	
(tax deducted at source of Rs. 66.39 lacs, previous year Rs. 69.20 lacs)				
- On current investments	**108.98**		51.38	
(tax deducted at source of Rs. 9.94 lacs, previous year Rs. 6.52 lacs)				
- From banks	**0.66**		24.70	
(tax deducted at source of Rs. 0.17 lacs, previous year Rs. 5.41 lacs)				
- On Income-tax refunds	**0.03**		0.00	
- Others	**2.44**		0.34	
(tax deducted at source of Rs. Nil , previous year Rs. 0.03 lacs)				
		759.14		536.40
Dividend				
- On long term investments		**820.34**		532.81
Profit on sale of Long Term investments (Net)				
- On sale of equity shares in subsidiary company	**0.00**		5531.18	
- Others	**3812.23**		1454.47	
		3812.23		6985.65
Insurance claims received		**16.14**		5.11
Liabilities written back		**1.29**		22.32
Provisions written back				
- doubtful debts	**0.00**		1.42	
- diminution in value of Investments	**0.00**		0.24	
		0.00		1.66
Profit on sale of assets sold/discarded (Net)		**0.00**		19.58
Miscellaneous income		**126.41**		41.94
Total		**5535.55**		8145.47
SCHEDULE 10: MATERIAL CONSUMED AND PURCHASE OF FINISHED GOODS				
Raw Materials consumed				
Opening Stock	**5548.37**		3077.14	
Add : Purchases	**8727.05**		10028.76	
	14275.42		13105.90	
Less : Closing Stock	**2205.66**		5548.37	
		12069.76		7557.53
Packing Materials consumed		**2395.79**		2043.06
Purchase of Finished Goods		**454.63**		1076.58
Total		**14920.18**		10677.17
SCHEDULE 11: (INCREASE) / DECREASE IN STOCKS				
Opening Stock				
Finished Goods	**1447.50**		457.60	
Material-in-process	**52.51**		30.58	
By-products	**18.13**		29.90	
Carbon Credits	**108.66**		0.00	
		1626.80		518.08
Less : Closing Stock				
Finished Goods	**1816.88**		1447.50	
Material-in-process	**87.51**		52.51	
By-products	**6.32**		18.13	
Carbon Credits	**94.78**		108.66	
		2005.49		1626.80
(Increase) / Decrease In Stock		**(378.69)**		(1108.72)

Schedules Forming part of the Profit and Loss Account

	2006-2007 Amount (Rs. in Lacs)		2005-2006 Amount (Rs. in Lacs)	
SCHEDULE 12: MANUFACTURING AND OTHER EXPENSES				
Stores and Spare parts Consumed		**1175.99**		457.42
Power and Fuel		**2995.22**		831.56
Freight and Octroi		**1311.06**		909.94
Insurance		**68.11**		53.59
Excise Duty , Custom Duty and Sales Tax		**81.51**		83.04
Production Labour Charges		**85.42**		74.24
Processing Charges		**260.22**		0.00
Factory Expenses		**46.93**		23.60
Repairs to				
- Buildings	**79.67**		18.66	
- Machinery	**630.32**		173.39	
- Others	**117.46**		40.68	
		827.45		232.73
Directors' Sitting Fees		**1.47**		0.30
Rent		**67.66**		32.13
Rates and Taxes		**76.61**		25.84
Travelling and Conveyance		**263.15**		214.37
Communication expenses		**65.29**		61.45
Legal and Professional Fees and Expenses		**620.58**		266.87
Lease Rentals and Hire Charges		**190.46**		70.45
Discount		**6.13**		2.17
Loss on assets sold/scrapped (Net)		**13.99**		0.00
Bank Charges		**73.31**		54.78
Foreign exchange fluctuation loss (Net)		**262.39**		167.05
Provision for doubtful debts		**0.00**		57.10
Bad debts and Remissions	**45.27**		2.24	
Less : Provision for Doubtful debts adjusted	**44.04**	**1.22**	0.00	2.24
Expenditure for Sustainable Development Plan		**81.82**		5.01
Commission		**53.42**		35.11
Miscellaneous Expenses		**920.77**		302.32
Total		**9550.18**		3963.31
SCHEDULE 13: SALARIES AND BENEFITS				
Salaries, Wages, Allowances and Benefits		**2190.64**		841.96
Contribution to Provident and other Funds		**58.26**		56.75
Gratuity		**43.38**		37.70
Staff Welfare Expenses		**42.78**		46.37
Total		**2335.06**		982.78
SCHEDULE 14: INTEREST				
Interest on fixed loans		**485.02**		109.98
Other Interest		**10.61**		19.19
Total		**495.63**		129.17

Notes Forming Part of the Accounts

SCHEDULE 15: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2007

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and provisions of Companies Act, 1956.

b) FIXED ASSETS

Freehold land is carried at cost. Lease hold 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 of acquisition, net of cenvat credit, or cost of construction, including erection expenses, and variations arising due to subsequent fluctuations in foreign exchange rates, as reduced by accumulated depreciation.

c) DEPRECIATION

Depreciation has been provided at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956; on Plant and Machinery, on written down value basis; and on other Fixed Assets, excluding Land, on straight line basis. Cost of Leasehold Land is amortised over the period of the lease. Fixed Assets costing up to Rs 5,000 each added during the year are fully depreciated.

Based on technical opinion windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

d) IMPAIRMENT OF ASSETS

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

e) INVESTMENTS

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

f) INVENTORIES

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

g) SALES

The Company recognises sales at the point of dispatch of goods to the customers. Gross sales includes excise duty but are exclusive of sales tax. Revenue from of Carbon Credits is recognised on delivery thereof 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.

h) RETIREMENT BENEFITS

Provision for Gratuity and Leave Encashment is made on the basis of actuarial valuations and contributions to Provident and Pension funds are charged to Profit and Loss Account.

i) BORROWING COSTS

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

j) TAXES ON INCOME

Income tax expense comprises current tax and 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.

k) CENVAT CREDIT

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

l) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or Losses on settlement of the transactions are recognised in the Profit and Loss Account. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognised in the Profit and Loss Account. In respect of forward exchange contracts entered, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of such contract. In respect of foreign currency liabilities incurred for the acquisition of fixed assets, such differences are adjusted in the carrying amount of the fixed assets.

2. Figures of the previous year have been regrouped or rearranged, wherever necessary, to make them comparable with those of the current year.
3. During the year, the company has received compensation of Rs 905.38 Lacs (previous year Rs. 868.02 Lacs), equivalent to US $ 1.96 million (previous year US$ 1.96 million), 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.
4. Foreign Currency Term Loan from ABN Amro is secured by hypothecation of all movable fixed assets of the company situated at Survey No. 16/3, 26 & 27, Ranjitnagar 389380, Taluka Goghamba, District Panchmahals, Gujarat on first pari-pasu charge basis, assignment of future receivables under the Montreal Protocol and lien on the investments made out of the receipt under the Montreal Protocol after the disbursement of loan (amount of investment under lien as on 31st March 2007-Rs.1050 Lacs- previous year Rs.700 Lacs).

   Foreign Currency Term Loan from ICICI Bank is secured by hypothecation of all movable property of the company for wind mills situated at Gude, Panchgani, District Sangli, Maharastra. Further the Lender shall also have a charge/lien over the escrow account, where the collections of sales of electricity are to be deposited.

   Rupee Term Loan is secured by joint equitable mortgage of leasehold land & building and hypothecation of all movable fixed assets of the Company situated at Plot No. 12-A, GIDC Estate, Taluka Vagra Village – Dahej, District – Bharuch, Gujarat on first pari passu basis.

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

	Products		**Quantity**		**Value (Rs in Lacs)**	
		UOM	**2006-2007**	2005-2006	**2006-2007**	2005-2006
I	**Refrigerant Gases(HCFCs and CFCs)**					
	- installed capacity	MT	**24500**	24500		
	- opening stock	MT	**1172**	349	**805.92**	237.30
	- production	MT	**19024**	13221		
	- purchases	MT	**41**	52	**121.77**	126.91
	- captive consumption	MT	**29**	0		
	- sales	MT	**18423**	12450	**16753.59**	16622.01
	- closing stock	MT	**1785**	1172	**1315.25**	805.92
II	**Refrigerant Gases (Hydrofluoro carbons and Others)**					
	- opening stock	MT	**230**	69	**593.98**	176.73
	- purchases	MT	**137**	403	**332.86**	942.48
	- sales	MT	**206**	242	**594.44**	1168.58
	- closing stock	MT	**161**	230	**430.43**	593.98
III	**Anhydrous Hydrochloric Acid**					
	- installed capacity	MT	**5000**	5000		
	- opening stock	MT	**1**	7	**0.14**	2.75
	- production	MT	**583**	198		
	- sales	MT	**580**	204	**374.09**	74.32
	- closing stock	MT	**4**	1	**0.55**	0.14
IV	**Caustic Soda**					
	- installed capacity	MT	**48000**	0		
	- opening stock	MT	**0**	0	**0**	0
	- production	MT	**405**	0		
	- captive consumption	MT	**166**	0		
	- sales	MT	**228**	0	**35.45**	0
	- closing stock	MT	**11**	0	**1.73**	0
V	**Power**					
	- installed capacity	MW	**23.10**	0	0	
	- production	Units	**1426669**	0	0	
	- sales	Units	**1426669**	0	**51.00**	0
VI	**Carbon Credit Revenue**				**39005.88**	0
VII	**By-products and other sales**				**562.27**	336.06

i Above information is furnished in respect of the products of the Company which are primarily meant for sale.

ii Vide notification No SO 477(E) dated 25th July, 1991, issued by the Ministry of Industry, the Company's products are exempted from licensing provisions under the Industries (Development and Regulation) Act, 1951.

iii Installed capacities are as certified by the management on which the Auditor's have relied, being a technical matter.

iv Production is net of filling and other losses.

8. Raw Materials consumed :	Quantity (in MT)		Value (Rs in Lacs)	
	2006-2007	2005-2006	**2006-2007**	2005-2006
Fluorspar	**21899**	13545	**2218.66**	1384.74
Chloromethane	**29294**	19336	**8067.49**	5207.83
Others			**1783.61**	964.96
Total			**12069.76**	7557.53

9. Imported and indigenous raw material consumed	Percentage		Value (Rs in Lacs)	
	2006-2007	2005-2006	**2006-2007**	2005-2006
Imported	**80**	71	**9616.55**	5372.19
Indigenous	**20**	29	**2453.21**	2185.34
Total			**12069.76**	7557.53

10. Imported and indigenous stores and spares consumed	Percentage		Value (Rs in Lacs)	
	2006-2007	**2005-2006**	**2006-2007**	2005-2006
Imported	**11**	**8**	**133.41**	34.91
Indigenous	**89**	**92**	**1042.58**	422.51
Total			**1175.99**	457.42

11. Remuneration to Managing Director and Whole time Directors :

		Amount (Rs. in Lacs)	
		2006-07	2005-06
	Salary and allowances	**52.81**	40.10
	Commission to Managing Director	**1299.96**	126.47
	Perquisites	**21.29**	13.84
	Contribution to Provident Fund	**4.12**	3.43
	Total	**1378.18**	183.84
Computation of Net Profit for Commission to Managing Director			
	Profit as per Profit & Loss Account	**24166.27**	9633.48
Add :	Directors' Sitting Fees	**1.47**	0.30
	Managing Director's and Whole time Director's Remuneration	**1378.18**	183.84
	Provision for doubtful debts/advances	**0.00**	57.10
	Provision for Diminution in value of Investments	**27.58**	0.00
	Wealth Tax	**1.50**	1.30
	Taxation (net)	**10780.32**	1326.87
	Sub-total	**12189.05**	1569.41
Less :	Provision for doubtful debts written back/adjusted	**44.04**	1.42
	Provision for wealth tax written back	**0.00**	0.01
	Provision for Diminution in value of Investment written back	**0.00**	0.24
	Profit on Sale of Investments	**3812.23**	6985.65
	Sub-total	**3856.27**	6987.32
	Net Profit for Managing Director's Commission	**32499.05**	4215.57
	Commission payable to Managing Director for the year @ 4% (Previous Year @ 3%)	**1299.96**	126.47

Note: Remuneration of Rs. 5.97 lacs to one whole time director appointed during the year is subject to approval of the shareholders at the ensuing annual general meeting.

12. Particulars of Payments to Auditor's

Particulars	Amount (Rs. in Lacs) 2006-2007	2005-2006
Audit Fees	**3.00**	1.93
Tax Audit Fees	**1.75**	1.21
Fees for taxation matters	**1.31**	1.13
Limited Review, Corporate Governance, Consolidated Accounts	**1.75**	0.88
Other Matters	**0.00**	0.50
Out of pocket expenses	**0.02**	0.04
Service Tax	**0.97**	0.62
Total	**8.80**	6.31

13. Contingent liabilities not provided for in respect of:

Particulars	Amount (Rs. in Lacs) 2006-2007	2005-2006
Sales Tax	**16.46**	16.46
Income Tax	**1058.57**	844.29
Service Tax	**28.48**	15.76
Bills discounted	**56.28**	386.50
Bank Guarantees	**1613.48**	1020.22
Claims against the Company not acknowledged as debts	**5.00**	1.00
Claims in respect of labour matters	**Amount is not ascertainable**	

Note: Amount of Rs 911.50 Lacs (previous year Rs 831.08 Lacs) has been paid in respect of above Sales Tax, Income Tax demands and Service Tax not charged to the Profit and Loss Account.

14. Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances – Rs. 801.76 Lacs (previous year Rs. 7987.81 Lacs)

15. CIF value of imports of:

Particulars	Amount (Rs. in Lacs) 2006-2007	2005-2006
Raw materials	**5393.08**	7249.55
Finished goods	**288.72**	933.60
Stores and spares	**185.98**	15.78
Capital goods (Including capital work in progress)	**4503.93**	6385.04

16. Expenditure in foreign currency :

Particulars	Amount (Rs. in Lacs) 2006-2007	2005-2006
Lease rentals, Sales commission, Travelling, Legal & Professional fees, Technical Knowhow etc. (Including expenditure which is capitalised).	**1222.29**	2343.02
Interest (including expenditure which is capitalised)	**234.72**	231.91

17. Earnings in foreign exchange :

Particulars	Amount (Rs. in Lacs) 2006-2007	2005-2006
FOB value of exports	**12401.90**	14021.66
Other recoveries on exports	**631.50**	476.20
Carbon Credit Revenue	**39005.88**	0.00

18. Prior period items, included in respective heads of accounts, are as under :

Amount (Rs. in Lacs)

Sr. No.	Account Head	2006-2007	2005-2006
1	Freight and Octroi	**0.00**	2.57
2	Legal and Professional Expenses	**0.07**	6.21
3	Depreciation & Amortisation	**10.69**	0.00
4	Repairs to Plant & Machinery	**0.10**	1.50
5	Others	**0.23**	1.60
	Total	**11.09**	11.88

19. The major components of the net deferred tax liability are as under :

Amount (Rs. in Lacs)

	2006-2007	2005-2006
Deferred Tax Liabilities		
(i) Depreciation	**4192.42**	568.98
	4192.42	**568.98**
Deferred Tax Assets		
(i) Retirement benefits	**92.03**	81.65
(ii) Doubtful debts	**29.85**	44.39
(iii) Others	**4.54**	4.50
Total	**126.42**	130.54
Net Deferred Tax Liability	**4066.00**	438.44

20. Calculation of Earnings Per Share (EPS) :

		2006-2007	2005-2006
a)	Amount used as the numerator - Profit after taxation (Rs. in Lacs)	**24186.48**	9633.48
b)	Number of equity shares outstanding at the beginning and at the end of the year – (Nos.)	**57890000**	57890000
c)	Nominal value of each share – (Rs.)	**2**	2
d)	Basic and Diluted Earnings per share (Rs.)	**41.78**	16.64

21. Disclosure in respect of outstanding foreign currency exposure:

Amount (Rs. in Lacs)

Sr. No.	Particulars	2006-2007		2005-2006	
		Hedged	Not Hedged	Hedged	Not Hedged
a)	Receivables		**3593.55**		2849.37
b)	Payables		**857.48**		1388.37
c)	Advances Received		**14695.49**		7119.42
d)	Advances Paid		**549.90**		345.16
e)	Capital Commitments		**9.37**	3147.87	3115.29
f)	External Commercial Borrowings-Completely hedged using currency and interest rate swap	**2209.76**		2872.76	
g)	External Commercial Borrowings		**12222.64**		1344.90
h)	Interest Payable	**7.42**	**24.28**	10.43	5.75
i)	Export Bills Discounted		**56.28**		

22. Segment Information

(A) Information about Primary (Business) Segment:

Description	Amount (Rs. in Lacs) Year Ended 31.03.2007	Year Ended 31.03.2006
[I] Segment Revenue		
i. Chemicals	**57469.56**	18291.75
ii. Power	**1360.38**	658.01
iii. Un-allocable and Corporate	**5391.71**	8056.86
Total Segment Revenue	**64221.65**	27006.62
Less : Inter Segment Revenue- Power	**1309.38**	658.01
Total External Revenue	**62912.27**	26348.61
[II] Segment Result		
i. Chemicals	**31408.42**	3044.38
ii. Power	**(947.04)**	145.37
Total Segment Result	**30461.38**	3189.75
Add : Un-allocable Income (Net of un-allocable expenses)	**4980.85**	7899.77
Less :Interest expenses	**495.63**	129.17
Total Profit Before Tax	**34946.59**	10960.35
Less : Taxation (including Deferred tax and Fringe Benefit tax)	**10760.11**	1326.87
Net Profit After Tax	**24186.48**	9633.48
[III] Other Information		
a] Segment Assets		
i. Chemicals	**54375.61**	27241.93
ii. Power	**23340.10**	6650.21
iii. Un-allocable and Corporate	**66657.57**	43162.44
Total	**144373.28**	77054.58
b] Segment Liabilities		
i. Chemicals	**22294.16**	11292.18
ii. Power	**1222.11**	306.61
iii. Un-allocable and Corporate	**49703.99**	16076.99
Total	**73220.26**	27675.78
c] Capital Expenditure		
i. Chemicals	**27953.99**	11210.31
ii. Power	**17055.67**	6458.80
iii. Un-allocable and Corporate	**1495.70**	1010.10
Total	**46505.37**	18679.21
d] Depreciation & Amortization		
i. Chemicals	**1310.68**	595.06
ii. Power	**843.41**	89.75
iii. Un-allocable and Corporate	**143.15**	59.74
Total	**2297.24**	744.55
e] Non-cash expenses (other than depreciation)		
i. Chemicals	**41.57**	57.10
ii. Power	**0.00**	0.00
iii. Un-allocable and Corporate	**0.00**	0.00
Total	**41.57**	57.10

[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	**2006-2007**	2005-2006
Domestic	**5337.44**	3705.28
Overseas	**52039.28**	14497.86
Total	**57376.72**	18203.14

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

[C] Notes:

1) Inter-segment revenue comprise of power generated by Captive Power Generation Units and consumed in Chemical Business and is priced at estimated market value.
2) The Company operates in following business segments:
   a. Chemicals - Comprising of Chlorofluorocarbons, Hydro fluorocarbons, Anhydrous Hydrochloric acid, Caustic-Chlorine and Revenue from Carbon Credits. It also includes, Chloromethane and PTFE, production of which is yet to commence.
   b. Power - Comprising of Power Generation.
3) Chemicals business is operated in two geographical markets, in domestic and overseas market. In respect of power segment, the entire production is indigenously sold/consumed. The disclosures regarding geographical segments are made accordingly.
4) The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
5) In the previous year there was no revenue from "Carbon Credits Business". Since generation of Carbon Credits is intimately dependant on and is directly linked to the production in Chemical Business, in the opinion of the management, its inclusion in "Chemical Business" segment would result in more appropriate presentation of the financial statements. Hence "Chemical Business" segment includes "Carbon Credit Business". Accordingly figures for the previous year have been reclassified.

23. There is no amount due to "Micro or Small Enterprises "under Micro, Small and Medium Enterprises Act, 2006. Names of Small Scale Industrial Undertakings to whom the Company owes a sum which is outstanding for more than 30 days as on 31.03.2007 is as under:

    K.S Industries, Industrial Packing Products, Pneucon Valves Private Limited , A.K.Engineerings, Logicon Techno solutions Private Limited, Anacon Process Control Pvt. Ltd, Dakle Industrial Plastic, Fainger Engineering, Fluoropolymer Packing & Seals Pvt. Ltd., Liberty Valves Pvt. Ltd., NU Fibro Tech , Oscar Valves Pvt. Ltd., Pankaj Steel Industries, Pipefit Engineers Pvt. Ltd., Raje-Dia Pumps Pvt. Ltd., Sharda Steel Equipment, Shree Geeta Wood Industries, Shree Hari Siddhi Engineering Works, Shree Ram Rub Tech Pvt. Ltd.

    The information regarding dues to 'Micro or Small Enterprises' and 'Small Scale Industrial Undertakings', including that given in Schedule No.8 – Current Liabilities regarding small scale industrial undertakings has been determined to the extent such parties have been indentified on the basis of the information available with the Company.

24. Amount due to/from companies under the same management are as under:

	Amount (Rs. in Lacs)	
Particulars	**2006-2007**	2005-2006
Inox India Limited		
Amount payable	**See Note**	50.57
Maximum amount due during the year (Receivable)	**Nil**	36.57

Note: Ceased to be a "Company under same management"w.e.f. 15.03.2007.

25. Disclosure of the relationship and transactions with the related parties as defined in Accounting Standard 18 issued by The Institute of Chartered Accountant of India is as under:

(A) Where control exists:

Subsidiary Company:

Inox Leisure Limited

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

Associate Companies
- Inox Global Services Limited
- Inox Infrastructure Private Limited (Incorporated on 27.02.07)

Key Management Personnel
- Shri V K Jain (Managing Director)
- Shri D K Sachdeva (Whole Time Director)
- Shri J S Bedi (Whole Time Director w.e.f. 31.10.06) - see note 1

Relative of Key Management Personnel
- Shri D K Jain (Father of Shri V K Jain)
- Shri P K Jain (Brother of Shri V K Jain)

Enterprises over which Key Management Personnel, or his relative, has significant influence
- Devansh Gases Private Limited
- Devansh Trading and Finance Private Limited
- Inox India Limited
- Inox Air Products Limited
- Inox Leasing & Finance Limited
- Inox Chemicals Private Limited
- Refron Cylinders Limited (amalgamated with Inox India Limited w.e.f. 01.04.06) –see note 2
- Refron Valves Limited
- Rajni Farms Private Limited
- Sidhapavan Trading and Finance Private Limited
- Siddho Mal Investment Private Limited

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

Particulars	Subsidiary Company		Associate Company		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
A) Transactions during the year												
Sales of Goods												
Inox Air Products Limited									**7.49**	6.70	**7.49**	6.70
Total									**7.49**	6.70	**7.49**	6.70
Sale of Fixed assets												
Shri D. K. Sachdeva					**0.00**	0.29					**0.00**	0.29
Total					**0.00**	0.29					**0.00**	0.29
Purchase of Assets												
Inox India Limited									**5.15**	0.00	**5.15**	0.00
Total									**5.15**	**0.00**	**5.15**	**0.00**
Purchase of Goods												
Inox Air Products Limited									**223.28**	768.08	**223.28**	768.08
Refron Cylinder Limited-see note 2									**0.00**	534.42	**0.00**	534.42
Inox India Limited									**1532.60**	716.27	**1532.60**	716.27
Others									**0.14**	0.15	**0.14**	0.15
Total									**1756.02**	2018.92	**1756.02**	2018.92
Inter-corporate Deposits given												
Inox Leisure Limited	**0.00**	1500.00									**0.00**	1500.00
Inox Air Products Limited									**0.00**	2500.00	**0.00**	2500.00
Inox Leasing & Finance Limited									**100.00**	0.00	**100.00**	0.00
Total	**0.00**	1500.00							**100.00**	2500.00	**100.00**	4000.00
Inter-corporate Deposits received back												
Inox Leisure Limited	**1121.07**	1171.85									**1121.07**	1171.85
Inox Air Products Limited									**2500.00**	0.00	**2500.00**	0.00
Inox Leasing & Finance Ltd									**100.00**	0.00	**100.00**	0.00
Total	**1121.07**	1171.85							**2600.00**	0.00	**3721.07**	1171.85

Particulars	Subsidiary Company		Associate Company		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
Preference shares Redemption												
Inox Global Services Limited-see note 3			**1883.00**	0.00							**1883.00**	0.00
Inox Leasing & Finance Limited									**400.00**	600.00	**400.00**	600.00
Total			**1883.00**	0.00					**400.00**	600.00	**2283.00**	600.00
Preference shares Subscribed												
Inox Global Services Limited-see note 3			**1883.00**	0.00							**1883.00**	0.00
Total			**1883.00**	0.00							**1883.00**	0.00
Equity shares Subscribed												
Inox Infrastructure Private Limited			**0.30**	0.00							**0.30**	0.00
Total			**0.30**	0.00							**0.30**	0.00
Share application money received back												
Inox Leisure Limited	**0.00**	362.00									**0.00**	362.00
Total	**0.00**	362.00									**0.00**	362.00
Interest received												
Inox Leisure Limited	**225.21**	308.39									**225.21**	308.39
Inox Air Products Limited									**14.79**	2.74	**14.79**	2.74
Inox Leasing & Finance Limited									**1.97**	0.00	**1.97**	0.00
Total	**225.21**	308.39							**16.76**	2.74	**241.97**	311.13
Reimbursement of expenses (paid)												
Inox Leisure Limited	**0.00**	183.82									**0.00**	183.82
Inox Air Products Limited									**4.19**	2.42	**4.19**	2.42
Inox India Limited									**2.90**	0.03	**2.90**	0.03
Others									**0.09**	0.00	**0.09**	0.00
Total	**0.00**	183.82							**7.18**	2.45	**7.18**	186.27
Reimbursement of expenses (received)												
Inox Leisure Limited	**0.00**	4.33									**0.00**	4.33
Inox India Limited									**0.61**	0.24	**0.61**	0.24
Total	**0.00**	4.33							**0.61**	0.24	**0.61**	4.57
Rent Received												
Devansh Gases Private Limited									**0.12**	0.12	**0.12**	0.12
Devansh Trading & Finance Private Limited									**0.12**	0.12	**0.12**	0.12
Rajni Farms Private Limited									**0.12**	0.12	**0.12**	0.12
Inox Chemicals Private Limited									**0.12**	0.12	**0.12**	0.12
Sidhapavan Trading & Finance Private Limited									**0.12**	0.12	**0.12**	0.12
Siddho Mal Investment Private Limited									**0.12**	0.12	**0.12**	0.12
Inox Air Products Limited									**73.50**	0.00	**73.50**	0.00
Others			**0.12**	0.06							**0.12**	0.06
Total			**0.12**	0.06					**74.22**	0.72	**74.34**	0.78
Rent & Lease Rentals paid												
Shri D K Sachdeva					**1.20**	1.20					**1.20**	1.20
Inox Air Products Limited									**10.13**	1.30	**10.13**	1.30
Devansh Gases Private Limited									**12.00**	0.00	**12.00**	0.00
Inox Leasing & Finance Limited									**18.00**	0.00	**18.00**	0.00
Total					**1.20**	1.20			**40.13**	1.30	**41.33**	2.50
O&M Charges paid in respect of leased plant												
Inox Air Products Limited									**14.94**	0.00	**14.94**	0.00
Total									**14.94**	0.00	**14.94**	0.00
Dividend Received												
Inox Leasing & Finance Limited									**30.00**	89.58	**30.00**	89.58
Total									**30.00**	89.58	**30.00**	89.58
Remuneration paid												
Shri V K Jain					**1347.44**	162.13					**1347.44**	162.13
Shri D K Sachdeva					**24.78**	21.71					**24.78**	21.71
Others					**5.97**	0.00					**5.97**	0.00
Total					**1378.19**	183.84					**1378.19**	183.84

Particulars	Subsidiary Company		Associate Company		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
Sitting Fees												
Shri D K Jain							**0.64**	0.10			**0.64**	0.10
Shri P K Jain							**0.10**	0.06			**0.10**	0.06
Total							**0.74**	0.16			**0.74**	0.16
B) Amounts outstanding												
Investment in Shares												
Inox Leisure Limited												
Equity shares	**3960.00**	3960.00									**3960.00**	3960.00
Inox Global Services Limited												
Equity shares			**247.49**	247.49							**247.49**	247.49
Preference shares			**1883.00**	1883.00							**1883.00**	1883.00
Inox Infrastructure Private Limited												
Equity shares			**0.30**	0.00							**0.30**	0.00
Inox Leasing & Finance Limited												
Preference shares									**0.00**	400.00	**0.00**	400.00
Total	**3960.00**	3960.00	**2130.79**	2130.49					**0.00**	400.00	**6090.79**	6490.49
Amount payable												
Shri V K Jain					**1301.76**	85.70					**1301.76**	85.70
Inox India Limited									**28.29**	50.57	**28.29**	50.57
Inox Air Products Limited									**37.20**	46.02	**37.20**	46.02
Others					**5.23**	1.77			**0.00**	0.00	**5.23**	1.77
Total					**1306.99**	87.47			**65.49**	96.59	**1372.48**	184.06
Amount receivable												
Inox Leisure Limited-ICD	**3221.68**	4342.75									**3221.68**	4342.75
Inox Air Products Limited-ICD									**0.00**	2500.00	**0.00**	2500.00
Total	**3221.68**	4342.75							**0.00**	2500.00	**3221.68**	6842.75

Notes:

1. Shri J.S.Bedi (Vice President –Dahej Operations) is appointed as additional director w.e.f. 31.10.2006 and hence his remuneration for the period 31.10.2006 to 31.03.3007 is considered in related party disclosure.

2. Refron Cylinders Limited is amalgamated with Inox India Limited w.e.f. 01.04.2006 and hence the transactions with this company are included in the transaction with Inox India Limited.

3. During the year, Inox Global Services Limited (IGSL) has issued new 1% 18,83,000 cumulative preference shares of Rs. 100/- each to Gujarat Fluorochemicals Limited (GFL) to be redeemed at a premium of Rs.35/- per share plus Rs.4/- per share for every year of effective tenure. These shares are redeemable at the end of the fifth year from the date of its issue with an option to redeem them before the expiry of the said term. The proceeds from the issue of these new cumulative preference shares has been utilised by IGSL to redeem the existing 5% 18,83,000 cumulative preference shares of Rs. 100/- each held by GFL(which were redeemable at par), and the arrears of dividend thereon of Rs. 579.42 Lacs has been forfeited.

26. Disclosure as required by Accounting Standard – AS 19 on "Leases" –

a) In respect of Assets given on Operating Lease : Particulars	**Amount (Rs. in Lacs)** **2006-07**
(i) Gross carrying amount of asset given on operating lease included in Buildings & Road block of fixed assets.	440.71
(ii) Accumulated Depreciation as at the end of the year	7.20
(iii) Depreciation for the year	7.18
(iv) Future minimum lease payments -	
(a) Not later than one year	126.00
(b) Later than one year and not later than five years	468.30

(v) General description of significant Leasing arrangements –

Asset given on operating lease is Office Building. The non-cancellable initial lease tenure is for five years, which can be further e x - tended at the mutual option of both the parties.

b) In respect of plant taken on operating lease:

The lease is for an initial non-cancellable period of ten years, which can be further extended at the mutual option of both parties. The lease rentals of Rs. 9.17 lacs are included in Lease Rentals in Schedule 5 to the Balance Sheet. The future minimum lease payments under this lease arrangement are as under

Amount (Rs. in Lacs)

	2006-07
(a) Not later than one year	**35.28**
(b) Later than one year and not later than five year	**141.12**
(c) Later than five years	**167.58**

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

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

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Gujarat Fluorochemicals Limited

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

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No. 9362 State Code 04

Balance Sheet Date : 310307

Date Month Year

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
1443728	1443728

Sources of Funds

Paid-up Capital	Reserves & Surplus
115780	699952 2
Secured Loans	**Unsecured Loans**
443619	NIL
Deferred Tax Liability	
405576	

Application of Funds

Net Fixed Assets	Investments
6773058	5305331
Net Current Assets	**Misc. Expenditure**
(-) 113892	NIL
Accumulated Losses	
NIL	

iv Performance of Company (Amount in Rs. Thousand)

Turnover (net)	Total Expenditure
5737672	2796568
+ - Profit/(Loss) Before Tax	**+ - Profit /(Loss) After Tax**
3494659	2418648
Earning per share (Rs.)	**Dividend Rate @ %**
41.78	250.00

V Generic Names of Principal Products/Services of Company

(As per monetary terms)

Item Code No (ITC Code)	290310
Product Description	CHLOROFLUOROCARBONS
Item Code No (ITC Code)	281190
Product Description	HYDROFLUORIC ACID

INOX LEISURE LIMITED

8TH ANNUAL REPORT

2006-2007

BOARD OF DIRECTORS

Mr. Pavan Jain	*Director*
Mr. Vivek Jain	*Director*
Mr. Deepak Asher	*Director*
Mr. Sundeep S. Bedi	*Director*
Mr. Siddharth Jain	*Director*
Mr. Vimal Mittal	*Director*
Mr. Alok Tandon	*Chief Operating Officer*

AUDIT COMMITEE

Mr. Vimal Mittal

Mr. Deepak Asher

Mr. Sundeep Bedi

AUDITORS

M/s. Patankar & Associates

Chartered Accountants

COMPANY SECRETARY & VICE PRESIDENT - LEGAL

Mr. Rajesh D. Parte

REGISTERED OFFICE

ABS Towers, Old Padra Road,

Vadodara 390 007, Gujarat.

CORPORATE OFFICE

21-A, Film Centre, 2nd Floor,
68, Tardeo Road,
Mumbai 400 034.

Directors' Report

Your Directors take pleasure in presenting to you the Eighth Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Income		
Sales and other Income	**16,248.71**	10,908.10
Profit before Interest, Depreciation and Tax (PBIDT)	**4,545.52**	3,797.20
Less: Depreciation	**640.49**	517.44
Profit before Interest and Tax (PBIT)	**3,905.02**	3,279.76
Less: Interest	**665.70**	789.01
Profit before Tax (PBT)	**3,239.32**	2,490.75
Less: Provision for Taxation	**760.28**	736.55
Profit after Tax (PAT)	**2,479.04**	1,754.20
Add: Profit brought forward from previous year	**2,832.12**	1,077.92
Appropriations:		
• Proposed dividend on equity shares	**600.00**	Nil
• Corporate tax on distributed dividend	**101.97**	Nil
• Transfer to General Reserve	**3900.00**	Nil
Balance carried to Balance Sheet	**709.19**	2832.12

During the year under review, the Company achieved Sales and other Income of Rs. 16,248.71 lacs, showing a growth of 49% compared to the previous year. The PBIDT increased by 20% to Rs. 4545.52 lacs. The profit before tax was higher by 30% to Rs. 3239.32 lacs. The profit after tax increased by 41% to Rs. 2479.04 lacs compared to Rs. 1754.20 lacs in 2005-06.

2. DIVIDEND

Your Directors recommend the maiden dividend of Rs.1 per share (10% on par value of Rs.10/- per share). The total dividend amount is Rs. 6,00,000,00/-. Dividend (including dividend tax) as a percentage of profit after tax is 28.32%.

3. ACQUISITION

Your Company has received the approval from the High Court of Gujarat at Ahmedabad for the Scheme of Amalgamation of Calcutta Cine Private Limited with the Company. The certified copy of the High Court order is filed with the Office of the Registrar of Companies, Ahmedabad.

The High Court at Calcutta has also vide its order dated 13th March 2007, approved the amalgamation of Calcutta Cine Private Limited with the Company subject to compliance of the formalities mentioned in the said order. Necessary entries shall be made in the Books of Accounts of the Company with effect from the appointed date, i.e., 1st April 2006, on the Scheme of Amalgamation becoming effective.

4. RESIGNATION OF MANAGER

Mr. Manoj Bhatia, CEO, who was appointed as a Manager of the Company pursuant to the provisions of Section 269 of the Companies Act, 1956 has resigned with effect from 18th October 2006.

Mr. Alok Tandon, COO, was appointed by the Board of Directors, as a Manager of the Company pursuant to the provisions of Section 269 of the Companies Act,1956 with effect from 18th June 2007, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

5. DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors would like to confirm that:

a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.

b. The Directors have selected such Accounting Policies and applied them consistently and made judgments 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.

c. 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.

d. The Directors have prepared the Annual Accounts on a going concern basis.

6. DIRECTORS

Mr. Sundeep Bedi, Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Sundeep Bedi has expressed his desire not to consider him for re-appointment, in view of his prior occupation. In view of the same, Mr. Sundeep Bedi ceases to be a Director at the ensuing Annual General Meeting. Your Directors placed on record their sincere appreciation of the contribution of Mr. Bedi during his tenure as Director of the Company.

Mr. Siddharth Jain, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In accordance with stipulation under Clause 49 of the Listing Agreement, brief resume of Mr. Siddharth Jain together with nature of his expertise in specific functional areas and names of the Companies in which he hold office of a Director is given in the Notice convening the Annual General Meeting.

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

The Audit Committee of the Board of Directors of the Company has recommended the re-appointment of M/s Patankar & Associates, who retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Notice has been received from them that their appointment, if made, will be in accordance with the limit specified in Section 224 (1B) of the Companies Act, 1956.

9. PERSONNEL

We continue to share a cordial and harmonious relationship with our employees.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees 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**.

10. EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval of the Shareholders given at the Extra Ordinary General Meeting held on 4th January 2007, your Company has granted options to the employees of the Company which would enable the employee to have the right to get the option converted into shares at a future date in accordance with the scheme. The disclosures as required under the Securities Exchange Board of India Guidelines on Employee Stock Option Scheme / Employee Stock Purchase Scheme are given in Annexure "A", which forms part of this report.

11. CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance and Auditors Report thereon are included as a part of the Annual Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTFLOW

Your Company has taken the following energy conservation measures:

- Power factor is being maintained with the use of capacitor banks and auto power factor correction meter. These banks are used to

neutralize the inductive current by providing capacitive current. As a result, a power factor improves and the Company gets rebate as may be applicable on energy bills from electricity distribution companies. The overall current consumption from the equipment also reduces which leads to an increased life cycle of the equipments like motors and heaters.

- Timers are being used to optimize the operational hours of lighting and other load within the premises. We have started energy conservation meeting for all the units so as to create awareness about energy conservation. Units like Kolkata City Center, Kolkata Forum, Bangalore, Indore, Nariman Point, Nagpur have provided Timers for common area lightings and signages. Digital Timers are also used for the AHU which can precisely control the operation hours of AHU according to the schedule of Movies.
- The operation timing of HVAC system and temperature is controlled with the help of Building Management System software (BMS) at some of the units of the Company.
- Introduced Energy tracking system at Nagpur and Nariman Point Multiplexes.
- All operational units have implemented Planned Preventive Maintenance (PPM) program where the schedule for all the engineering and projection equipments are chalked out in advance with the PPM chart. A benefit of the PPM program is to improve the efficiency of the machines and minimizing breakdowns. As a part of PPM program, the air conditioning system was overhauled and chemical dosing was used to recover the loss of ageing and reduced capacity. As a result, the electrical current required for getting the desired result has reduced.
- All the new fittings are with CFL or energy saver, which uses less electrical power as compared to incandescent lamps. Some of the units, i.e, Bangalore has replaced 10 watt halogen lamps with LED lamps, at Nariman Point, 5 Watt Xenon lamp replaced with 0.5 watt LED lamps which consume minimal power compared with the existing halogen lamps and sustaining considerable life cycle.
- Auto Voltage Regulator (AVR) is installed at Pune which maintains constant Voltage in the said unit irrespective of any voltage fluctuation from electricity board. In effect the rate of failure of bulbs, tubes and other components has been reduced considerably.
- Emphasizing on CFL and LED lamps in renovation of Kota property and upcoming projects.
- Installed digital projectors at Kota, Darjeeling, Indore and Jaipur which consume 20% less energy as compared with conventional projection systems.

Your Company continues to use the latest technology for giving high quality viewing experience to the patrons.

The foreign exchange earning and outflow is as follows:

(Rs. in lacs)

		Current Year	Previous Year
(a)	Foreign exchange earnings	**Nil**	Nil
(b)	Foreign exchange outflow		
	CIF value of Capital Goods imported	**130.79**	34.96
	Travelling	**Nil**	2.97
	Professional Fees	**26.18**	26.25
	Conference and Seminar Fees	**Nil**	0.51
	Subscription	**Nil**	Nil
	Total	**156.97**	**64.69**

13. SUBSIDIARY

The Company does not have any Subsidiary.

14. ACKNOWLEDGEMENT

Your Directors place on record their deep sense of appreciation for the dedicated services rendered by the employees at all levels, enabling the Company to achieve a satisfactory performance during the year under review.

Your Directors express their gratitude for the valuable co-operation and continued support extended by the Company's bankers, business associates and investors.

On behalf of the Board of Directors

Pavan Jain
Chairman

Place : Mumbai
Date : 30th July, 2007

Annexure "A"

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(Format as given in SEBI manual, point no. 12 of above guideline, page II.1061)

a	Options granted	**2,44,120**
b	The price formula / Exercise Price	**Rs.15**
c	Options vested	**NIL**
d	Options exercised	**NIL**
e	The total number of shares arising as a result of exercise of option	**NIL**
f	Options lapsed	**NIL**
g	Variation of terms of options	**Not applicable**
h	Money realized by exercise of option	**NIL**
i	Total number of options in force	**2,44,120**
j	Employee-wise details of options granted to	
	i. senior managerial personal	**2,44,120**
	ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	**Details of employees with 5% or more options** **Name — No. of Options** **Mr. Deepak Asher — 25,000** **Mr. Alok Tandon — 32,920** **Ms. Daizy Lal — 13,560** **Mr. Vijay Basur — 13,770**
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	**Nil**
k	Diluted Earnings Per Share (EPS) (as on 31st March, 2007) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 'Earnings per Share'	**Rs. 4.15**
l	If employee compensation cost calculated using intrinsic value of the stock options, difference between ECC so computed and ECC shall have been recognized if it had used the fair value of the options.	**Difference in ECC : The ECC would have been higher by Rs. 0.74 lacs.**
	Impact of this difference on profits and on EPS of the Company	**Impact of the difference on Profit : Profit After Tax would have been lower by Rs. 0.74 lacs** **Impact on EPS : EPS would have been lower by less than Rs. 0.01 each**

m	For options whose exercise price either equals or exceeds or is less than the market price of the stock, disclose weighted-average exercise prices and weighted-average fair values of options separately		**Weighted Average Exercise Price**	**Weighted Average Fair Value**
		Exercise price equals market price	**Nil**	**Nil**
		Exercise price exceeds market price	**Nil**	**Nil**
		Exercise price is less than the market price	**Rs. 15/-**	**Rs. 152.71**
n	Method and significant assumptions used during the year to estimate fair values of options, including following weighted-average information : i. risk-free interest rate ii. expected life iii. expected volatility iv. expected dividends, and v. the price of the underlying share in market at the time of option grant	 **7.67%** **2.71** **60.32%** **0%** **Rs. 164.85**		

Management Discussion and Analysis

Industry structure & developments

The Indian film industry today is witnessing marked improvements in all spheres – from the technology used in making films, to internationally appealing movie themes, digital exhibition and a greater focus on marketing and transparent distribution.

The increasing corporatization of the Indian film industry, development of retail malls that have multiplexes as anchor tenants, improvements in projection and sound technology, superior economies of multiplexes along with growing consumerism have all led to a significant increase in the number of multiplexes in India.

2006 was also an excellent year for the Indian box office. The top five films alone grossed over Rs. 3 billion. This powered a total of 21% growth in box office revenues in 2006 taking the estimated size of the Indian domestic box office market to Rs. 64 billion. This growth can directly be attributed to the growing number of multiplexes and digital cinemas in the country, the increasing corporatization of the Indian film industry and the improvement in content. The domestic box office market is expected to grow at a CAGR of 13% and nearly double its size to an estimated Rs. 119 billion over the next five years.

Overall, the size of the Indian film industry is estimated at Rs. 85 billion in 2006, having grown by 24% from 2005. This high increase was attributed to higher average ticket prices, propelled by the growth of multiplexes, as result of which the box office market (domestic) is projected to increase cumulatively by 13.5%. Overall the Indian film industry is expected to grow at a CAGR of 16% to Rs. 175 billion by 2011.

Opportunities, Threats, Risk and Concerns

- Overbuilding - Several companies have drawn up aggressive expansion plans. If all these plans were to be implemented on schedule as stated, it is likely that some catchments will be over crowded, leading to pressures on pricing and occupancies. However, we believe that with the exception of one or two pockets in the country, the overall situation is far from that of over-supply.
- Tax structure not getting rationalized – One of the key drivers of growth for the film exhibition business is the expectation of rationalization of entertainment taxes. If this does not happen in the time-frame envisaged, increasing costs will place margins under pressure. However, many states are reducing entertainment tax rates for cinema exhibition and there is no reason to expect this trend will not continue going forward.
- Quality of content – Good quality content is the key driver of footfalls in multiplexes. While generally the quality of content is improving, in any particular year if the content released is commercially unsuccessful, this could impact revenues of multiplexes.
- Competition from other forms of entertainment - Supply of different types and formats of entertainment, like theme parks, movie-on-demand on DTH and cable platforms, live gaming, amongst others, could affect revenues. Despite these, we strongly believe the multiplex cinemas will remain the most significant out-of-home entertainment option for the Indian consumer. .

Segment-wise Performance

The Company is primarily engaged in the business of setting up and operating multiplex cinema theatres.

Outlook

Our mission is to create India's largest network of world-class multiplex cinema theatres across all the leading towns and cities of India and be a leader in the Indian film exhibition industry, in terms of physical parameters like number of screens and quality of viewing experience, as well as financial parameters like revenues and profitability.

We expect to start operations at more multiplexes in various parts of India in the near future. Box office collections are also expected to rise substantially on account of newer properties.

Internal control systems and their adequacy

The Company has proper and adequate systems of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, codes of conducts and corporate policies are duly complied with.

The Audit Committee reviews the reports submitted by the Internal Auditors and monitors follow-up and corrective action by Management.

Discussion of financial performance with respect to operational performance

The Company's financial performance is discussed under the head 'Financial Results' in the Directors' Report to the members.

Material Developments in Human Resources:

A. Recruitment & Selection

We develop and maintain our talent Pool by recruiting from different service sectors like Hotels, Entertainment, Retail, Aviation, Media and Management Schools. Our professional and successful management team is drawn from the above backgrounds.

The current employee strength is around 1500 and the number would go up to 2000 by the end of this financial year.

B. Training & Development

Our employees continue to be our most valuable assets. We thrive upon the quality of our highly `Systems and Service' oriented work culture to achieve and maintain consistently high service standards. Our constructive & progressive management style enables us to attract and retain the best talent in the industry. Thus, we continuously maintain a long term strategic competitive advantage for sustaining long term business objectives.

C. Industrial Relations

With our fair management practices across the board we ensure a congenial work environment and a good quality of work life.

Corporate Governance Report

1. A brief statement on the 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; ensuring greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its Shareholders.

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

2. Board of Directors:

The Board of your Company comprises of six Directors and all of them are Non-Executive Directors having considerable experience in their respective fields. The Board is headed by the Non-Executive Chairman, Mr. Pavan Jain. 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.

Your Company held six Board Meetings during the year on, 16th June, 2006, 23rd June, 2006, 28th July, 2006, 19th September, 2006, 30th October, 2006 and 29th January, 2007.

The details of the Board of Directors, their positions, attendance record, Other Directorships (excluding private limited and foreign companies and Alternate Directorships) and the membership of Board Committees as on 31st March, 2007 are as under:-

Name of Director	Position	No. of Board meetings attended	Whether attended last AGM	No. of Directorships in other companies*	Member (Chairman) of other Board Committees**
Mr. Pavan Jain	Non-Executive Chairman	6	No	6	3 (2)
Mr. Vivek Jain	Non-Executive Director	4	Yes	5	3
Mr. Deepak Asher	Non-Executive Director	5	Yes	1	1
Mr. Sundeep Bedi	Non-Executive Independent Director	4	No	1	Nil
Mr. Siddharth Jain	Non-Executive Director	2	No	3	Nil
Mr. Vimal Mittal	Non-Executive Independent Director	4	Yes	5	5 (3)

* Excluding private limited companies

** Including membership/chairmanship in Committees of Inox Leisure Limited. Other Committee means Audit Committee and Shareholder's Grievance Committee.

3. The Company has three Board-level committees, namely

a) Audit Committee

b) Share Transfer & Investor's Grievance Committee

c) Compensation Committee

a) Audit Committee:

The Audit Committee comprises of three Non-Executive Directors with Mr. Vimal Mittal as the Chairman of the Committee. The names of the members and the Chairman of the Committee together with their attendance is as follows:

Name of Director	Position	Number of Meetings Held	Number of Meetings Attended
Mr. Vimal Mittal	Chairman	4	4
Mr. Deepak Asher	Member	4	4
Mr. Sundeep Bedi	Member	4	4

During the year under review, four meetings of the Committee were held on 16th June 2006, 28th July 2006, 30th October 2006 and 29th January 2007.

Mr. Vimal Mittal, Chairman of the Committee was present at the Annual General Meeting held on 22nd September, 2006.

The Company Secretary acts as the Secretary to the Committee. The terms of reference for the Audit Committee are in accordance with Clause 49 of the Listing Agreement.

b) Share Transfer & Investors' Grievance Committee:

Your Company has formed a Share Transfer & Investors' Grievance Committee under the Chairmanship of Mr. Pavan Jain, a Non-Executive Director of your Company. The Committee specifically looks into the redressal of Shareholders' and investors' complaints such as transfer of shares, non receipt of shares, non receipt of IPO refund orders etc. and to ensure their expeditious disposal. The Committee approves and monitors transfers, transmissions, dematerialization, re-materialisation, issue of duplicate shares, splitting and consolidation of shares issued by your Company.

Composition of the Committee together with the meetings held and attendance is as follows:

Name of Director	Position	Committee Meetings held during the year	Number of Meetings attended
Mr. Pavan Jain	Chairman	6	6
Mr. Vivek Jain	Member	6	2
Mr. Deepak Asher	Member	6	5

Mr. Rajesh D. Parte, Company Secretary and Vice President - Legal acts as a Compliance Officer

During the year ended 31st March, 2007, your Company received 583 complaints from Investors. All the complaints were resolved/ replied. The complaints were mainly in respect of non receipt of Refund Orders / non receipt of Electronic Credits.

As on 31st March 2007, a total of 38,769 equity shares remained in the in-transit account with National Securities Depository Limited/ Central Depository Services Limited.

c) Compensation Committee:

Your Company has formed a Compensation Committee for the purpose of administration and superintendence of the Employee's Stock Option Scheme, which consists of majority of independent Directors.

Composition of the Compensation Committee together with the meeting held and attendance is as follows:

Name of Director	Position	Number of Meetings Held	Number of Meetings Attended
Mr. Vimal Mittal	Non-Executive, Independent, Chairman	1	1
Mr. Deepak Asher	Non-Executive, Member	1	1
Mr. Sundeep Bedi	Non-Executive, Independent, Member	1	1

4. Remuneration to Directors:

All the Directors of your Company are Non-Executive Directors and are not entitled to any remuneration except sitting fees @ Rs. 5,000/- per meeting for attending the Board Meetings, Audit Committee Meetings, Share Transfer & Investors Grievance Committee Meetings and Compensation Committee Meetings. The details of sitting fees paid to the Non-Executive Directors for the year 2006-07 are given below:

Name of Director	Board Meeting Sitting Fees	Audit Committee Meeting Sitting Fees	Share Transfer & Investor's Grievance Committee Meeting Fees	Compensation Committee Meeting Fees	Total
Mr. Pavan Jain	30,000	-	30,000	-	60,000
Mr. Vivek Jain	20,000	-	10,000	-	30,000
Mr. Deepak Asher	25,000	20,000	25,000	5,000	75,000
Mr. Sundeep Bedi	20,000	20,000	-	5,000	45,000
Mr. Vimal Mittal	20,000	20,000	-	5,000	45,000
Mr. Siddharth Jain	10,000	-	-	-	10,000

During the year 25,000 stock options have been granted to Mr. Deepak Asher, Director of the Company in accordance with the Employees Stock Option Scheme 2006.

5. General Body Meetings:

The particulars of the last three Annual General Meetings (AGM) of your Company are given hereunder:

Year	Date and Time	Venue	Special Resolution Passed
2003-04	5th AGM on 10th Spetember, 2004 at 4.30 p.m.	ABS Towers, Old Padra Road, Vadodara – 390 007.	1. Donation to charitable and other funds
2004-05	6th AGM on 16th September, 2005 at 4.30 p.m.	ABS Towers, Old Padra Road, Vadodara – 390 007.	1. Issue of Shares to the Directors of your Company in terms of Section 81(1A) of the Companies Act, 1956
2005-06	7th AGM on 22nd September, 2006 at 3.30 p.m.	Royal Room, Hotel Surya Palace, Sayajigunj, Vadodara – 390 005.	Nil

During the year ended 31st March, 2007, no ordinary or special resolution was passed by your Company's Shareholders through postal ballot.

Extraordinary General Meetings held during the past three years:

Year	Date	Time	Special Resolution Passed
2003	28th September, 2003	4.30 p.m.	1. Change of Registered Office of the Company.
2005	28th October, 2005	4.00 p.m.	1. Issue of Capital u/s 81(1A) 2. Issue of Shares under ESOP u/s 81(1A) & 79A 3. Alteration of Articles of Association u/s 31
2007	4th January, 2007	3.00 p.m.	1. Approval of Scheme of Amalgamation of Calcutta Cine Private Ltd. with Inox Leisure Ltd.
2007	4th January, 2007	5.00 p.m.	1. Adoption of new ESOP scheme.

6. Other Disclosures:

a) Details of non-compliance

During the last three years there were no instances of non-compliance, penalties, strictures imposed on your Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

b) Materially significant related party transactions

There are no pecuniary related party transactions that may have potential conflict with the interest of your Company at large. All related party transactions are disclosed in the financial statements.

c) Disclosure about Directors being appointed / re-appointed

The brief resume and other information required to be disclosed under this section are provided in the Notice of the Annual General Meeting

d) Management Discussion and Analysis Report

Management Discussion and Analysis Report is set out in a separate section of this Annual Report and forms a part of this Report.

e) CEO/CFO Certification

Your Company has obtained a certificate from Manager and Vice President - Finance in respect of Compliance with the Code of Conduct.

Mr. Manoj Bhatia, who was appointed as a Manager in terms of the Companies Act, 1956 has resigned from the services of the Company with effect from 18-10-2006. The Board of Directors have appointed Mr. Alok Tandon – COO as a Manager in terms of the Companies Act, 1956 with effect from 18th June 2007.

7. Means of communication:

The quarterly / annual financial results of your Company during / for the year ended 31st March 2007 were sent to the Stock Exchanges immediately after they were taken on record by the Board and published in well-circulated Gujarati and English dailies as well. The said results were also posted on your Company's website viz: www.inoxmovies.com

8. General Shareholder information:

AGM :

Date : 28th September, 2007

Time : 3.00 p.m.

Venue : Maple Hall, Hotel Express, Residency, 18/19, Alkapuri Society, Vadodara – 390 007.

Book Closure Dates : 21st September 2007 to 28th September 2007 (both days inclusive)

Financial Year : Financial Year ended 31st March, 2007

Listing on Stock Exchanges

1. National Stock Exchange of India Limited
   Exchange Plaza,
   Plaot No. C/1, G Block,
   Bandra Kurla Complex,
   Bandra (East), Mumbai – 400 051
2. Bombay Stock Exchange Limited
   Jeejeebhoy Towers,
   Dalal Street, Mumbai – 400 001

Stock Code

National Stock Exchange of India Limited INOXLEISUR

Bombay Stock Exchange Limited INOXLEISUR / 532706

Market Price Data: High, Low during each month in last financial year

Month	NSE High	NSE Low	BSE High	BSE Low
April' 06	253.00	177.00	239.40	204.80
May' 06	220.90	147.00	212.05	153.70
June' 06	159.30	86.15	150.05	106.55
July' 06	129.00	102.00	124.85	103.45
August' 06	163.40	111.40	159.75	113.50
September' 06	169.95	149.10	164.40	151.00
October' 06	164.70	145.20	162.30	148.95
November' 06	201.80	157.25	194.00	159.45
December' 06	177.90	140.75	174.40	141.05
January' 07	168.25	142.55	164.10	144.20
February' 07	162.90	112.00	157.05	118.90
March' 07	124.80	101.00	119.60	105.85

As on 1st April, 2006, the opening BSE Sensex was 11343 and as on 31st March, 2007, closing BSE Sensex was 13072 (+15%). On 1st April, 2006, the opening price was Rs. 214 and as on 31st March, 2007, closing price was Rs. 109 (-49%).

Registrar and Transfer Agents

For lodgement of transfer deeds and other documents or any grievances / complaints, investors may contact your Company's Registrar and Transfer Agent at the following address:

Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills, Hyderabad – 500 034.

Distribution of Shareholding & Shareholding Pattern:

Distribution of shareholding as on 31st March, 2007 is as follows:					
No. of Equity Shares	No. of Cases	% of Cases	Total Shares	Amount	% of Shareholding
1 to 500	37584	96.94	2,759,598	27,595,980	4.60
501 to 1,000	599	1.54	492,253	4,922,530	0.82
1,001 to 2,000	249	0.64	365,610	3,656,100	0.61
2,001 to 3,000	100	0.26	256,428	2,564,280	0.43
3,001 to 4,000	43	0.11	153,575	1,535,750	0.26
4,001 to 5,000	42	0.11	200,154	2,001,540	0.33
5,001 to 10,000	64	0.17	484,459	4,844,590	0.81
10,001 & Above	89	0.23	55,287,923	552,879,230	92.14
Total	38770	100.00	60,000,000	600,000,000	100.00

Shareholding Pattern as on 31-March-07

Category	No. of Shares Held	Percentage of Shareholding
Promoter's holding		
- Indian Promoters	39,600,000	66.00
Sub-Total	39,600,000	66.00
Non-Promoters Holding		
Institutional Investors		
- Mutual Funds and UTI	1,790,186	2.98
- Banks, Financial Institutions	38,505	0.06
- FIIs	6,187,619	10.32
Sub-Total	8,016,310	13.36
Others		
Bodies Corporate	3,452,818	5.76
Indian Public	7,575,730	12.62
NRIs / OCBs	144,051	0.24
Any other		
- Trusts	1,174,513	1.96
- Clearing Members	36,578	0.06
Sub-Total	12,383,690	20.64
Grand Total	60,000,000	100.00

Dematerialization of shares and liquidity

Your Company's equity shares are traded compulsorily in dematerialized form. Approximately 30% of the equity shares of your Company are in dematerialized form. ISIN number for dematerialization of the equity shares of your Company is INE312H01016.

Outstanding GDRs/ADRs/Warrants

Your Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

Property Locations

The Multiplex Cinema Theatres of your Company are situated at the following places:

City	Location
Pune	Plot No. D, Near Hotel Central Park, Bund Garden Road, Pune.
Vadodara	Opp. Indraprastha Complex, Near Natubhai Centre, Race Course, Gopal Baug, Ellora Park, Vadodara.
Kolkata	Forum, 5th Floor, 10 / 3, Elgin Road, Kolkata.
Kolkata	City Centre, DC 1, Sector 1, Salt Lake City, Kolkata.
Goa	Old GMC Complex, D. B. Bandodkar Road, Panaji, Goa.
Mumbai	CR2, 2nd Floor, Opp. Bajaj Bhavan, Nariman Point, Mumbai.
Bangalore	5th Floor, Euroamer Garuda Mall, Opp. Shoppers Stop, Magrath Road, Bangalore.
Jaipur	Vaibhav Cine Multiplex Private Limited, C-1, C-Block, Amrapali Circle, Vaishali Nagar, Jaipur.
Indore	Sapna Sangeeta Mall, IDA Scheme 47, Sapna Sangeeta Road, Sneha Nagar, Indore.
Darjeeling	Rink Mall, 32, Laden La Road, Darjeeling.
Kota	Om Cineplex, Plot No. S 11, Indra Vihar, Kota.
Nagpur	Poonam Mall, Vardhaman Nagar, Nagpur – 444 008.
Chennai	3rd Floor, Chennai City Center, 10/11, R.K. Salai, Near Kalyani Hospital, Mylapore, Chennai-600 004.
Jaipur	City Plaza, Nirman Marg, Jhotwara Road, Bani Park, Jaipur, Rajashtan 302 008.

Address for correspondence

Registered Office:

ABS Towers, Old Padra Road, Vadodara – 390 007

Corporate Office:

21/A, Film Centre, 68, Tardeo Road, Mumbai – 400 034

Listing Fees:

Your Company has paid the annual listing fees for the financial year 2007-08 to the NSE and BSE on which the securities are listed.

9. Code of Conduct:

Company's Board has laid down a Code of Conduct for all Board Members and senior management of your Company. The Code of Conduct is available on the website of your Company. All Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

Declaration by the COO

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Members of the Board and senior management have affirmed compliance with the Code of Conduct for the year ended 31.3.2007.

Alok Tandon
Chief Operating Officer

Auditors' Certificate on Corporate Governance

To the Members of Inox Leisure Limited

We have examined the compliance of the conditions of Corporate Governance by Inox Leisure Limited for the year ended on 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

Compliance with the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure 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, as per the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement in all material respects.

We state that in respect of investor grievances received during the year ended 31st March 2007, no investor grievances are pending against the Company.

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 Patankar & Associates
Chartered Accountants

M Y Kulkarni
Partner
Mem. No. 35524

Place : Pune
Dated : 30th July, 2007

Auditor's Report

TO THE MEMBERS OF INOX LEISURE LIMITED

1. We have audited the attached Balance Sheet of Inox Leisure Limited, as at 31st March, 2007 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account.

   (iv) In our opinion, the Balance Sheet and Profit and Loss Account 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Patankar & Associates
Chartered Accountants

M Y Kulkarni
Partner
Mem. No. 35524

Place : Pune
Dated : 18th June,2007

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF INOX LEISURE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007.

In term of the Companies (Auditor's Report) Order, 2003, on the basis of information and explanation 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 fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.

   Fixed assets disposed off 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 not granted or taken any loan, secured or unsecured, to/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 procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sales and services. 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, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

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 thereunder 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. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for activities of the Company.

9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, cess, Entertainment Tax and other material statutory dues applicable to it. No payments were due in respect of Investors Education and Protection Fund and excise duty.

   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.

   There are no dues of income tax, sales tax, wealth-tax, service tax, customs duty, excise duty or cess, which have not been deposited on account of disputes.

10. The Company does not have accumulated losses and the Company has not incurred cash losses during the current year and in the immediately preceding financial year.

11. The Company has not defaulted in repayment of dues to banks.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company has made investment in units of mutual funds in the course of its investment activities. In our opinion, proper records have been maintained of the transactions and timely entries have been made therein. The units in mutual funds are held by the Company in its own name.

15. The Company has not given any guarantee for the loans taken by others from banks or financial institution.

16. The Company has not availed of any term loans during the year and hence the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

17. The Company has not raised any funds on short-term basis and hence the provisions of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

18. During the year the Company has not made any preferential allotment of shares to parties 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. We have verified the end use of money raised by public issue from the prospectus filed with SEBI, the offer documents and as disclosed in the notes to the financial statements.

21. No fraud on or by the Company was noticed or reported during the course of our audit.

For Patankar & Associates
Chartered Accountants

M Y Kulkarni
Partner
Mem. No. 35524

Place : Pune
Dated : 18th June, 2007

Balance Sheet as at 31st March, 2007

	Schedule	As at 31st March, 2007 Rs. in lacs	As at 31st March, 2006 Rs. in lacs
I SOURCES OF FUNDS			
1 Shareholders' Funds			
(a) Capital	1	**5,950.00**	5,950.00
(b) Employee Stock Options Outstanding		**38.15**	-
(c) Reserves & Surplus	2	**17,348.89**	15,571.82
		23,337.04	21,521.82
2 Loan Funds			
(a) Secured Loans	3	**4,430.12**	6,550.18
(b) Unsecured Loans	4	**3,221.68**	4,342.75
		7,651.80	10,892.93
3 Deferred Tax Liability (Net)		**1,277.38**	1,076.69
Total		**32,266.22**	33,491.44
II APPLICATION OF FUNDS			
1 Fixed Assets			
(a) Gross block		**20,059.66**	17,434.91
(b) Less: Depreciation		**1,831.83**	1,208.35
(c) Net block	5	**18,227.83**	16,226.56
(d) Capital work-in-progress		**264.52**	124.98
(e) Advances on Capital Account		**181.99**	140.05
(f) Pre-operative expenditure pending allocation	6	**459.34**	275.43
		19,133.68	16,767.02
2 Intangible Assets			
(a) Gross block		**1,769.99**	1,355.94
(b) Less: Amortization		**1,546.47**	574.01
(c) Net block	7	**223.52**	781.93
3 Investments	8	**11,606.17**	14,520.60
4 (i) Current Assets, Loans and Advances			
(a) Interest Accrued		**19.88**	14.62
(b) Inventories	9	**82.95**	47.59
(c) Sundry Debtors	10	**279.13**	253.44
(d) Cash and Bank balances	11	**199.46**	303.10
(e) Loans and advances	12	**3,054.43**	3,163.44
Sub-Total (i)		**3,635.85**	3,782.19
(ii) Less : Current Liabilities and Provisions			
(a) Current liabilities	13	**1,511.85**	2,286.25
(b) Provisions	14	**821.15**	92.12
Sub-Total (ii)		**2,333.00**	2,378.37
Net Current Assets (i - ii)		**1,302.85**	1,403.82
5 Miscellaneous Expenditure (To the extent not written off or adjusted)	15	**-**	18.07
Total		**32,266.22**	33,491.44
Notes forming part of accounts	20		

As per our report of even date attached

For Patankar & Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 18th June, 2007

Rajesh D. Parte
Company Secretary &
Vice President - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Mumbai
Dated : 18th June, 2007

Profit and Loss Account for the year ended 31st March, 2007

	Schedule	For year ended 31st March, 2007 Rs. in lacs	For year ended 31st March, 2006 Rs. in lacs
INCOME			
Sales & Services	16	**15,301.34**	10,711.26
Other Income	17	**836.02**	196.84
Refund of Entertainment Tax		**111.35**	-
Total		**16,248.71**	10,908.10
EXPENDITURE			
Entertainment tax		**1,194.45**	504.34
Film Distributors' Share		**3,475.78**	2,114.41
Film Distribution Rights & Print Cost Amortized	7	**972.46**	574.01
Cost of Food and Beverages		**739.85**	540.88
Operating and other Expenses	18	**5,320.64**	3,377.26
Interest	19	**665.70**	789.01
Depreciation & Amortisation	5	**640.50**	517.44
		13,009.39	8,417.35
Profit Before Tax		**3,239.32**	2,490.75
Provision for Taxation			
Current tax		**515.00**	290.00
Deferred tax		**200.69**	413.95
Fringe Benefit tax		**42.00**	32.00
Profit After Tax for the year		**2,481.63**	1,754.80
Less : Prior Period Taxation		**2.59**	0.60
Profit		**2,479.04**	1,754.20
Add: Balance brought forward		**2,832.12**	1,077.92
Profit available for appropriation		**5,311.16**	2,832.12
Less:			
Transfer to General Reserve		**3,900.00**	-
Proposed Dividend		**600.00**	-
Tax on Dividend		**101.97**	-
Balance carried to the Balance Sheet		**709.19**	2,832.12
Earnings Per Equity Share of Rs. 10 each			
Basic		**4.17**	3.69
Diluted		**4.15**	3.69
Notes forming part of Accounts	20		

As per our report of even date attached

For Patankar & Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 18th June, 2007

Rajesh D. Parte
Company Secretary &
Vice President - Legal

Place : Mumbai
Dated : 18th June, 2007

Pavan Jain
Director

Deepak Asher
Director

Cash Flow Statement for the year ended 31st March, 2007

	2006-2007 Rs. in lacs	2005-2006 Rs. in lacs
A Cash flow from operating activities		
Net profit before tax and extraordinary items	**3,239.32**	2,490.75
Adjustments for :		
Depreciation / Amortisation	**640.50**	517.44
Film Distribution Rights & Print Cost Amortisation	**972.46**	574.01
Loss on assets sold/written off	**22.51**	17.11
Amortisation of Preliminary & Deferred Revenue Expenses	**18.07**	18.07
Amortisation of Value of Stock Option	**38.15**	0.00
Income in respect of Investments	**(767.90)**	(149.66)
Interest	**665.70**	789.00
	1,589.49	1,765.97
Operative profit before working capital changes	**4,828.81**	4,256.72
Adjustments for :		
Trade and other receivables	**(702.02)**	(794.30)
Inventories	**(35.36)**	(13.11)
Trade payables	**(744.39)**	842.64
	(1,481.77)	35.23
Cash generated from operation	**3,347.04**	4,291.95
Direct taxes paid (net)	**(483.81)**	(505.00)
Net cash from operating activities	**2,863.23**	3,786.95
B Cash flow from investing activities		
Purchase of fixed assets (including change in Capital WIP and advances)	**(3,034.47)**	(2,310.24)
Rebate in respect of / sale of fixed assets	**4.80**	40.42
Purchase of Intangible Assets	**(414.05)**	(1,355.94)
Purchase of investments	**(25,001.99)**	(30,078.27)
Sale of investments	**28,399.09**	15,611.82
Advance for Film Production (net)	**706.62**	(6.62)
Interest received	**3.97**	1.98
Income from Film Production Financing	**26.37**	137.47
Dividend received	**249.62**	63.06
Net cash from/(used in) investment activities	**939.96**	(17,896.32)
C Cash flow from financing activities		
Issue of Shares (Including premium and net of Share Issue Expenditure)	**0.00**	14,189.69
Refund of Share application money	**0.00**	(362.00)
Proceeds from Inter-corporate Deposits (net)	**(1,121.08)**	328.15
Proceeds from Term Loans (net)	**(2,120.05)**	888.57
Interest paid	**(665.70)**	(789.00)
Net cash (used in)/from financing activities	**(3,906.83)**	14,255.41
Net decrease in cash and cash equivalent	**(103.64)**	146.04
Cash and cash equivalents as at 1st April 2006 (Opening balance)	**303.10**	157.06
Cash and cash equivalents as at 31st March 2007 (Closing balance)	**199.46**	303.10

As per our report of even date attached

For Patankar & Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 18th June, 2007

Rajesh D. Parte
Company Secretary &
Vice President - Legal

Place : Mumbai
Dated : 18th June, 2007

Pavan Jain
Director

Deepak Asher
Director

Schedules to Balance Sheet as at 31st March, 2007

	As at 31st March, 2007 Rs. in lacs	As at 31st March, 2006 Rs. in lacs
Schedule 1 : Share Capital		
Authorised Capital		
75,000,000 Equity Shares of Rs. 10/- each	**7,500.00**	7,500.00
Issued and Subscribed Capital		
60,000,000 Equity Shares of Rs. 10/- each, fully paid-up. Out of above 39,600,000 shares are held by the Holding Company	**6,000.00**	6,000.00
Less: Amount recoverable from ESOP Trust - see note no. 4 in Notes to Accounts	**50.00**	50.00
Adjusted Issued and Subscribed Capital	**5,950.00**	5,950.00
Schedule 2 : Reserves & Surplus		
Share Premium Account		
Opening Balance	**12,764.70**	-
Add: Received during the year	**-**	13,350.00
Add: Arising out of grant of options to employees	**365.81**	-
	13,130.51	13,350.00
Less: Share Issue Expenses written off	**-**	585.30
	13,130.51	12,764.70
Less: Amount recoverable from ESOP Trust and deferred employee compensation account - see note no. 4 in Notes to Accounts	**390.81**	25.00
	12,739.70	12,739.70
General Reserve		
Transfer from Profit and Loss Account	**3,900.00**	-
Profit & Loss Account		
Balance as per Annexed Account	**709.19**	2,832.12
Total	**17,348.89**	15,571.82
Schedule 3 : Secured Loans		
Term Loans from Banks (Repayable within one year Rs 2975.28 Lacs - Previous Year Rs.1543.58 Lacs)	**4,430.12**	6,550.18
Total	**4,430.12**	6,550.18
Schedule 4 : Unsecured Loans		
Inter-corporate Deposit - from Holding Company	**3,221.68**	4,342.75
Total	**3,221.68**	4,342.75

Schedule 5 : Fixed Assets

Rs.in lacs

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 1st April 2006	Additions during the year	Deductions during the year	**As at 31st March 2007**	As at 1st April 2006	Additions during the year	Deductions during the year	**As at 31st March 2007**	**As at 31st March 2007**	As at 31st March 2006
Freehold Lands	2,182.43	-	-	**2,182.43**	-	-	-	**-**	**2,182.43**	2,182.43
Leasehold Land	168.13	-	-	**168.13**	0.75	1.78	-	**2.53**	**165.60**	167.38
Buildings (*)	9,630.58	1,192.42	-	**10,823.00**	367.77	213.44	-	**581.21**	**10,241.79**	9,262.81
Plant & Machinery	4,195.30	938.88	1.59	**5,132.59**	551.90	256.69	0.36	**808.23**	**4,324.36**	3,643.40
Office Equipments including Computers	323.34	131.93	3.60	**451.67**	92.01	56.63	1.06	**147.58**	**304.09**	231.33
Furniture & Fixtures	806.41	341.48	17.45	**1,130.44**	151.60	90.75	5.78	**236.57**	**893.87**	654.81
Vehicles	35.03	29.18	21.69	**42.52**	12.92	3.81	9.82	**6.91**	**35.61**	22.11
Intangible Assets - Software	93.69	35.19	-	**128.88**	31.40	17.40	-	**48.80**	**80.08**	62.29
Total	17,434.91	2,669.08	44.33	**20,059.66**	1,208.35	640.50	17.02	**1,831.83**	**18,227.83**	16,226.56
Previous Year	15,246.71	2,253.97	65.77	**17,434.91**	699.15	517.44	8.24	**1,208.35**	**16,226.56**	

(*) Includes Rs. 4681.02 lacs in respect of building at Nariman Point, Deed of Apartment of which is to be executed.

Schedules to Balance Sheet as at 31st March, 2007

	As at 31st March, 2007 Rs. in lacs		As at 31st March, 2006 Rs. in lacs	
Schedule 6 : Pre-operative expenditure pending allocation				
Opening Balance		**275.43**		165.76
Add: Expenses incurred during the year				
Salaries, Bonus etc.	**170.03**		72.42	
Contribution to PF, ESIC etc.	**9.98**		5.48	
Legal, Professional and Consultancy Charges	**272.60**		153.01	
Travelling & Conveyance	**103.12**		53.89	
Rent	**21.13**		58.71	
Insurance	**4.89**		1.31	
Electricity Charges	**17.17**		9.82	
Communication Expenses	**11.55**		5.63	
Rates & Taxes	**0.62**		12.95	
Launch Expenses	**24.70**		36.95	
Miscellaneous Expenses	**117.08**		62.92	
Interest On fixed loans	**43.07**		35.24	
	795.94		508.33	
Less: Pre-Operative Income earned during the year				
Miscellaneous Income	**0.80**		0.13	
	0.80	**795.14**	0.13	508.20
		1,070.57		673.96
Less: Capitalised		**611.23**		398.53
Closing balance		**459.34**		275.43

Schedule 7 : Intangible Assets

Rs. in lacs

Particulars	**Total Cost**				**Amortisation**				**Net Block**	
	As at 1st April 2006	Additions during the year	Deductions during the year	**As at 31st March 2007**	As at 1st April 2006	Additions during the Year	Deductions during the Year	**As at 31st March 2007**	**As at 31st March 2007**	As at 31st March 2006
Film Distribution Rights & Prints Cost	1,355.94	414.05	-	**1,769.99**	574.01	972.46	-	**1,546.47**	**223.52**	781.93
Total	1,355.94	414.05	-	**1,769.99**	574.01	972.46	-	**1,546.47**	**223.52**	781.93
Previous Year	-	1,355.94	-	**1,355.94**	-	574.01	-	**574.01**	**781.93**	

Schedules to Balance Sheet as at 31st March, 2007

	As at 31st March, 2007 Rs. in lacs	As at 31st March, 2006 Rs. in lacs
Schedule 8 : Investments		
(Unquoted & Non-trade)		
1. National Savings Certificates - Long Term Investment (at cost) (Held in the name of a Director/Employee and certificates worth Rs.18.21 lacs are pledged with Government Authorities)	**50.21**	50.21
2. In units of Mutual Funds - Current Investments (at lower of cost and fair value)		

Name of the Mutual Fund	Face value Rs.	Nos. As at 31.03.07	Nos. As at 31.03.06	As at 31st March, 2007 Rs. in lacs	As at 31st March, 2006 Rs. in lacs
ABN-AMRO Cash Fund - Insitutional Plus - Daily Dividend	10	-	1,063,062	-	106.31
Birla FTP - Quarterly - Series 2 - Dividend	10	-	5,000,000	-	500.00
DSP Merill Lynch India T.I.G.E.R. Fund - Dividend	10	-	2,724,796	-	500.00
DSP Merrill Lynch - Fixed Term Plan - Series 1B - Dividend	1000	-	50,204	-	502.04
HDFC Equity Fund - Dividend	10	-	1,356,183	-	500.12
ING Vysya Liquid Fund Institutional - Daily Dividend Option	10	-	5,058,627	-	506.38
Kotak Opportunities - Dividend	10	-	2,960,148	-	510.88
Reliance Growth Fund Dividend Plan	10	-	1,012,842	-	509.98
Standard Chartered Fixed Maturity - 3rd Plan - Dividend	10	-	5,027,500	-	502.75
Standard Chartered Fixed Maturity - 4th Plan - Dividend	10	-	5,019,250	-	501.93
ABN AMRO FTP Series 2 - 13 Months Plan - Growth	10	**10,000,000**	10,000,000	**1,000.00**	1,000.00
DSP Merrill Lynch - Fixed Term Plan - Series 3A Growth	1000	**30,000**	30,000	**300.00**	300.00
Franklin Templeton Fixed Tenure Fund Series V 13 Months Plan Growth	10	**10,000,000**	10,000,000	**1,000.00**	1,000.00
G144 Grindlays Fixed Maturity 22nd Plan - Growth	10	**5,000,000**	5,000,000	**500.00**	500.00
HSBC Fixed Term Series - 4 - Growth	10	**5,000,000**	5,000,000	**500.00**	500.00
HSBC Fixed Term Series - 8 - Dividend	10	-	5,000,000	-	500.00
ING Vysya Fixed Maturity Fund - Series VIII Dividend	10	-	5,000,000	-	500.00
JM Fixed Maturity Fund- Series II - Quarterly Plan - QSA - Dividend Option	10	-	5,000,000	-	500.00
Kotak FMP Series 13 - Growth	10	-	5,000,000	-	500.00
Principal Pnb Fixed Maturity Plan - 385 Days Series I	10	**5,000,000**	5,000,000	**500.00**	500.00
Principal Cash Management Fund Liquid Option - Growth Plan	10	-	218,096	-	30.00
Prudential ICICI FMP- Monthly Plan - Dividend -XXVII	10	-	10,000,000	-	1,000.00
Prudential ICICI FMP Plan - Institutional Cumulative - XXVIII	10	**10,000,000**	10,000,000	**1,000.00**	1,000.00
Prudential ICICI Power Dividend	10	-	2,495,010	-	500.00
Standard Chartered Fixed Maturity - 2nd Plan - Growth	10	**5,000,000**	5,000,000	**500.00**	500.00
Tata Fixed Horizon Fund Series 3 - Scheme C (13 Months) - Growth	10	-	5,000,000	-	500.00
Tata Fixed Horizon Fund Series 3 Scheme D (13 Months)-Growth	10	-	5,000,000	-	500.00
DBS Chola Short Term Floating Rate Fund - Weekly Div Reinv Plan	10	**1,074,836**	-	**110.13**	-
Kotak Liquid (Institutional Premium) Weekly Dividend	10	**5,355,731**	-	**537.71**	-
TATA Liquid Super High Inv Fund - Weekly Dividend	1000	**46,745**	-	**538.15**	-
TATA Liquid Super High Inv Fund - Weekly Dividend	1000	**46,759**	-	**538.30**	-
HSBC Fixed Term Series 9 - Growth	10	**10,000,000**	-	**1,000.00**	-
ING Vysya Fixed Maturity Fund Series VII - Growth	10	**5,000,000**	-	**500.00**	-
SBIMF- SDFS - 13 Months (June 06) - Growth	10	**10,000,000**	-	**1,000.00**	-
Prudential ICICI FMP Series 35 - Three Months Plan A - Retail - Dividend	10	**10,136,000**	-	**1,013.60**	-
Prudential ICICI FMP Series 34 - Three Months Plus Plan A - Retail Dividend	10	**10,180,693**	-	**1,018.07**	-
				11,555.96	14,470.39
Total				**11,606.17**	14,520.60

Schedules to Balance Sheet as at 31st March, 2007

Following mutual fund units were purchased and sold during the period

Name of the Mutual Fund	Face value Rs.	Nos.	Cost Amount Rs. in lacs
ABN AMRO Fixed Term Plan Series 2 Quarterly Plan D - Dividend	10	10,141,534	1,014.15
DBS Chola Fixed Maturity Plan - Series - 5 (Quaterly Plan - III)	10	5,078,700	507.87
DBS Chola Short Term Floating Rate Fund - Weekly Div Reinv Plan	10	3,898,408	399.43
DSP Merrill Lynch Liquidity Fund Daily - Regular Dividend	10	5,091,589	509.67
DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend	1,000	58,370	583.81
HDFC FMP 3M June 2006 (1) Institutional Plan - Dividend	10	10,139,700	1,013.97
HDFC Liquid Fund Premium Plan - Dividend	10	4,482,846	549.59
HDFC Liquid Fund Premium Plan - Dividend	1,000	8,196,973	1,023.04
ING Vysya Liquid Fund Institutional Daily Dividend	10	5,568,959	557.47
JM High Liquidity Fund - Premium Plan - Daily Dividend	10	5,089,182	508.92
Kotak Liquid (Institutional Premium) Daily Dividend	10	4,900,105	599.19
Principal Cash Management Fund Liquid Option -Instl. Plan - Dividend Reinvestment - Daily	10	17,205,501	1,720.93
Prudential ICICI - FMP 32 - Three Months Plan D - Retail Dividend	10	10,161,400	1,016.14
Prudential ICICI - FMP 32 - Three Months Plan A - Retail - Dividend	10	10,306,316	1,030.65
Prudential ICICI - FMP 32 - Three Months Plan C - Retail - Dividend	10	10,155,300	1,015.53
Prudential ICICI Institutional Liquid Plan - Super Institutional Dividend	10	11,067,932	1,106.79
Prudential ICICI Institutional Liquid Plan - Super Institutional Daily Dividend	10	10,173,506	1,017.35
Prudential ICICI Institutional Liquid Plan - Super Institutional Weekly Div.	10	10,160,888	1,016.47
RLF - Treasury Plan - Institutional Option - Daily Dividend Option	10	4,061,856	620.65
SBI Debt Fund Series - 90 days (August-06) - Dividend	10	5,072,015	507.20
SBI Debt Fund Series - 90 days (May-06) - Dividend	10	5,067,050	506.71
Standard Chartered Fixed Maturity 5th Plan - Dividend	10	5,068,150	506.82
Standard Chartered Liquidity Manager - Plus - Weekly Dividend	1,000	50,727	507.88
Principal Cash Management Fund Liquid Option - Growth Plan	10	6,017,157	840.00
ABN-AMRO Cash Fund - Institutional Plus - Daily Dividend	10	286	0.03
Birla FTP - Quarterly - Series 2 - Dividend	10	61,807	6.18
HSBC Fixed Term Series - 8 - Dividend	10	86,129	8.61
ING Vysya Fixed Maturity Fund - Series VIII Growth	10	85,307	8.53
JM Fixed Maturity Fund - Series II - Quarterly Plan - QSA - Dividend Option	10	80,511	8.06
Standard Chartered Fixed Maturity 4th Plan - Dividend	10	63,744	6.37
DSP Merrill Lynch - Fixed Term Plan - Series 1B - Dividend	1,000	584	5.84
Standard Chartered Fixed Maturity - 3rd plan - Dividend	10	49,923	4.99
ING Vysya Liquid Fund	10	1,445	0.14
Prudential ICICI FMP- Monthly Plan - Dividend -XXVII	10	170,500	17.05

Schedules to Balance Sheet as at 31st March, 2007

	As at 31st March, 2007 Rs. in lacs	As at 31st March, 2006 Rs. in lacs
Schedule 9 : Inventories		
(at lower of cost and net realisable value)		
Stores, Spares & Fuel	**33.97**	15.87
Food & Beverages	**48.98**	31.72
Total	**82.95**	47.59
Schedule 10 : Sundry Debtors		
(unsecured, considered good by the Management)		
Exceeding 6 months	**11.25**	9.31
Others	**267.88**	244.13
Total	**279.13**	253.44
Schedule 11 : Cash & Bank Balances		
Cash on Hand	**82.73**	25.21
With scheduled Bank		
in Current accounts	**74.18**	198.74
in Deposit accounts (Kept as lien against bank guarantees - Rs.8.35 lacs - Previous Year Rs.8.24 lacs)	**42.55**	79.15
Total	**199.46**	303.10
Schedule 12 : Loans & Advances		
(unsecured, considered good by the Management)		
Advances recoverable in cash or in kind or for value to be received	**761.55**	1,178.22
Deposits	**1,561.34**	758.79
Entertainment Tax Refund Claimed	**568.75**	278.30
Film Production Advance - Long Term Investment	**-**	706.61
Advance Income Tax paid (net of provisions)	**162.79**	241.52
Total	**3,054.43**	3,163.44
Schedule 13 : Current Liabilities		
Sundry Creditors		
-Due to small scale industrial undertakings	**0.20**	1.82
-Others	**1,246.88**	2,050.82
	1,247.08	2,052.64
Security Deposits	**118.42**	104.66
Income received in advance	**29.46**	24.54
Other Liabilities	**116.89**	104.41
Total	**1,511.85**	2,286.25
Schedule 14 : Provisions		
Provision for Fringe Benefit tax (net of taxes paid)	**4.00**	6.95
Proposed Dividend	**600.00**	-
Tax on Proposed Dividend	**101.97**	-
Provision for Gratuity	**28.53**	23.87
Provision for Leave encashment	**21.05**	18.50
Provision for Expenses	**65.60**	42.80
Total	**821.15**	92.12
Schedule 15 : Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary Expenses	**-**	4.07
Deferred Revenue Expenses	**-**	14.00
Total	**-**	18.07

Schedules to Profit and Loss Account for the year ended 31st March, 2007

	For Year ended 31st March, 2007 Rs. in lacs	For Year ended 31st March, 2006 Rs. in lacs
Schedule 16 : Sales & Services		
Box office Revenues	**11,547.53**	7,530.97
Food & Beverages Revenues	**2,139.71**	1,589.31
Film Distribution Revenue	**364.06**	687.08
Conducting Fees	**546.69**	412.49
Advertising Income	**623.45**	403.00
Management Fees	**0.90**	21.48
Parking Charges	**79.00**	66.93
Total	**15,301.34**	10,711.26
Schedule 17 : Other Income		
Interest		
On Bank Fixed Deposits	**4.11**	3.32
On Long Term Investments	**5.13**	4.73
On Income Tax Refunds	**1.10**	13.91
Other Interest	**4.68**	0.86
Income from Film Production Financing	**26.37**	74.41
Profit on Sale of Current Investments	**482.67**	4.14
Dividend on Current Investments	**249.62**	63.06
Sundry Liabilities Written Back	**21.76**	9.84
Other Income	**40.58**	22.57
Total	**836.02**	196.84
Schedule 18 : Operating and Other Expenses		
Salaries, Wages, Allowances and Benefits	**1,030.42**	666.72
Contribution to Provident and other Funds	**77.21**	57.46
Gratuity	**5.29**	8.53
Staff Welfare Expenses	**47.01**	31.86
Outsourced Labour Charges	**53.66**	10.75
Power & Fuel	**729.96**	509.83
Water Charges	**25.69**	19.29
Property Rent and Conducting Fees	**970.40**	350.38
Common Facility Charges	**321.17**	300.04
Rates & Taxes	**248.03**	152.64
Travelling & Conveyance	**133.96**	100.21
Communication Expenses	**102.84**	65.41
Printing & Stationary	**118.06**	85.10
Advertising & sales promotion	**485.93**	375.99
House keeping Charges	**139.27**	93.05
Security Charges	**121.57**	77.12
Repairs & Maint. - Building	**26.17**	13.38
Repairs & Maint. - Plant and Machineries	**156.61**	99.30
Repairs & Maint. - Others	**32.04**	17.50
Legal & Professional Fees & Expenses	**174.08**	101.63
Director Sitting Fees	**2.65**	0.40
Insurance	**53.33**	37.66
Vehicle Fuel & Maint.	**33.64**	22.61
Loss on sale of Fixed Assets (net)	**22.51**	17.11
Bad Debts Written Off	**8.90**	18.69
Miscellaneous Expenses	**160.05**	122.04
Expenses on Abandoned Projects written off	**-**	4.49
Amalgamation Expenses	**22.12**	-
Amortization of Deferred Revenue Expenses	**14.00**	14.00
Amortization of Preliminary Expenses	**4.07**	4.07
Total	**5,320.64**	3,377.26
Schedule 19 : Interest		
Interest on Fixed Loans	**664.55**	782.70
Other interest	**1.15**	6.31
Total	**665.70**	789.01

Notes Forming Part of Accounts for the year ended 31st March, 2007

Schedule No : 20

1. Significant Accounting Policies

a) Basis of Accounting:

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

b) Revenue Recognition:

Income from Box Office and Film Distribution is recognized as and when the movie is exhibited. Signing fee, included in Income from Food & Beverages, is recognised on commencement of commercial operations of the relevant Multiplex. Income is net of refunds and complimentary issues. Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes.

c) Fixed Assets:

Fixed assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/amortization, except freehold land, which is carried at cost. Project pre-operative expenses and expenditure incurred during construction period of Multiplexes are capitalized to various eligible assets in respective Multiplexes. Such expenses in respect of the Multiplexes under construction are carried forward for being capitalised at the time of completion.

d) Amortization and Depreciation of Fixed Assets:

Cost of leasehold land is amortized over the period of lease. On other fixed assets, excluding freehold land, depreciation is provided on straight-line basis as under:

I. On additional work in the properties not owned by the Company, 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.

II. On other fixed assets, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Individual items of Fixed Assets added during the year, costing up to Rs 5,000 each, are fully depreciated in the first year.

e) Amortization and Depreciation of Film Distribution Rights and Prints Cost (intangible assets):

Cost of film distribution rights acquired and prints cost is amortized over a period of one year from the date of release of the movie as under:

50%, 30%, 10% and 10% of the costs in the first, second, third and fourth quarter respectively and in a quarter, pro-rata for the completed weeks.

f) 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 asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

g) Investments:

Long-term investments are carried at cost. Current Investments are carried at lower of the cost and fair value. Income from investments is accounted for on accrual basis.

h) Inventories:

Inventories are valued at lower of the cost and net realisable value. Cost is determined using FIFO method.

i) Retirement Benefits:

Contributions to Provident Fund are charged to the Profit and Loss Account. Provision for leave encashment and gratuity is made as per actuarial valuations.

j) Provisions:

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

k) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

l) Taxes on Income:

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

m) Miscellaneous Expenditure:

a) Preliminary expenses have been amortized over a period of five years.

b) Deferred Revenue Expenditure has been amortized as mentioned in Note no. 21.

2. During the year, the Scheme of Amalgamation ('Scheme') of Calcutta Cine Private Limited with Inox Leisure Limited has been approved by the Shareholders of both Companies. As per the Scheme, the 'Appointed Date' is 1st April, 2006. The Scheme will be effective from the 'Effective Date' viz. the date on which the certified copies of the orders from both High Courts are filed with the Registrar of Companies of the respective states. The High Court of Gujarat at Ahmedabad has sanctioned the Scheme of Amalgamation. The certified copy of the said order is awaited. The High Court at Calcutta has also sanctioned the Scheme of Amalgamation subject to the compliance of certain conditions. Pending the compliance of the conditions and other legal formalities, effect is not given to the proposed amalgamation in the above accounts of the Company. Necessary entries for accounting of assets and liabilities (including relevant inter-company balances), with effect from the Appointed Date, and the profit/loss for the year ended 31st March 2007 of Calcutta Cine Private Limited, will be made in the accounts of the Company on the Scheme of Amalgamation becoming effective.

3. During the year ended 31st March 2006, the Company had made Initial Public Offer (IPO) and had issued 1,20,00,000 equity shares of Rs. 10 each at a premium of Rs. 110 per share.

The particulars of monies received out of issue of shares in the IPO and its utilization is as under:

Particulars	Amount (Rs. in lacs)
Amount received out of issue of shares in the IPO	14400.00
Less: Expenditure on issue of shares	585.31
Less: Amount utilized in the new projects	3793.20
Balance unutilized amount – invested in units of Mutual Funds	10021.49

4. During the year ended 31st March 2006, the Company 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"). The Company has provided finance of Rs. 75 lacs to the Trust for subscription of these shares at the beginning of the plan. The Trust will transfer shares to the employees of the Company under the scheme of ESOP framed by the Company in this regard.

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, no shares have been transferred to employees up to 31st March 2007. Accordingly, the Company has reduced the Share Capital by the amount of face value of equity shares issued to the Trust but not transferred to employees and Share Premium Account by the amount of share premium on such shares, including the amount of premium arising out of options granted during the year. The Company has also given effect to the above in the calculation of its Basic and Diluted earnings per share.

5. In the opinion of Board of Directors, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and the provisions of depreciation and of all known liabilities are adequate and not in excess of the amount reasonably necessary.

6. Term loans from banks are secured by mortgage of immovable properties and hypothecation of movable properties and receivables.

7. In respect of Entertainment Tax liability of the Company and its treatment in these accounts:

a. The exemption from payment of Entertainment Tax in respect of Multiplexes of the Company, which are eligible for such exemption, is subject to fulfillment of the terms and conditions of the respective Government policies issued in this regard.

b. The Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criterion 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. 371.43 lacs (Previous Year Rs. 599.11 lacs) being Entertainment Tax in respect of such Multiplexes has not been charged to Profit & Loss Account. Cumulative amount as on 31st March 2007 - Rs. 1832.41 lacs (as on 31st March 2006 - Rs. 1476.09 lacs).

c. The Entertainment Tax Department has disputed the method of calculation of the Entertainment Tax exemption availed in respect of one of the Multiplexes of the Company and the matter is pending before the High Court. The amount involved as on 31st March 2007 – Rs. 1358.98 lacs (as on 31st March 2006 – Rs. 1265.43 lacs).

8. In view of the diverse nature of food and beverages sold by the Company, in the opinion of the management, it is not practical to give quantitative details thereof. Consequently, quantitative information regarding purchases, turnover, opening / closing stocks in respect of the same are not given. All items of food and beverages are indigenously procured.

9. The major components of the deferred tax assets and liabilities are as under:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Deferred Tax Liabilities		
Deferred Revenue expenditure	**NIL**	4.71
Depreciation	**1255.03**	960.94
On account of amortization of Film Distribution Rights and Prints cost	**67.51**	139.71
Total Liabilities	**1322.54**	1105.36
Deferred Tax Assets		
Expenditure allowable on payment basis	**39.15**	28.67
Others	**6.01**	NIL
Total Assets	**45.16**	28.67
Net Deferred Tax Liability	**1277.38**	1076.69

10. Expenditure incurred/payments in Foreign Currency

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Travelling expenses and Professional fees (including in connection with fixed assets)	**26.18**	29.22
CIF Value of Capital Goods imported	**130.79**	34.96
Others	**NIL**	0.51

11. The Company's significant leasing arrangements are in respect of :

a) Operating leases for premises (offices and residential accommodations for employees) - Generally, these lease arrangements are non-cancelable, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 39.53 lacs (Previous Year Rs. 47.31 lacs) are included in 'Property Rent and Conducting Fees' in Schedule 18 to the Profit and Loss Account.

b) Operating leases for some of the multiplexes– The leases are for a period of 18-24 years with a minimum lock-in period of 3-9 years and the agreement provides for escalation in lease rentals after every three years. The lease rentals of Rs. 119.64 lacs (Previous Year Rs. 67.13 lacs) are included in 'Property Rent and Conducting Fees' in Schedule 18 to the Profit and Loss Account. The total of future minimum lease payments under this lease arrangement are as under:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Not later than one year	**332.32**	67.13
Later than one year and not later than five years	**1420.72**	299.76
Later than five years	**6672.81**	1816.37
Total	**8425.85**	2183.26

12. The operating licenses in respect of some of the multiplexes are not in the name of the Company. The Company is operating some of the multiplexes under Conducting Agreements for a period of 9-24 years.

13. Prior period items are as under:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Expenditure		
Professional Fees	**9.69**	NIL
Sales-tax	**NIL**	1.11
Total	**9.69**	1.11

14. Particulars of Employees Stock Option Plan

The Company has allotted 500,000 equity shares during the year ended 31st March 2006 to Inox Leisure Limited - Employees' Welfare Trust ("Trust") set up by the Company. The Trust holds these shares for the benefit of the employees and will transfer them to the eligible employees as per the recommendations of the Compensation Committee in accordance with the Employee Stock Option Scheme 2006.

During the year stock options of 2,44,120 shares have been granted to the employees on 29th January 2007 and the vesting period for these equity settled options is between one to four years from the date of the grant. The options are exercisable within one year from the date of vesting.

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

The summary of stock options is as under:

Outstanding on 1st April 2006	Nil
Granted during the year	2,44,120
Vested during the year	Nil
Forfeited during the year	Nil
Exercised during the year	Nil
Expired during the year	Nil
Outstanding as on 31st March 2007	2,44,120
Exercisable as on 31st March 2007	Nil
Weighted average exercise price of all stock options	Rs. 15

All stock options are exercisable at the exercise price of Rs. 15 per option and the weighted average remaining contractual life (comprising the vesting period and the exercise period) is 3.04 years.

The fair value of stock options is Rs. 151.48 in respect of loyalty options vesting in one year and Rs. 153.01 in respect of growth options vesting in one to four years. The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as under:

Risk free interest rate	7.65% to 7.73%
Expected life	1.5 to 4.5 years
Expected volatility(*)	60.32%
Expected dividend yield	Nil
Exercise price	Rs. 15
Stock price	Rs. 164.85

(*) Expected volatility is computed based on historical share price movement since 23rd February 2006

In respect of the options granted under the Employees' Stock Option Plan, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the accounting value of options is amortized over the vesting period. Consequently, 'Salaries, Wages, Allowances and Benefits' in Schedule 18 includes Rs. 38.15 lacs (previous year Rs. Nil) being the amortization of employee compensation.

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 0.74 lacs, profit after tax lower by Rs. 0.74 lacs and the basic and diluted earnings per share would have been lower by less than Rs. 0.01 each.

15. Particulars of managerial remuneration

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a. Remuneration to Manager:		
Salary & Allowances	**17.20**	10.27
Contribution to Provident Fund	**0.90**	0.67
Total	**18.10**	10.94

The Manager was appointed w.e.f 1st October 2005 and has resigned w.e.f. 18th October 2006. Manager's remuneration of Rs. 7.58 lacs is subject to approval of the shareholders at the ensuing Annual General Meeting.

b. Amount of amortization of the accounting value of options granted to a non-executive director – Rs. 6.36 lacs (previous year – Rs. Nil)

16. Particulars of payment to Auditors

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Statutory audit fees	**2.50**	2.00
Tax audit fees	**1.00**	1.00
Limited Review fees	**0.45**	0.25
Audit/Certification in respect of Initial Public Offer	**NIL**	6.00
For taxation matters	**0.50**	0.15
Other Certification matters	**0.55**	0.35
Out of pocket expenses	**0.67**	0.13
Service tax on above	**0.62**	0.98
Total	**6.29**	10.86

17. Calculation of Earning per share

	Current Year	Previous Year
Profit after tax as per Profit and Loss Account (Rs. in lacs)	**2479.04**	1754.20
Weighted average number of equity shares used in computing basic earnings per shares (nos.)	**59500000**	47583562
Weighted average number of equity shares used in computing diluted earnings per shares (nos.)	**59693615**	47583562
Basic Earnings per share - nominal value Rs. 10/- per share (Rs.)	**4.17**	3.69
Diluted Earnings per share - nominal value Rs. 10/- per share (Rs.)	**4.15**	3.69

18. Contingent Liabilities

a. Claims against the company not acknowledged as debt – Rs. NIL (Previous Year Rs. 153.43 lacs).

b. Bank Guarantees furnished by the Company for performance of contractual obligations Rs. 8.10 lacs (Previous Year Rs.145.00 lacs)

c. Municipal Tax demand – Rs. 829.97 lacs (Previous Year Rs. 839.54 lacs)

d. Entertainment Tax demand – Rs.102.72 lacs (Previous Year Rs. 6.48 lacs)

e. N.A land tax demand – Rs. 0.98 lacs (Previous Year Rs.0.98 lacs).

f. Service Tax demand – Rs. 7.18 lacs (Previous Year Rs. 7.18 lacs).

g. The Company has filed an appeal with the Commissioner (Appeals) of the Income-tax Department against the various disallowances and rejection of the deduction claimed by the Company u/s 80IB in respect of its eligible multiplexes. Provision for taxation is made on the basis that claim of deduction u/s 80IB is allowable. Estimated income-tax liability on account of above matters - Rs. 372.24 lacs (Previous Year Rs. 171.96 lacs)

19. Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances - Rs. 1317.14 lacs (Previous Year Rs. 948.41 lacs)

20. Following expenses in the Profit & Loss Account are net of recoveries of the amounts mentioned hereunder:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Power & Fuel	117.75	96.13
Water Charges	0.52	0.61
Advertisement & Sales Promotion	2.10	1.98
Housekeeping Expenses	3.34	3.06
Security Expenses	4.07	3.17

21. Deferred Revenue Expenses consisted of the prepayment premium of Rs 70 lacs paid in the year 2002-03, in respect of a term loan, which has been amortized equally over a period of five years.

Deferred Revenue Expenses were 'Intangible Items' and not 'Intangible Assets' within the meaning of Accounting Standard (AS-26) – Intangible Assets. However, as per clarification issued by the Institute of Chartered Accountants of India, the treatment of these Deferred Revenue Expenses was continued as per the then existing accounting policy of the Company in this regard.

22. Tax deducted at source from Interest received is Rs. 0.82 lacs (Previous Year Rs. 0.75 lacs)

23. Segment Information

A. Information about Primary Segment

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
I Segment Revenue		
a) Multiplexes	**15110.89**	10056.59
b) Distribution	**517.54**	826.98
c) Un-allocable and Corporate	**773.68**	164.44
Total Segment revenue	**16402.11**	11048.01
Less: Inter Segment revenue	**153.40**	139.90
Total External revenue	**16248.71**	10908.11
II Segment Result		
a) Multiplexes	**3671.41**	2994.55
b) Distribution	**(540.07)**	120.77
Total Segment result	**3131.34**	3115.32
Add: Un-allocable Income	**773.68**	164.44
Less: Interest expenses	**665.70**	789.01
Total Profit Before Tax	**3239.32**	2490.75
Taxation (including Deferred Tax and Fringe Benefit Tax)	**760.28**	736.55
Net Profit After Tax	**2479.04**	1754.20
III Other Information		
A. Segment Assets		
a) Multiplexes	**22452.25**	19065.84
b) Distribution	**315.58**	987.47
c) Un-allocable and Corporate	**11831.38**	15891.49
Total	**34599.21**	35944.80
B. Segment Liabilities		
a) Multiplexes	**1589.85**	2141.64
b) Distribution	**37.18**	229.77
c) Un-allocable and Corporate	**9635.15**	11976.57
Total	**11262.18**	14347.98
C. Capital Expenditure		
a) Multiplexes	**3030.22**	2304.33
b) Distribution	**4.25**	5.91
Total	**3034.47**	2310.24
D. Depreciation & Amortization		
a) Multiplexes	**639.10**	517.03
b) Distribution	**973.86**	574.42
Total	**1612.96**	1091.45
E. Non-cash expenses (other than depreciation and amortization)		
a) Multiplexes	**14.00**	14.00
b) Distribution	**0.00**	0.00
c) Un-allocable and Corporate	**4.07**	4.07
Total	**18.07**	18.07

B. Information about Secondary (Geographical) Segment

All the multiplexes of the Company are located in India and all the movies are distributed in India and hence the Company is operating in a single geographical segment.

C. Notes:

a. The Company operates in following business segments:
   i. Multiplex Business – comprising of operating multiplex entertainment centres.
   ii. Distribution Business – comprising of distribution of movies.

b. Inter-segment revenue comprises of film distributors' share in respect of movies distributed by the Company and exhibited in its multiplexes and is priced at market value.

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

24. There are no 'Small Scale Industrial Undertakings' to whom the Company owes a sum, which is outstanding for more than 30 days as on 31st March 2007 and there are no amounts due to 'Micro or Small Enterprises' under Micro, Small and Medium Enterprises Development Act, 2006.

The above information and that given in Schedule 13 – Current Liabilities regarding small scale industrial undertaking has been determined to the extent such parties have been identified on the basis of the information available with the Company.

25. The Company has recognised, a provision towards estimated liability in respect of municipal taxes payable as under:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Opening Balance	**42.80**	20.00
Provided during the year	**52.80**	52.80
Paid during the year	**30.00**	30.00
Closing balance	**65.60**	42.80

26. Disclosure of the relationship and transactions with the related parties as defined in Accounting Standard 18 issued by The Institute of Chartered Accountants of India is as under:

Name of the related party with whom transactions have taken place during the year:

a) Holding Company – Gujarat Fluorochemicals Limited

b) Key Management Personnel – Mr. Manoj Bhatia (Manager w.e.f. 1st October 2005 to 18th October 2006)

Particulars of Transactions:

a) With Gujarat Fluorochemicals Limited

Transactions during the year:

Interest paid – Rs. 225.21 lacs (Previous Year Rs. 308.39 lacs)

Reimbursement of Expenses (paid) Rs. NIL (Previous Year Rs. 4.33 lacs)

Reimbursement of Expenses (received) Rs. NIL (Previous Year Rs. 183.82 lacs)

Inter-corporate Deposit received – Rs. NIL (Previous Year – Rs. 1500.00 lacs)

Inter-corporate Deposit repaid – Rs. 1121.07 lacs (Previous Year – Rs. 1171.85 lacs)

Share application money refunded – Rs. NIL (Previous Year Rs. 362.00 lacs)

Amounts outstanding

Inter-corporate Deposit payable – Rs. 3221.68 lacs (Previous Year – Rs. 4342.75 lacs)

b) With Mr. Manoj Bhatia

Transactions during the year:

Remuneration paid – Rs.18.10 lacs (Previous Year Rs. 10.95 lacs)

As per our report of even date attached

For Patankar & Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune
Dated : 18th June, 2007

Rajesh D. Parte
Company Secretary &
Vice President - Legal

Place : Mumbai
Dated : 18th June, 2007

Pavan Jain
Director

Deepak Asher
Director

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

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No. 102338 State Code 04

Balance Sheet Date : 31 03 07

Date Month Year

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
3459921	3459921

Sources of Funds

Paid-up Capital	ESOP Oustanding
595000	3815
Reserves & Surplus	**Secured Loans**
1734887	443012
Unsecured Loans	**Deferred Tax Liability**
322168	127738

Application of Funds

Net Fixed Assets*	Intangible Assets
1913367	22352

* Includes Capital work-in-progress, Advances on Capital Account, and Pre-operative expenditure pending allocation

Investments	Net Current Assets
1160616	130285
Misc. Expenditure	**Accumulated Losses**
NIL	NIL

IV Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure
1624871	1300939
+ - Profit/(Loss) Before Tax	**+ - Profit /(Loss) After Tax**
323932	247904
Earning per share (Rs.)	**Dividend Rate @ %**
4.17	10 %

V Generic Names of Principal Products/Services of Company

(As per monetary terms)

Item Code No (ITC Code) N. A.

Product Description OPERATING MULTIPLEXES

Auditor's Report on Consolidated Financial Statements

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF GUJARAT FLUOROCHEMICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT FLUOROCHEMICALS LIMITED AND ITS SUBSIDIARY.

We have audited the attached consolidated balance sheet of Gujarat Fluorochemicals Limited Group (the Group) as at 31st March 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of Gujarat Fluorochemicals Limited and have been prepared by the Management on the basis of separate financial information regarding components. Our responsibility is to express an opinion on these 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 did not audit the financial statements of Company's associate whose financial statements reflect the Group's share of profit for the year of Rs. 350.79 lacs and the Group's share of loss upto 31st March 2007 of Rs. 18.42 lacs. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this associate, is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Management of Gujarat Fluorochemicals Limited in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated financial statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants in India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2007;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Patankar & Associates
Chartered Accountants

M.Y. Kulkarni
Partner
Membership No. 35524

Pune,
Dated : 19th June 2007

Consolidated Balance Sheet of Gujarat Fluorochemicals Limited and its Subsidiary Company as at 31st March, 2007

	Schedule Number	As at 31st March, 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
I SOURCES OF FUNDS					
1 Shareholders' Funds					
(a) Capital	1	**1157.80**		1157.80	
(b) Reserves and Surplus	2	**80892.98**		57437.77	
			82050.78		58595.57
Minority Interest			**8389.79**		7342.92
2 Loan Funds					
Secured Loans	3		**48866.31**		20806.30
3 Deferred Tax Liability (Net)			**5333.15**		1515.13
Total			**144640.03**		88259.92
II APPLICATION OF FUNDS					
1 Fixed Assets	4				
(a) Gross Block		**66832.19**		32224.06	
(b) Less : Depreciation		**8795.30**		6030.74	
(c) Net Block		**58036.89**		26193.32	
(d) Capital Work-in-progress		**22432.70**		11312.58	
(e) Advances on Capital Account		**1884.70**		1213.32	
(f) Pre-operative expenditure pending allocation	5	**4509.96**		1581.21	
			86864.25		40300.43
2 Intangible Assets	6		**223.51**		781.93
3 Investments	7		**59973.15**		38252.70
4 (i) Current Assets, Loans and Advances	8				
(a) Inventories		**5419.64**		8384.52	
(b) Sundry Debtors		**4700.72**		3671.54	
(c) Cash and Bank Balances		**2170.37**		3262.49	
(d) Other Current Assets		**455.03**		171.69	
(e) Loans and Advances		**11332.81**		8776.14	
Sub-Total (i)		**24078.57**		24266.38	
(ii) **Less : Current Liabilities & Provisions**	9				
(a) Liabilities		**25308.43**		13676.21	
(b) Provisions		**1191.02**		1683.38	
Sub-Total (ii)		**26499.45**		15359.59	
Net Current Assets (i) - (ii)			**(2420.88)**		8906.79
5 Miscellaneous Expenditure	10		**0.00**		18.07
(to the extent not written off or adjusted)					
Total			**144640.03**		88259.92
Notes forming part of Accounts	18				

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Consolidated Profit and Loss Account Gujarat Fluorochemicals Limited and its Subsidiary Company for the year ended 31st March, 2007

		Schedule Number	2006-2007 Amount (Rs. in Lacs)		2005-2006 Amount (Rs. in Lacs)	
INCOME						
1	Sales and Services - Gross			**73542.62**		29491.14
	Less: Excise Duty			**864.56**		576.74
	Sales and Services - Net	11		**72678.06**		28914.40
2	Other Income	12		**6257.71**		8016.81
				78935.77		36931.21
EXPENDITURE						
1	Materials Consumed and Purchase of Goods	13	**15660.03**		11218.05	
2	(Increase) / Decrease in Stocks	14	**(378.69)**		(1108.72)	
3	Manufacturing, Operating and other Expenses	15	**19353.60**		9751.65	
4	Salaries and benefits	16	**3494.99**		1747.35	
5	Interest	17	**936.12**		609.79	
6	Depreciation	4	**2911.67**		1258.38	
7	Amortisation of premium on lease hold land		**26.06**		3.61	
8	Provision for diminution in value of investments	7	**27.58**		0.00	
			42031.37		23480.11	
	Less : Capitalized during the year		**(1281.50)**		0.00	
	Total Expenditure			**40749.87**		23480.11
9	Profit before Taxation			**38185.90**		13451.10
10	Provision for Taxation					
	Current tax		**7640.00**		1400.00	
	Deferred tax		**3818.01**		590.82	
	Fringe benefit tax		**80.00**		72.00	
				11538.01		2062.82
11	Profit after taxation for the year			**26647.89**		11388.28
12	Add/ (Less) : Taxation pertaining to earlier years			**17.62**		(0.60)
				26665.51		11387.68
13	Less: Minority Interest			**842.85**		115.14
14	Add/Less : Share in Profit/(Loss) of Associate					
	Current Year		**(87.67)**		156.42	
	Prior Period		**438.46**	**350.79**	0.00	156.42
				26173.45		11428.96
15	Balance brought forward from last year			**2194.56**		1233.56
				28368.01		12662.52
	Less : Minority Interest in the Accumulated Profit			**0.00**		847.78
16	Profit available for appropriation			**28368.01**		11814.74
17	Less :					
	Transfer to General Reserve		**24600.00**		8300.00	
	Interim Dividend		**2315.60**		0.00	
	Proposed Dividend		**782.90**		1157.80	
	Tax on Dividend		**525.11**		162.38	
				28223.61		9620.18
18	Balance carried to Balance Sheet			**144.40**		2194.56
	Basic and diluted Earnings per Share of Rs. 2 each			**45.21**		19.74
	Notes forming part of Accounts	18				

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Consolidated Cash Flow Statement of Gujarat Fluorochemicals Limited and its Subsidiary Company for the year ended 31st March, 2007

Amount (Rs. in Lacs)

		2006-2007	2005-2006
A	**Cash flow from operating activities**		
	Net profit before tax and extraordinary items	**38,185.91**	13,451.10
	Adjustments for :		
	Depreciation and Amortisation	**2,937.73**	1,261.99
	Film Distribution Rights & Print Cost Amortisation	**972.46**	574.01
	Loss on assets sold/written off	**36.50**	(2.47)
	Amortization of Preliminary and Deferred Revenue Expenditure	**18.07**	18.07
	Amortization of Value of Stock Option	**38.15**	-
	Income/Expenditure in respect of Investments	**(5,884.24)**	(7,808.33)
	Interest	**1,161.33**	609.79
		(720.00)	(5,346.94)
	Operative profit before working capital changes	**37,465.91**	8,104.16
	Adjustments for :		
	Trade and other receivables	**(4,361.47)**	(1,641.61)
	Inventories	**2,964.88**	(3,634.53)
	Trade payables	**11,172.66**	9,677.69
		9,776.07	4,401.55
	Cash generated from operation	**47,241.98**	12,505.71
	Direct taxes paid (Net)	**(7,743.82)**	(1,706.26)
	Net cash from operating activities	**39,498.16**	10,799.45
B	**Cash flow from investing activities**		
	Purchase of fixed assets (including change in capital wip and advances)	**(49,550.41)**	(20,978.77)
	Sale of fixed assets	**12.35**	83.22
	Purchase of intangible assets	**(414.05)**	(1,355.94)
	Purchase of investments	**(143,135.85)**	(88,097.01)
	Sale of Investments	**123,985.69**	73,756.00
	Investment in inter corporate and other loans (Net)	**2,078.80**	(2,423.27)
	Advance from film production	**706.62**	(6.62)
	Income from film production financing	**26.37**	137.46
	Interest , Dividend received and others (Net)	**1,154.43**	884.45
	Adjustment for receivables on investment account	**1.52**	218.91
	Net cash used in investment activities	**(65,134.53)**	(37,781.57)
C	**Cash flow from financing activities**		
	Issue of equity shares	**-**	14,804.70
	Repayment of/Proceeds from Short Term Loan (Net)	**-**	888.57
	Proceeds from Long Term Loan (Net)	**28,060.01**	11,772.77
	Interest paid	**(920.60)**	(601.63)
	Dividend paid (Including Tax on Dividend)	**(3,500.55)**	(657.44)
	Net cash used in financing activities	**23,638.86**	26,206.97
D	**Capital receipts**	**905.39**	868.02
	(Please refer to Note no. 5 of Note to Accounts)		
Net decrease in cash and cash equivalent		**(1,092.12)**	92.87
Cash and cash equivalents as at 01.04.2006 (Opening balance)		**3,262.49**	3,169.62
Cash and cash equivalents as at 31.03.2007 (Closing balance)		**2,170.37**	3,262.49

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

Schedules Forming part of Consolidated Balance Sheet

	As at 31st March , 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 1 : CAPITAL				
Authorized				
10,00,00,000 Equity Shares of Rs 2 each		**2000.00**		2000.00
Issued and Subscribed and Paid Up				
5,78,90,000 Equity Shares of Rs 2 each		**1157.80**		1157.80
Total		**1157.80**		1157.80
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserves				
As per last Balance Sheet	**8813.89**		7945.87	
Additions during the year (Refer note No. 5)	**905.38**		868.02	
		9719.27		8813.89
Share Premium Account				
As per last Balance Sheet	**8429.31**		4.61	
Add : Received during the year	**0.00**		8424.70	
		8429.31		8429.31
General Reserve				
As per last Balance Sheet	**38000.00**		29700.00	
Add: Transfer from Profit and Loss Account	**24600.00**		8300.00	
		62600.00		38000.00
Profit and Loss Account				
Balance as per Annexed Account		**144.40**		2194.56
Total		**80892.98**		57437.77
SCHEDULE 3 : SECURED LOANS				
From Banks				
Rupee Loan				
- Term Loan		**34430.12**		16582.32
(amount payable within one year Rs. 2975.28 Lacs, Previous year Rs.1543.58 Lacs)				
Foreign Currency Loans				
- Term Loan		**14432.40**		4217.66
(amount payable within one year Rs. 1540.30 Lacs, Previous year Rs.791.18 Lacs)				
From Financial Institutions				
- Other Loans		**3.79**		6.32
(amount payable within one year Rs. 2.80 Lacs, Previous year Rs. 2.53 Lacs)				
Total		**48866.31**		20806.30

Schedules Forming part of Consolidated Balance Sheet

SCHEDULE 4 - FIXED ASSETS - CONSOLIDATED

Amount (Rs. in Lacs)

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01/04/2006	Additions	Deductions	As at 31/03/2007	As at 01/04/2006	For the year	Deductions	As at 31/03/2007	As at 31/03/2007	As at 01/04/2006
Land										
- Freehold Land	2191.27	59.30	0.00	**2250.57**	0.00	0.00	0.00	**0.00**	**2250.57**	2191.27
- Leasehold Land	1429.04	331.55	0.00	**1760.59**	36.24	18.29	0.00	**54.53**	**1706.06**	1392.80
Buildings and Roads	11750.11	3446.24	0.00	**15196.35**	509.62	278.25	0.00	**787.87**	**14408.48**	11240.49
Plant and Machinery	14283.57	12900.81	142.42	**27041.96**	4617.06	2180.45	129.17	**6668.34**	**20373.62**	9666.51
Wind Mills	0.00	16195.50	0.00	**16195.50**	0.00	152.51	0.00	**152.51**	**16042.99**	0.00
Electrical Installations	469.02	919.20	0.45	**1387.77**	229.02	44.57	0.10	**273.49**	**1114.28**	240.00
Manufacturing and other Equipment	734.60	407.17	4.49	**1137.28**	306.58	95.95	1.70	**400.83**	**736.45**	428.02
Furniture and Fixtures	1037.22	446.12	17.45	**1465.89**	200.25	116.53	5.78	**311.00**	**1154.89**	836.97
Vehicles	235.54	78.52	46.66	**267.40**	100.60	23.10	25.77	**97.93**	**169.47**	134.94
Intangible Assets - Software	93.69	35.19	0.00	**128.88**	31.40	17.40	0.00	**48.80**	**80.08**	62.29
Total	**32224.06**	**34819.60**	**211.47**	**66832.19**	**6030.77**	**2927.05**	**162.52**	**8795.30**	**58036.89**	**26193.29**
Previous year	23549.31	8809.92	135.17	32224.06	4812.49	1272.68	54.42	6030.77		

Schedules Forming part of the Consolidated Balance Sheet

	As at 31st March , 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 5 : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION				
Opening balance		**1581.21**		545.29
Add: Expenses incurred during the year				
Salaries, Wages, Allowances and benefits	**636.44**		241.25	
Contribution to Provident and other funds	**33.15**		14.41	
Legal, Professional and Consultancy charges	**388.15**		352.92	
Travelling and Conveyance	**311.90**		215.08	
Rent	**53.31**		68.48	
Insurance	**164.90**		1.31	
Electricity	**1391.68**		24.71	
Communication expenses	**35.22**		12.83	
Rates and Taxes	**24.93**		87.89	
Lease Rentals	**9.17**		0.00	
Repairs & Maintenance				
- Machinery	**21.00**		9.17	
- Others	**21.15**		0.00	
Foreign exchange fluctuation loss (Net)	**7.61**		198.17	
Launch Expenses	**24.70**		36.95	
Miscellaneous expenses	**391.26**		165.61	
Bank charges	**12.30**		84.73	
Interest on fixed loans	**1403.28**		273.82	
Depreciation/Amortization	**0.00**		10.68	
	4930.15		1798.01	
Less:				
Interest on Bank Deposits	**84.89**		27.97	
Dividend on Current Investment	**0.00**		8.48	
Miscellaneous income	**62.13**		1.30	
	147.02		37.75	
		4783.13		1760.26
		6364.34		2305.55
Less: Capitalised/Transferred		**1854.38**		724.34
Total		**4509.96**		1581.21

SCHEDULE 6 : INTANGIBLE ASSETS

Amount (Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2006	Additions during the year	Deductions during the year	**As at 31.3.2007**	As at 1.4.2006	Additions during the year	Deductions during the year	**As at 31.3.2007**	**As at 31.3.2007**	As at 31.3.2006
Film Distribution Rights & Prints Cost	1,355.94	414.05	-	**1,769.99**	574.01	972.46	-	**1,546.47**	**223.51**	781.93
TOTAL	1,355.94	414.05	-	**1,769.99**	574.01	972.46	-	**1,546.47**	**223.51**	781.93
Previous Year	0	1,355.94	0	**1,355.94**	0	574.01	0	**574.01**		

Schedules Forming part of the Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 7 : INVESTMENTS							
(Long term, non-trade, at cost, unless otherwise stated)							
A] UNQUOTED							
i) In Bonds							
5.18% - Nabard Capital Gain Bonds	10000	0	4,000	0.00		400.00	
5.40% - Nabard Capital Gain Bonds	10000	3,600	3,600	360.00		360.00	
5.42% - Nabard Capital Gain Bonds	10000	8,000	8,000	800.00		800.00	
5.52% - Nabard Capital Gain Bonds	10000	30,000	30,000	3000.00		3000.00	
5.00% - SIDBI Capital Gain Bonds	10000	0	6,000	0.00		600.00	
5.25% - SIDBI Capital Gain Bonds	10000	5,500	5,500	550.00		550.00	
5.15% - National Housing Bank Capital Gain Bonds	10000	3,600	3,600	360.00		360.00	
5.50% - National Housing Bank Capital Gain Bonds	10000	10,000	10,000	1000.00		1000.00	
5.50% - National Highway Authority of India	10000	11,000	11,000	1100.00		1100.00	
					7170.00		8170.00
ii) National Savings Certificates					50.21		50.21
(Held in the name of a Director/Employee and certificates worth Rs.18.21 lacs are pledged with Government Authorities)							
iii) In Venture Capital Fund							
Kshitij Venture Capital Fund	1000	250,000	250,000	1825.00		1250.00	
(Paidup Rs.730 per unit-Previous year Rs.500 per unit)					1825.00		1250.00
iv) In Fully Paid-up Equity Shares							
Inox Global Services Limited	10	2,474,930	2,474,930	0.00		0.00	
(a company under the same management)							
Inox Infrastructure Private Limited	10	3,000	0	0.30		0.00	
The Ratnakar Bank Limited	100	116,277	0	523.25		0.00	
Kaleidoscope Entertainment Private Limited	1	562,500	562,500	60.75		60.75	
					584.30		60.75
v) In Cummulative, Non-convertible, Redeemable Preference Shares (fully paid-up)							
0.01% - Essar Steel Limited	10	160,000	160,000	16.00		16.00	
5% - Inox Leasing and Finance Limited	100	0	400,000	0.00		400.00	
5% - Inox Global Services Limited	100	0	1,883,000	0.00		1053.38	
(a company under the same management)							
1% - Inox Global Services Limited	100	1,883,000	0	1404.17		0.00	
(a company under the same management)					1420.17		1469.38
vi) In Units of Mutual Funds							
ABN AMRO Fixed Term Plan Series1-Regular Growth	10	5,000,000	5,000,000	500.00		500.00	
Birla FTP-Institutional-Series U-Growth	10	10,000,000	0	1,000.00		0.00	
Birla Sunlife Equity Fund Dividend	10	720,623	0	500.00		0.00	
Birla Sunlife New Millennium Fund-Dividend	10	2,721,829	0	500.00		0.00	
DSP Merrill Lynch-T.I.G.E.R Fund Dividend Reinvest	10	0	2,627,430	0.00		500.00	
DWS Fixed Term Fund Series 24-Institutional Plan-Growth	10	10,000,000	0	1,000.00		0.00	
Fidelity Equity Fund-Dividend Rinvest	10	0	5,665,735	0.00		600.00	
Franklin India Opportunities Fund-Dividend	10	6,417,406	0	1,053.64		0.00	
Franklin India Prima Fund - Dividend	10	892,004	0	544.03		0.00	
Franklin Templeton Fixed Tenure Fund Series V 13 Month Plan-Growth	10	5,000,000	5,000,000	500.00		500.00	
Grindlays Fixed Maturity 6th Plan-Growth	10	2,000,000	2,000,000	200.00		200.00	
HDFC Core and Satellite Fund - Dividend	10	0	2,494,263	0.00		500.00	
HDFC FMP 13M July 2006(1)-Institutional Plan-Growth	10	5,000,000	0	500.00		0.00	
HDFC FMP 26M August 2006(1)-Institutional Plan-Growth	10	10,000,000	0	1,000.00		0.00	
HDFC Multiple Yield Fund-Plan 2005 Growth	10	2,000,100	2,000,100	217.21		200.01	
HSBC India Opportunities Fund-Dividend	10	2,776,342	0	500.00		0.00	
HSBC Liquid Plus-Institutional Plus Weekly Dividend	10	15,949,914	0	1,600.00		0.00	
JM Equity & Derivative Fund-Growth	10	1,999,997	2,000,000	224.33		200.00	
JM Fixed Maturity Plan-Ysoi-Growth	10	0	2,000,000	0.00		200.00	
JM Fixed Maturity Fund-Series II-Yearly Plan - YSA-Growth Option	10	5,000,000	5,000,000	500.00		500.00	
Kotak FMP 13M Series 2 Institutional-Growth	10	10,000,000	0	1,000.00		0.00	
Kotak FMP Series 13-Growth	10	5,000,000	5,000,000	500.00		500.00	
Kotak FMP Series 26-Growth	10	5,000,000	0	500.00		0.00	
Kotak Opportunities-Dividend	10	0	2,889,139	0.00		500.00	
Magnum Global Fund-Dividend	10	1,925,282	1,825,484	594.41		500.00	
Megnum Sector Fund Umbrella Contra-Dividend	10	1,826,270	0	547.70		0.00	
Principal PNB Fixed Maturity Plan-385 Days-Series I	10	5,000,000	5,000,000	500.00		500.00	
Principal PNB FMP-Series IV(FMP-37) 385 Days-Institutional Growth Plan	10	10,000,000	0	1,000.00		0.00	
Prudential ICICI Dynamic Plan-Dividend	10	2,332,574	0	500.00		0.00	
Prudential ICICI Emerging Star Fund-Dividend	10	2,293,578	0	500.00		0.00	
Prudential ICICI FMP Series 34-18 Months Plan-Instiutional Growth	10	10,000,000	0	1,000.00		0.00	
Prudential ICICI Services Industries Fund-Dividend	10	3,136,763	0	500.00		0.00	
Prudential ICICI FMP Series 30-13 Months Plan-Institutional Growth	10	5,000,000	0	500.00		0.00	
Prudential ICICI Infrastructure Fund-Dividend	10	3,759,374	5,351,941	568.08		645.41	
Prudential ICICI FMP Plan-Institutional Cumulative-XXVIII	10	5,000,000	5,000,000	500.00		500.00	
Prudential ICICI FMP-Yearly Gr. XII	10	0	2,000,000	0.00		200.00	

Schedules Forming part of the Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 7 : INVESTMENTS (Contd.)							
Prudential ICICI Power Dividend	10	0	2,474,023	0.00		500.00	
Prudential ICICI Technology Fund-Dividend	10	3,017,502	0	500.00		0.00	
Prudential ICICI Institutional FMP-15 Month Plan Series-XXV	10	5,000,000	5,000,000 500.00	500.00			
Reliance Fixed Horizon Fund II-Annual Plan-Series II-Institutional Growth	10	10,000,000	0 0.00	1,000.00			
Reliance Growth Fund-Dividend Plan	10	1,086,345	0	567.34		0.00	
Reliance Vision Fund-Dividend Plan	10	1,123,369	0	545.84		0.00	
SBI Debt Fund Series-13 Months-II-(March 2007)-Growth	10	10,000,000	0	1,000.00		0.00	
Standard Chartered Arbitrage Fund Plan-B-Dividend	10	10,138,048	0	1,014.04		0.00	
Standard Chartered Fixed Maturity-6Th Plan-Growth	10	5,000,000	0	500.00		0.00	
Standard Chartered Fixed Maturity Plan-Yearly Series 5-Growth	10	10,000,000	0	1,000.00		0.00	
Sundram BNP Paribas Select Midcap-Appreciation	10	3,322,577	0	551.40		0.00	
ABN-AMRO Cash Fund	10	0	1,063,062	0.00		106.31	
Birla Fixed Term Plan - Quarterly series 2	10	0	5,000,000	0.00		500.00	
DSP Merill Lynch India T.I.G.E.R. Fund - Dividend	10	0	2,724,796	0.00		500.00	
DSP Merrill Lynch - Fixed Term Plan - Series 1B - Dividend	1000	0	50,204	0.00		502.04	
HDFC Equity Fund	10	0	1,356,183	0.00		500.12	
I159 ING Vysya Liquid Fund Institutiional	10	0	5,058,627	0.00		506.38	
Kotak Opportunities Fund	10	0	2,960,148	0.00		510.88	
Reliance Growth Fund	10	0	1,012,842	0.00		509.98	
Standard Chartered Fixed Maturity 3rd plan	10	0	5,027,500	0.00		502.75	
Standard Chartered Fixed Maturity 4th Plan	10	0	5,019,250	0.00		501.93	
ABN AMRO Fixed Term Plan - Series 2 : Thirteen Month Plan	10	10,000,000	10,000,000	1,000.00		1,000.00	
DSP Merrill Lynch - Fixed Term Plan - Series 3A	1000	30,000	30,000	300.00		300.00	
Franklin Templeton Investments	10	10,000,000	10,000,000	1,000.00		1,000.00	
G144 Grindlays Fixed Maturity 22nd plan	10	5,000,000	5,000,000	500.00		500.00	
HSBC Fixed Term Series - 4	10	5,000,000	5,000,000	500.00		500.00	
HSBC Fixed Term Series - 8	10	0	5,000,000	0.00		500.00	
ING Vysya Fixed Maturity Fund - Series VIII	10	0	5,000,000	0.00		500.00	
JM Fixed Maturity Fund Sr 2	10	0	5,000,000	0.00		500.00	
Kotak FMP Series 13	10	0	5,000,000	0.00		500.00	
Principal Deposit Fund (FMP-4-20)385 days plan	10	5,000,000	5,000,000	500.00		500.00	
Principal Mutual Fund	10	0	218,096	0.00		30.00	
Prudential ICICI Fixed Maturity Plan Series 27 - Monthly Plan	10	0	10,000,000	0.00		1,000.00	
Prudential ICICI Fixed Maturity Plan Series 28	10	10,000,000	10,000,000	1,000.00		1,000.00	
Prudential ICICI Power Fund	10	0	2,495,010	0.00		500.00	
Standard Chartered Fixed Maturity 2nd plan	10	5,000,000	5,000,000	500.00		500.00	
Tata Fixed Horizon Fund Series 3 - Scheme C (13 Months)	10	0	5,000,000	0.00		500.00	
Tata Fixed Horizon Fund Series 3 scheme D	10	0	5,000,000	0.00		500.00	
DBS Chola Short Term Floating Rate Fund - Weekly Div Reinv Plan	10	1,074,836	0	110.13		0.00	
Kotak Liquid (Institutional Premium) Weekly Dividend	10	5,355,731	0	537.71		0.00	
TATA Liquid Super High Inv Fund - Weekly Dividend	1000	46,745	0	538.15		0.00	
TATA Liquid Super High Inv Fund - Weekly Dividend	1000	46,759	0	538.30		0.00	
HSBC Fixed Term Series IX	10	10,000,000	0	1,000.00		0.00	
ING Vysya Fixed Maturity Fund Series VII	10	5,000,000	0	500.00		0.00	
SBIMF- SDFS- 13 Months 26.06.2006	10	10,000,000	0	1,000.00		0.00	
Prudential ICICI - FMP 35 - 3M Plan A	10	10,136,000	0	1,013.60		0.00	
Prudential ICICI - FMP 34 - 3M Plus Plan A	10	10,180,693	0	1,018.07		0.00	
					37,783.98		22,715.81
Total Unquoted					48833.66		33716.15
B] Quoted							
In Fully Paid Equity shares							
Aditya Birla Nuvo Limited	10	6,209	3,000	44.93		18.19	
Alstom Projects India Limited	10	0	14,900	0.00		43.10	
Bajaj Auto Limited	10	2,085	0	52.88		0.00	
BF Utilities Limited	5	21,802	18,199	538.67		78.99	
Bharat Earth Movers Limited.	10	0	1,797	0.00		14.47	
Blue Star Limited	1	227,139	0	519.61		0.00	
Borosil Glass Works Limited	10	39,622	0	149.21		0.00	
CESC Limited	10	15,000	0	48.25		0.00	
Dalmia Cement Bharat Limited	2	240,000	0	994.40		0.00	

Schedules Forming part of the Consolidated Balance Sheet

	Face Value Rs.	Nos. As at 31st March, 2007	Nos. As at 31st March, 2006	As at 31st March 2007 Amount (Rs. in Lacs)		As at 31st March 2006 Amount (Rs. in Lacs)	
SCHEDULE 7 : INVESTMENTS (Contd.)							
DCM Shriram Consolidated Limited.	2	0	100,000	0.00		98.30	
Diamond Cables Limited.	1	16,908	7,743	19.14		6.03	
Dynamatic Technologies Limited	10	2,500	0	25.39		0.00	
E Serve International Limited	10	200	200	1.93		1.93	
Entertainment Network India Limited	10	19,889	0	48.25		0.00	
Everest Kanto Cylinder Limited	10	113,000	0	901.24		0.00	
Gammon India Limited	2	0	3,250	0.00		11.08	
Govind Rubber Limited	10	20,000	0	6.01		0.00	
GTC Industries Limited	10	5,000	0	8.00		0.00	
Hindustan Lever Limited	1	0	314,500	0.00		500.30	
I-Flex Solutions Limited	5	0	4,000	0.00		44.12	
Indian Hotels Co. Limited	10	0	1,850	0.00		13.91	
Indo-Rama Synthetics Limited	10	160,000	980,860	136.43		841.02	
Infosys Technologies Limited	5	1,500	0	27.15		0.00	
Jyoti Structures Limited	2	49,000	0	84.01		0.00	
Kesoram Textile Mills Limited.(Received pursuant to A Scheme Of Arrangement)	10	131,893	131,893	0.00		0.00	
La Opala RG Limited	10	28,938	0	12.43		0.00	
Lupin Limited	10	13,000	6,500	55.24		55.24	
Madhucon Projects Limited	2	0	9,200	0.00		17.97	
Maharashtra Seamless Limited	5	0	97,430	0.00		450.07	
Maruti Udyog Limited	5	0	5,500	0.00		41.20	
Maxwell Industries Limited	2	148,972	0	50.66		0.00	
Mcnally Bharat Engg. Co. Limited	10	250,000	160,098	423.05		144.82	
Moser-Baer (I) Limited	10	5,000	0	17.84		0.00	
Mount Everest Mineral water Limited	10	1,320,000	682,499	958.23		315.04	
Mphasis Limited	10	19,791	0	52.39		0.00	
Navin Flourine International Limited	10	150,027	0	552.21		0.00	
Northgate Technologies Limited	10	4,300	0	42.00		0.00	
Orbit Corporation Limited	10	250,000	0	225.00		0.00	
Patel Engineering Limited	1	0	7,191	0.00		30.71	
PTC India Limited	10	48,068	0	28.83		0.00	
Praj Industries Limited	2	879,700	90,000	2,845.69		96.04	
Provogue (India) Limited	10	130,055	110,055	586.94		301.74	
Rain Calcining Limited	10	0	30,000	0.00		12.03	
Raipur Alloys & Steel Limited	10	12,500	0	18.55		0.00	
Rasandik Engineering Industries (I) Limited	10	0	13,065	0.00		35.06	
Reliance Communication Limited	5	0	13,000	0.00		41.78	
Reliance Industires Limited	10	5,916	0	74.63		0.00	
Repro India Limited	10	12,000	45,665	10.79		113.90	
Ruchi Soya Industries Limited.	10	0	9,300	0.00		29.63	
Solectron Centum electr.Limited	10	18,000	5,250	37.99		13.79	
Sout East Asia Marine eng.& Cons.Co Limited	10	165,000	107,518	311.17		115.90	
SRF Limited	10	50,000	71,000	133.55		199.16	
Subex Azure Limited	1	12,000	5,450	51.60		16.41	
Sujana Metal Products Limited	1	0	50,000	0.00		43.89	
Taneja Aerospace & Aviation Limited	5	390,559	107,000	781.30		184.72	
Texmaco Limited	10	1,000	0	7.97		0.00	
Titanor Components Limited	10	0	20,000	0.00		55.42	
Triveni Engineering & Industires Limited	10	0	120,000	0.00		98.51	
United Phosphorus Limited	2	0	16,500	0.00		44.01	
Vaibhav Gems Limited	10	0	11,000	0.00		41.44	
Venus Remedies Limited	10	25,000	0	107.68		0.00	
Webel Sl Energy Systems Limited	10	28,700	109,070	119.15		366.63	
Zee Entertainment Enterprises Limited	1	15,000	0	39.00		0.00	
Zenith Infotech Limited	10	9,000	0	17.67		0.00	
					11167.08		4536.55
Less: Provision for diminution in value of Investment					27.58		0.00
Total Quoted					11,139.50		4,536.55
Total Investments					59973.15		38252.70
Market value of quoted investments					54,372.30		89,304.76

Note : Uncalled amount payable by Company in respect of 250000 units of Kshitij Venture Capital fund is Rs. 675 Lacs (Previous year Rs.1250 Lacs)

Schedules Forming part of the Consolidated Balance Sheet

	As at 31st March , 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES				
A Current Assets				
1 Inventories				
Stores and Spares	**650.01**		318.75	
Packing Materials	**509.48**		858.88	
Finished Goods				
-Manufactured Goods	**1386.46**		842.08	
-Traded Goods	**430.43**		605.42	
	1816.89		1447.50	
By-products	**6.32**		18.13	
Material in process	**87.51**		52.51	
Food and Beverages	**48.99**		31.72	
Raw Materials	**2205.66**		5548.37	
Carbon Credits	**94.78**		108.66	
		5419.64		8384.52
2 Sundry Debtors (Unsecured)				
Considered good				
Exceeding 6 months	**62.27**		49.28	
Others	**4638.45**		3622.26	
	4700.72		3671.54	
Considered Doubtful				
Exceeding 6 months	**87.83**		131.87	
Others	**0.00**		0.00	
	87.83		131.87	
	4788.55		3803.41	
Less : Provision for Doubtful Debts	**87.83**		131.87	
		4700.72		3671.54
3 Cash and Bank Balances				
Cash on Hand	**84.31**		27.80	
Bank Balances with Scheduled Banks				
(a) in Current Accounts	**1611.44**		1067.34	
(b) in Cash Credit Accounts	**20.58**		119.14	
(c) Fixed Deposits	**438.47**		2048.21	
(d) Money in Transit	**15.57**		0.00	
		2170.37		3262.49
4 Other Current Assets				
Interest accrued		**455.03**		171.69
B LOANS AND ADVANCES				
(Unsecured, unless otherwise stated, considered good)				
1 Advances recoverable in cash or in kind or for value to be received	**1817.43**		1920.10	
2 Deposits	**1835.81**		842.61	
3 Current investments - Inter-corporate deposits				
Considered Good	**1090.35**		3169.15	
Considered Doubtful	**144.51**		144.51	
	1234.86		3313.66	
Less: Provision for Doubtful Inter-corporate deposits	**144.51**		144.51	
	1090.35		3169.15	
4 Application Money:				
- to Company	**475.39**		0.00	
- to Mutual Fund	**1500.00**		0.00	
5 Balances in Excise and Service Tax Accounts	**2846.99**		696.76	
6 Entertainment Tax Refund Claimed	**568.75**		278.30	
7 Film Production Advance - Long term investment	**0.00**		706.62	
8 Income Tax paid (net of provisions)	**1198.09**		1162.60	
		11332.81		8776.14
Total		**24078.57**		24266.38

Schedules Forming part of the Consolidated Balance Sheet

	As at 31st March , 2007 Amount (Rs. in Lacs)		As at 31st March, 2006 Amount (Rs. in Lacs)	
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS				
A Current Liabilities				
1 Sundry Creditors				
- due to small scale industrial undertakings	**123.46**		43.81	
- others	**7587.02**		5904.15	
	7710.48		5947.96	
2 Trade Deposits	**328.66**		265.23	
3 Investor Education and Protection Fund shall be credited by the following amounts namely:				
- Unclaimed dividends	**500.06**		40.07	
4 Advances from Customers	**14714.83**		7122.03	
5 Income received in advance	**29.46**		24.54	
6 Other Liabilities	**1993.24**		260.20	
7 Interest accrued but not due	**31.70**		16.18	
		25308.43		13676.21
B Provisions				
1 Proposed Dividend	**578.90**		1157.80	
2 Tax on Dividend	**200.35**		162.38	
3 For Gratuity	**204.91**		185.12	
4 For Leave encashment	**134.26**		122.33	
5 For Expenses	**65.60**		42.80	
6 For Fringe Benefit Tax (Net of Payment)	**7.00**		12.95	
		1191.02		1683.38
Total		**26499.45**		15359.59
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
1 Preliminary expenses	**0.00**		4.07	
2 Deferred Revenue Expenses	**0.00**		14.00	
Total		**0.00**		18.07

Schedules Forming part of the Consolidated Profit and Loss Account

	2006-2007 Amount (Rs. in Lacs)	2005-2006 Amount (Rs. in Lacs)
SCHEDULE 11: SALES AND SERVICES		
Sales - Gross	**58241.28**	18779.88
Less: Excise Duty	**864.56**	576.74
Sales (Net)	**57376.72**	18203.14
Box Office Revenues	**11547.53**	7530.97
Food and Beverages Revenues	**2139.71**	1589.31
Advertising Income	**623.44**	403.00
Management Fees	**0.90**	21.48
Parking charges	**79.00**	66.93
Conducting Fees	**546.69**	412.49
Film Distribution Revenue	**364.07**	687.08
Total	**72678.06**	28914.40

Schedules Forming part of the Consolidated Profit and Loss Account

	2006-2007 Amount (Rs. in Lacs)		2005-2006 Amount (Rs. in Lacs)	
SCHEDULE 12: OTHER INCOME				
Interest				
- On long term investments	**426.95**		156.32	
- On current investments	**108.98**		51.38	
- From banks	**4.77**		28.02	
- On Income-tax refunds	**1.13**		13.91	
- Others	**7.12**		1.20	
		548.95		250.83
Dividend				
- On long term investments	**820.34**		532.81	
- On current Investments	**249.62**		63.06	
		1069.96		595.87
Profit on sale of investments (Net)				
- On long term investments	**3812.23**		6985.65	
- On current Investments	**482.67**		4.14	
		4294.90		6989.79
Income from Film Production Financing		**26.37**		74.41
Insurance claims received		**16.14**		5.11
Liabilities written back		**23.05**		22.32
Provisions written back				
- doubtful debts	**0.00**		1.42	
- diminution in value of investments	**0.00**		0.24	
		0.00		1.66
Profit on assets sold/discarded (Net)		**0.00**		2.47
Refund of Entertainment Tax		**111.35**		0.00
Miscellaneous Income		**166.99**		74.35
Total		**6257.71**		8016.81
SCHEDULE 13: MATERIALS CONSUMED AND PURCHASE OF FINISHED GOODS				
Raw Materials consumed				
Opening Stock	**5548.37**		3077.14	
Add : Purchases	**8727.05**		10028.76	
	14275.42		13105.90	
Less : Closing Stock	**2205.66**		5548.37	
		12069.76		7557.53
Packing Materials consumed		**2395.79**		2043.06
Purchase of Finished Goods		**454.63**		1076.58
Cost of Food and Beverages		**739.85**		540.88
Total		**15660.03**		11218.05
SCHEDULE 14: (INCREASE)/DECREASE IN STOCKS				
Opening Stock				
Finished Goods	**1447.50**		457.60	
Material in Process	**52.51**		30.58	
By-products	**18.13**		29.90	
Carbon Credits	**108.66**		0.00	
		1626.80		518.08
Less:Closing Stock				
Finished Goods	**1816.88**		1447.50	
Material in Process	**87.51**		52.51	
By-products	**6.32**		18.13	
Carbon Credits	**94.78**		108.66	
		2005.49		1626.80
(Increase)/Decrease in Stocks		**(378.69)**		(1108.72)

Schedules Forming part of the Consolidated Profit and Loss Account

	2006-2007 Amount (Rs. in Lacs)		2005-2006 Amount (Rs. in Lacs)	
SCHEDULE 15: MANUFACTURING, OPERATING AND OTHER EXPENSES				
Stores and Spare parts Consumed		**1175.99**		457.42
Power, Fuel and Water		**3750.86**		1360.68
Film Distributors share		**3475.78**		2114.41
Film Distribution Rights & Print Cost Amortized		**972.46**		574.01
Advertisement and Sales Promotion		**485.93**		375.99
Print cost, Print Dispatch and Other Print expenses		**118.06**		85.10
Freight and Octroi		**1311.06**		909.94
Insurance		**121.45**		91.25
Excise duty, Sales tax and Service tax		**81.51**		83.04
Entertainment tax		**1194.45**		504.34
Production Labour Charges		**139.08**		74.24
Processing Charges		**260.22**		0.00
Factory Expenses		**46.93**		23.60
Repairs to				
- Buildings	**105.84**		32.04	
- Machinery	**786.93**		272.69	
- Others	**149.50**		58.18	
		1042.27		362.91
Directors' Sitting Fees		**4.12**		0.70
Rent and Conducting fees		**1038.06**		382.51
Rates and Taxes		**324.64**		178.48
Travelling and Conveyance		**397.11**		314.58
Communication Expenses		**168.13**		126.86
Common Facility Charges		**321.17**		300.04
Legal and Professional Fees and Expenses		**794.66**		368.50
Lease Rentals and Hire Charges		**190.46**		70.45
Discount		**6.13**		2.17
Loss on assets sold/scrapped (Net)		**36.50**		0.00
Bank Charges		**73.31**		54.78
Foreign exchange fluctuation loss (Net)		**262.39**		167.05
Provision for doubtful debts		**0.00**		57.10
Bad debts and remissions		**10.12**		20.93
Commission		**53.42**		42.80
Expenditure for Sustainable Development Plan		**81.82**		5.01
Miscellaneous Expenses		**1397.44**		620.20
Expenses on abandoned projects written off		**0.00**		4.49
Amortisation of preliminary expenses		**4.07**		4.07
Amortisation of deferred revenue expenses		**14.00**		14.00
Total		**19353.60**		9751.65
SCHEDULE 16: SALARIES AND BENEFITS				
Salaries, Wages, Allowances and Benefits		**3221.06**		1508.68
Contribution to Provident and other funds		**135.47**		114.21
Gratuity		**48.67**		46.23
Staff Welfare expenses		**89.79**		78.23
Total		**3494.99**		1747.35
SCHEDULE 17: INTEREST				
Interest on fixed loans		**924.37**		892.68
Other Interest		**11.75**		(282.89)
Total		**936.12**		609.79

Notes Forming Part of the Accounts

SCHEDULE 18: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2007

1. Principles of Consolidation

   The consolidated financial statements relates to Gujarat Fluorochemicals Limited ('the Company') and its subsidiary company Inox Leisure Limited. The consolidated financial statements have been prepared on the following basis.

   - The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions are fully eliminated.
   - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statement.
   - Investment in Associate is dealt with in accordance with Accounting Standard (AS 23), Accounting for Investment in the Associates in Consolidated Financial Statements.
   - The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Company viz. year ended 31.3.2007.

2. Other Significant Accounting Policies

   These are set out in the notes to the accounts under "Significant Accounting Policies" of the financial statements of the Company and Inox Leisure Limited.

3. The Subsidiary Company considered in the financial statements is:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2007
Inox Leisure Limited	India	66

4. Since more than 20% of the equity shares in Inox Global Services Limited (IGSL) are held by GFL, IGSL is treated as an 'Associate Company' and the investments in IGSL have been accounted for under the equity method in accordance with AS 23 – 'Accounting for Investments in Associates' issued by the Institute of Chartered Accountants of India. Effect has been given to the carrying amount of investment in the Associate using the Equity Method. The Group's share of the post acquisition losses and profits is included in the carrying cost of the investment as under:

5. Amount (Rs in Lacs)

Particulars	2006-2007		2005-2006	
	Equity Shares	**Preference Shares**	Equity Shares	Preference Shares
Book Value of Investment on acquisition	**49.99**	**1372.60**	49.99	1372.60
Goodwill	**197.50**	**510.40**	197.50	510.40
Cost of Investment	**247.49**	**1883.00**	247.49	1883.00
Less:				
Goodwill written off in earlier year	**(197.50)**	**(510.40)**	(197.50)	(510.40)
Share of loss - post acquisition-up to last year	**(49.99)**	**(319.22)**	(49.99)	(475.64)
Share of profit - post acquisition-current year	**0.00**	**350.79**	0.00	156.42
Carrying cost	**0.00**	**1404.17**	0.00	1053.38

IGSL is engaged in providing Information Technology Enabled Services. GFL holds 2474930 equity shares (49.50% of the total equity of IGSL) and 1883000 preference shares (100% of the preference capital of IGSL).

During the year, Inox Global Services Limited (IGSL) has issued new 1% 18,83,000 cumulative preference shares of Rs. 100/- each to Gujarat Fluorochemicals Limited (GFL) to be redeemed at a premium of Rs. 35/- per share plus Rs. 4/- per share for every year of effective tenure . These shares are redeemable at the end of the fifth year from the date of its issue with an option to redeem them before the expiry of the said term. The proceeds from the issue of these new cumulative preference shares has been utilised by IGSL to redeem the existing 5% 18,83,000 cumulative preference shares of Rs. 100/- each held by GFL(which were redeemable at par), and the arrears of dividend thereon of Rs. 579.42 Lacs has been forfeited.

Prior period share in profit of Associate is in respect of gain from intra group transaction realised in earlier year.

6. During the year, the Holding company has received compensation of Rs. 905.38 Lacs (previous year Rs. 868.02 Lacs), equivalent to US $ 1.96 million (previous year US$ 1.96 million), 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.

7. During the year, the Scheme of Amalgamation ('Scheme') of Calcutta Cine Private Limited with Inox Leisure Limited has been approved by the Shareholders of both Companies. As per the Scheme, the 'Appointed Date' is 1st April, 2006. The Scheme will be effective from the 'Effective Date' viz. the date on which the certified copies of the orders from both High Courts are filed with the Registrar of Companies of the respective states. The High Court of Gujarat at Ahmedabad has sanctioned the Scheme. The certified copy of the order is awaited. The High Court at Calcutta has also sanctioned the Scheme subject to the compliance of conditions mentioned therein. Pending the compliance of the said conditions and other legal formalities, effect is not given to the proposed amalgamation in these accounts of the Company. Necessary entries for accounting of assets and liabilities (including relevant inter-company balances) with effect from the 'Appointed Date' and the profit/loss for the year ended 31st March 2007 of Calcutta Cine Private Limited will be made in the accounts of the Company on the Scheme becoming effective.

8. In respect of Entertainment Tax liability of the Subsidiary Company and its treatment in the accounts:-

   a) The exemption from payment of Entertainment Tax in respect of Multiplexes of the Company, which are eligible for such exemption, is subject to fulfilment of the terms and conditions of the respective Government policies issued in this regard.

   b) The Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criterion 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. 371.43 lacs (Previous Year Rs. 599.11 lacs) being Entertainment Tax in respect of such Multiplexes has not been charged to profit & loss account. Cumulative amount as on 31st March 2007 - Rs. 1832.41 lacs (as on 31st March 2006 - Rs. 1476.09 lacs).

   c) The Entertainment Tax Department has disputed the method of calculation of the Entertainment Tax exemption availed in respect of one of the Multiplexes of the Company and the matter is pending before the High Court. The amount involved as on 31st March 2007 – Rs. 1358.98 lacs (as on 31st March 2006 – Rs. 1265.43 lacs).

9. Contingent liabilities not provided for in respect of:

Particulars	Amount (Rs. in Lacs) 2006-07	2005-06
Sales Tax	**16.46**	16.46
Income Tax	**1430.81**	1016.25
Service Tax	**35.66**	22.94
Bills discounted	**56.28**	386.50
Bank Guarantees	**1621.58**	1165.22
Claims against the Company not acknowledged as debts	**5.00**	154.43
Municipal Tax	**829.97**	839.54
Entertainment Tax	**102.72**	6.48
N.A. Land Demand	**0.98**	0.98
Claims in respect of labour matters	**Amount is not ascertainable**	

Note: Amount of Rs 911.50 Lacs (previous year Rs 831.08 Lacs) has been paid in respect of above Sales Tax, Income Tax demands and Service Tax not charged to the Profit and Loss Account.

10. Estimated amount of contract remaining to be executed on Capital Account and not provided for, net of advances Rs. 2118.90 lacs (previous year Rs.8936.22 lacs)

11. The major components of the net deferred tax liability are as under:

Particulars	Amount (Rs. in Lacs) 2006-07	2005-06
Deferred Tax Liabilities		
(i) Depreciation	**5447.45**	1529.92
(ii) Deferred Revenue Expenditure	**0.00**	4.71
(iii) Film distribution rights and Print Cost amortisation	**67.51**	139.71
Total	**5514.96**	1674.34
Deferred Tax Assets		
(i) Expenditure allowable on payment basis	**131.18**	110.32
(ii) Doubtful debts	**29.85**	44.39
(iii) Others	**10.55**	4.50
Total	**171.58**	159.21
Net Deferred Tax Liability	**5343.38**	1515.13

12. Disclosure as required by Accounting Standard – AS 19 on "Leases" –

a) In respect of Assets given on Operating Lease :

Amount (Rs. in Lacs)

Particulars	2006-07
(i) Gross carrying amount of asset given on operating lease included in Buildings & Road block of fixed assets.	**440.71**
(ii) Accumulated Depreciation as at the end of the year	**7.20**
(iii) Depreciation for the year	**7.18**
(iv) Future minimum lease payments -	
(a) Not later than one year	**126.00**
(b) Later than one year and not later than five years	**468.30**
(v) General description of significant Leasing arrangements – Asset given on operating lease is Office Building. The non-cancellable initial lease tenure is for five years, which can be further extended at the mutual option of both the parties.	

b) In respect of plant taken on operating lease:

The lease is for an initial non-cancellable period of ten years, which can be further extended at the mutual option of both parties. The lease rentals of Rs. 9.17 lacs are included in Lease Rentals in Schedule 5 to the Balance Sheet. The future minimum lease payments under this lease arrangement are as under:

Amount (Rs. in Lacs)

	2006-07
(a) Not later than one year	**35.28**
(b) Later than one year and not later than five years	**141.12**
(c) Later than five years	**167.58**

c) In respect of operating lease for some of the multiplexes taken on lease:

The leases are for a period of 18-24 years with a minimum lock-in period of 3-9 years and the agreement provides for escalation in lease rentals after every three years. The lease rentals of Rs. 119.64 lacs (Previous Year Rs. 67.13 lacs) are included in 'Rent and Conducting Fees' in Schedule 15 to the Profit and Loss Account. The totals of future minimum lease payments under this lease arrangement are as under:

Amount (Rs. in Lacs)

Particulars	**Current Year (Rs. in Lacs)**	Previous Year (Rs. in Lacs)
Not later than one year	**332.32**	67.13
Later than one year and not later than five years	**1420.72**	299.76
Later than five years	**6672.81**	1816.37
Total	**8425.85**	2183.26

d) Other significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations) taken on lease. Generally, these lease arrangements are non-cancellable, range between 11 months to 5 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals are charged as "Rent and Conducting Fees" in Schedule 15 to the Profit and Loss Account.

13. The operating licenses in respect of some multiplexes are not in the name of Subsidiary Company. The Subsidiary Company is operating some of the multiplexes under Conducting Agreements for a period of 9-24 years.

14. Deferred Revenue Expenses consisted of the prepayment premium of Rs 70 lacs paid in the year 2002-03, in respect of a term loan, which has been amortized equally over a period of five years.

Deferred Revenue Expenses were 'Intangible Items' and not 'Intangible Assets' within the meaning of Accounting Standard (AS-26) – Intangible Assets. However, as per clarification issued by the Institute of Chartered Accountants of India, the treatment of these Deferred Revenue Expenses was continued as per the then existing accounting policy in this regard.

15. The Subsidiary Company has recognised provision towards estimated liability in respect of municipal taxes payable as under :-

Amount (Rs. in Lacs)

Particulars	**2006-07**	2005-06
Opening Balance	**42.80**	20.00
Provided during the year	**52.80**	52.80
Paid during the year	**30.00**	30.00
Closing balance	**65.60**	42.80

16. Calculation of Earnings Per Share (EPS):

	2006-2007	2005-2006
a) Amount used as the numerator - Profit after taxation – including share in profit of the Associate and after minority interest in the profit for the year (Rs. in Lacs)	**26173.45**	11428.96
b) Number of equity shares outstanding at the beginning and at the end of the year – (Nos.)	**57890000**	57890000
c) Nominal value of each share – (Rs.)	**2**	2
d) Basic and Diluted Earnings per share (Rs.)	**45.21**	19.74

17. Disclosure of the relationship and transactions with the related parties as defined in Accounting Standard 18 issued by The Institute of Chartered Accountant of India is as under:

(i) **Names of the related parties with whom there are transactions during the year:**

Associate Companies:

Inox Global Services Limited
Inox Infrastructure Private Limited (Incorporated on 27.02.2007)

Key Management Personnel

Shri V K Jain (Managing Director)
Shri D K Sachdeva (Whole Time Director)
Shri J S Bedi (Whole Time Director w.e.f. 31.10.2006) - see note 1
Shri Manoj Bhatia (Manager w.e.f. 1.10.2005 to 18.11.2006)

Relative of Key Management Personnel

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

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

Devansh Gases Private Limited
Devansh Trading and Finance Private Limited
Inox India Limited
Inox Air Products Limited
Inox Leasing & Finance Limited
Inox Chemicals Private Limited
Refron Cylinders Limited
(Amalgamated with Inox India Limited w.e.f. 01.04.2006) - see note 2
Refron Valves Limited
Rajni Farms Private Limited
Sidhapavan Trading and Finance Private Limited
Siddho Mal Investment Private Limited

(ii) **Particulars of transactions:** (Amount Rs. In Lacs)

Particulars	Associate Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
A) Transactions during the year										
Sales of Goods										
Inox Air Products Limited							**7.49**	6.70	**7.49**	6.70
Total							**7.49**	6.70	**7.49**	6.70
Sale of Fixed assets										
Shri D. K. Sachdeva			**0.00**	0.29					**0.00**	0.29
Total			**0.00**	0.29					**0.00**	0.29
Purchase of Assets										
Inox India Limited							**5.15**	0.00	**5.15**	0.00
Total							**5.15**	**0.00**	**5.15**	**0.00**
Purchase of Goods										
Inox Air Products Limited							**223.28**	768.08	**223.28**	768.08
Refron Cylinder Limited-see note 2							**0.00**	534.42	**0.00**	534.42
Inox India Limited							**1532.60**	716.27	**1532.60**	716.27
Others							**0.14**	0.15	**0.14**	0.15
Total							**1756.02**	2018.92	**1756.02**	2018.92
Inter-corporate Deposits given										
Inox Air Products Limited							**0.00**	2500.00	**0.00**	2500.00
Inox Leasing & Finance Limited							**100.00**	0.00	**100.00**	0.00
Total							**100.00**	2500.00	**100.00**	2500.00
Inter-corporate Deposits received back										
Inox Air Products Limited							**2500.00**	0.00	**2500.00**	0.00
Inox Leasing & Finance Ltd							**100.00**	0.00	**100.00**	0.00
Total							**2600.00**	0.00	**2600.00**	0.00

(ii) **Particulars of transactions: -** (Amount Rs. In Lacs)

Particulars	Associate Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
Preference shares Redemption										
Inox Global Services Limited-see note 3	**1883.00**	0.00							**1883.00**	0.00
Inox Leasing & Finance Limited							**400.00**	600.00	**400.00**	600.00
Total	**1883.00**	0.00					**400.00**	600.00	**2283.00**	600.00
Preference shares Subscribed										
Inox Global Services Limited-see note 3	**1883.00**	0.00							**1883.00**	0.00
Total	**1883.00**	0.00							**1883.00**	0.00
Equity shares Subscribed										
Inox Infrastructure Private Limited	**0.30**	0.00							**0.30**	0.00
Total	**0.30**	0.00							**0.30**	0.00
Interest received										
Inox Air Products Limited							**14.79**	2.74	**14.79**	2.74
Inox Leasing & Finance Limited							**1.97**	0.00	**1.97**	0.00
Total							**16.76**	2.74	**16.76**	2.74
Reimbursement of expenses (paid)										
Inox Air Products Limited							**4.19**	2.42	**4.19**	2.42
Inox India Limited							**2.90**	0.03	**2.90**	0.03
Others							**0.09**	0.00	**0.09**	0.00
Total							**7.18**	2.45	**7.18**	2.45
Reimbursement of expenses (received)										
Inox India Limited							**0.61**	0.24	**0.61**	0.24
Total							**0.61**	0.24	**0.61**	0.24
Rent Received										
Devansh Gases Private Limited							**0.12**	0.12	**0.12**	0.12
Devansh Trading & Finance Private Limited							**0.12**	0.12	**0.12**	0.12
Rajni Farms Private Limited							**0.12**	0.12	**0.12**	0.12
Inox Chemicals Private Limited							**0.12**	0.12	**0.12**	0.12
Sidhapavan Trading & Finance Private Limited							**0.12**	0.12	**0.12**	0.12
Siddho Mal Investment Private Limited							**0.12**	0.12	**0.12**	0.12
Inox Air Products Limited							**73.50**	0.00	**73.50**	0.00
Others	**0.12**	0.06							**0.12**	0.06
Total	**0.12**	0.06					**74.22**	0.72	**74.34**	0.78
Rent & Lease Rentals paid										
Shri D K Sachdeva			**1.20**	1.20					**1.20**	1.20
Inox Air Products Limited							**10.13**	1.30	**10.13**	1.30
Devansh Gases Private Limited							**12.00**	0.00	**12.00**	0.00
Inox Leasing & Finance Limited							**18.00**	0.00	**18.00**	0.00
Total			**1.20**	1.20			**40.13**	1.30	**41.33**	2.50
O&M Charges paid in respect of leased plant										
Inox Air Products Limited							**14.94**	0.00	**14.94**	0.00
Total							**14.94**	0.00	**14.94**	0.00
Dividend Received										
Inox Leasing & Finance Limited							**30.00**	89.58	**30.00**	89.58
Total							**30.00**	89.58	**30.00**	89.58
Remuneration paid										
Shri V K Jain			**1347.44**	162.13					**1347.44**	162.13
Shri D K Sachdeva			**24.78**	21.71					**24.78**	21.71
Others			**24.07**	10.95					**24.07**	10.95
Total			**1396.29**	194.79					**1396.29**	194.79
Sitting Fees										
Shri D K Jain					**0.64**	0.10			**0.64**	0.10
Shri P K Jain					**0.10**	0.06			**0.10**	0.06
Total					**0.74**	0.16			**0.74**	0.16

(ii) **Particulars of transactions: -** (Amount Rs. In Lacs)

Particulars	Associate Company		Key Management Personnel		Relative of key Management Personnel		Enterprises over which KMP has significant influence		Total	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
B) Amounts outstanding										
Investment in Shares										
Inox Global Services Limited										
Equity shares	**247.49**	247.49							**247.49**	247.49
Preference shares	**1883.00**	1883.00							**1883.00**	1883.00
Inox Infrastructure Private Limited										
Equity shares	**0.30**	0.00							**0.30**	0.00
Inox Leasing & Finance Limited										
Preference shares							**0.00**	400.00	**0.00**	400.00
Total	**2130.79**	2130.49					**0.00**	400.00	**2130.79**	2530.49
Amount payable										
Shri V K Jain			**1301.76**	85.90					**1301.76**	85.70
Inox India Limited							**28.29**	50.57	**28.29**	50.57
Inox Air Products Limited							**37.20**	46.02	**37.20**	46.02
Others			**5.23**	1.77			**0.00**	0.00	**5.23**	1.77
Total			**1306.99**	87.47			**65.49**	96.59	**1372.48**	184.06
Amount receivable										
Inox Air Products Limited-ICD							**0.00**	2500.00	**0.00**	2500.00
Total							**0.00**	2500.00	**0.00**	2500.00

Notes:

1. Shri J.S. Bedi (Vice President – Dahej Operations) is appointed as additional director w.e.f. 31.10.2006 and hence his remuneration for the period 31.10.2006 to 31.03.3007 is considered in related party disclosure.
2. Refron Cylinders Limited is amalgamated with Inox India Limited w.e.f. 01.04.2006 and hence the transactions with this company are included in the transaction with Inox India Limited.
3. During the year, Inox Global Services Limited (IGSL) has issued new 1% 18,83,000 cumulative preference shares of Rs. 100/- each to Gujarat Fluorochemicals Limited (GFL) to be redeemed at a premium of Rs. 35/- per share plus Rs. 4/- per share for every year of effective tenure. These shares are redeemable at the end of the fifth year from the date of its issue with an option to redeem them before the expiry of the said term. The proceeds from the issue of these new cumulative preference shares has been utilised by IGSL to redeem the existing 5% 18,83,000 cumulative preference shares of Rs. 100/- each held by GFL (which were redeemable at par), and the arrears of dividend thereon of Rs. 579.42 Lacs has been forfeited.

18. Segment Information

A) Information about Primary Segment: (Amount Rs. In Lacs)

Description	**Year Ended 31.03.2007**	Year Ended 31.03.2006
I) Segment Revenue		
i. Chemicals	**57469.56**	18291.75
ii. Power	**1360.38**	658.01
iii. Multiplexes	**15110.89**	10056.59
iv. Other Segment, Un-allocable and Corporate	**6457.72**	8722.78
Total Segment Revenue	**80398.55**	37729.13
Less : Inter Segment Revenue		
- Power	**1309.38**	658.01
- Others	**153.40**	139.90
Total External Revenue	**78935.77**	36931.22
II) Segment Result		
i. Chemicals	**31408.42**	3044.38
ii. Power	**(947.04)**	145.37
iii. Multiplexes	**3671.41**	2993.35
iv. Other Segment	**(540.08)**	147.00
Total Segment Result	**33592.71**	6330.10
Add : Un-allocable Income (Net of un-allocable expenses)	**5529.32**	7730.79
Less :Interest expenses	**936.12**	609.79
Total Profit Before Tax	**38185.90**	13451.10
Less : Taxation (including Deferred tax and Fringe Benefit tax)	**11520.39**	2063.42
Net Profit After Tax	**26665.51**	11387.68

(Amount Rs. In Lacs)

Description	Year Ended 31.03.2007	Year Ended 31.03.2006
III) Other Information		
a) Segment Assets		
i. Chemicals	**54375.61**	27241.93
ii. Power	**23340.10**	6650.21
iii. Multiplexes	**22452.25**	19065.85
iv. Other Segment, Un allocable and Corporate	**70971.52**	50661.54
Total	**171139.48**	103619.53
b) Segment Liabilities		
i. Chemicals	**22294.16**	11292.18
ii. Power	**1222.11**	306.61
iii. Multiplexes	**1589.85**	2148.60
iv. Other Segment, Un allocable and Corporate	**55592.79**	23933.63
Total	**80698.91**	37681.02
c) Capital Expenditure		
i. Chemicals	**27953.99**	11210.31
ii. Power	**17055.67**	6458.80
iii. Multiplexes	**3030.47**	2304.33
iv. Other Segment, Un allocable and Corporate	**1499.95**	1016.01
Total	**49540.09**	20989.45
d) Depreciation & Amortization		
i. Chemicals	**1310.68**	595.06
ii. Power	**843.41**	89.75
iii. Multiplexes	**639.10**	517.03
iv. Other Segment, Un allocable and Corporate	**1117.01**	634.16
Total	**3910.20**	1836.00
e) Non-cash expenses (other than depreciation)		
i. Chemicals	**41.57**	57.10
ii. Power	**0.00**	0.00
iii. Multiplexes	**14.00**	18.07
iv. Other Segment, Un allocable and Corporate	**4.07**	0.00
Total	**59.64**	75.17

B) Information about Secondary (Geographical) Segments.

Segment-wise revenues are as under:

Amount (Rs in Lacs)

Particulars	2006-2007	2005-2006
Domestic	**26896.37**	22433.34
Overseas	**52039.28**	14497.87
Total	**78935.65**	36931.21

C) Notes

1) The Company operates in following business segments:

a. Chemicals - Comprising of Chlorofluorocarbons, Hydro fluorocarbons, Anhydrous Hydrochloric acid, Caustic-Chlorine and Revenue from Carbon Credits. It also includes, Chloromethane and PTFE, production of which is yet to commence.

b. Power - Comprising of Power Generation.

c. Multiplex Business – comprising of operating multiplex entertainment centres.

2) Inter-segment revenue comprises of:-

   a. Power generated by Captive Power Generation Units and consumed in Chemical Business and is priced at estimated market value.

   b. Film distributors' share in respect of movies distributed by the Company and exhibited in its multiplexes and is priced at market value.

3) Chemicals business is operated in two geographical markets, in domestic and overseas market. The manufacturing facility of chemicals business is common for India and overseas market and hence it is not possible to directly attribute or allocate on a reasonable basis the expenses, assets and liabilities to these geographical segments. In respect of power segment, the entire production is indigenously sold/consumed. All multiplexes are located in India and all movies are distributed in India. The disclosures regarding geographical segments are made accordingly.

4) In the previous year there was no revenue from "Carbon Credits Business" .Since generation of Carbon Credits is intimately dependant on and is directly linked to the production in Chemical Business, in the opinion of the management, its inclusion in "Chemical Business" segment would result in more appropriate presentation of the financial statements. Hence "Chemical Business" segment includes "Carbon Credit Business". Accordingly figures for the previous year have been reclassified.

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

As per our report of even date attached

For PATANKAR & ASSOCIATES
Chartered Accountants

M. Y. KULKARNI
Partner

Place : Pune
Dated : 19th June, 2007

B. V. DESAI
Company Secretary

Place : Noida
Dated : 19th June, 2007

V. K. JAIN
Managing Director

D. K. JAIN
Chairman

DEEPAK ASHER
Group Head (Corporate Finance)

SHAILENDRA SWARUP
Director

V. P. MITTAL
Director

O. P. LOHIA
Director

GUJARAT FLUOROCHEMICALS LIMITED

Regd. Office : S/No. 16/3, 26 & 27, Ranjitnagar 389 380
Taluka Ghoghamba, Dist. Panchmahals, 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 TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on **Saturday, the 29th September, 2007 at 11.30 a.m. at S/No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghamba, Dist. Panchmahals, 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. Panchmahals, Gujarat.

PROXY

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

I/We .....

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

GUJARAT FLUOROCHEMICALS LIMITED hereby appoint .....

of .....

or failing him .....

of .....

as my/our proxy to vote for me/us and on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on **Saturday, the 29th September, 2007** and at any adjournment thereof.

Signed this ..... day of ..... 2007.

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.