

**GUJARAT
FLUOROCHEMICALS
SINGAPORE PTE. LIMITED**

3rd

ANNUAL FINANCIAL STATEMENTS

2013-2014

Independent Auditor's report

To the Members of Gujarat Fluorochemicals Singapore Pte. Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gujarat Fluorochemicals Singapore Pte. Limited ('Company'), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements 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, 2014.
- b) in the case of the Statement of Profit and Loss, 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.

**Auditor's report to the Members of Gujarat Fluorochemicals Singapore Pte. Limited
(Continued)**

Other Matter:

These financial statements have been prepared by the Company for the purposes of publication of summarized financial information in the consolidated financial statements of its holding company, Gujarat Fluorochemicals Limited, India, as required by section 212 of the Act and for the purpose of preparation of consolidated financial statement of the holding company, in accordance with the Accounting Standard (AS) 21 – Consolidated Financial Statements, notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

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

Place : Pune.
Dated: 29th May, 2014

M. Y. Kulkarni)
Partner
Membership No: 035524

Gujarat Fluorochemicals Singapore Pte. Limited

Balance Sheet as at 31st March 2014

(Amount In Rupees)

	Note No	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	14,35,36,529	14,19,97,216
(b) Reserves and surplus	5	2,16,44,501	57,55,520
		16,51,81,030	14,77,52,736
(2) Current liabilities			
(a) Trade payables	6	5,27,032	6,39,115
		5,27,032	6,39,115
TOTAL		16,57,08,062	14,83,91,851
II. ASSETS			
(1) Non-current assets			
(a) Non-current investments	7	9,91,53,884	4,16,65,328
		9,91,53,884	4,16,65,328
(2) Current assets			
(a) Cash and bank balances	8	11,67,326	5,79,892
(b) Short-term loans and advances	9	6,13,41,314	10,37,96,025
(c) Current assets	10	40,45,538	23,50,606
		6,65,54,178	10,67,26,523
TOTAL		16,57,08,062	14,83,91,851
<i>The accompanying notes are integral part of the Financial Statements</i>			

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

For Gujarat Fluorochemicals Singapore Pte Ltd

M.Y.Kulkarni

Partner

P. K. Jain

Director

V. K. Jain

Director

Place : Pune

Dated: 29th May, 2014

Place : Noida

Dated: 29th May, 2014

Gujarat Fluorochemicals Singapore Pte. Limited
Statement of Profit and Loss for the year ended 31st March 2014

(Amount In Rupees)

	Note No	2013-2014	2012-2013
I. Operating Income	11	18,37,935	26,23,117
II. Total Revenue		18,37,935	26,23,117
III. Expenses			
Other Expenses	12	8,05,695	39,31,141
Total expenses		8,05,695	39,31,141
IV. Profit/(Loss) before tax (II-III)		10,32,240	(13,08,024)
V. Less: Tax expense:			
Current tax		3,62,997	5,18,179
Prior period tax		-	(3,54,400)
VI. Profit/(Loss) for the year		6,69,243	(14,71,803)
VII. Basic and diluted Earnings Per Share	15	0.25	(1.04)

The accompanying notes are integral part of the Financial Statements

As per our report of even date attached
For PATANKAR & ASSOCIATES
Chartered Accountants

For Gujarat Fluorochemicals Singapore Pte Ltd

M.Y.Kulkarni
Partner

P. K. Jain
Director

V. K. Jain
Director

Place : Pune
Dated: 29th May, 2014

Place : Noida
Dated: 29th May, 2014

Gujarat Fluorochemicals Singapore Pte. Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Amount In Rupees)

Particulars	2013-2014	2012-2013
A Cash flow from operating activities		
Profit/(Loss) before tax	10,32,240	(13,08,024)
Adjustments for :		
Interest Received	(18,30,746)	(25,94,714)
Interest receivable waived written off	-	24,63,267
<i>Operating (Loss) before working capital changes</i>	(7,98,506)	(14,39,471)
<u>Adjustments for :</u>		
Short term loans and advances	(6,899)	(66,945)
Trade Payables	23,731	3,09,945
Cash (used) in operations	(7,81,674)	(11,96,471)
Income tax paid (net)	(3,62,997)	(32,407)
Net cash (used) in operating activities	(11,44,671)	(12,28,878)
B Cash flow from investing activities		
Purchase of Investment	-	(4,12,83,728)
Short-Term Inter Corporate Deposit given	-	(4,41,99,480)
Net cash (used) in investment activities	-	(8,54,83,208)
C Cash flow from financing activities		
Contribution from issue of equity shares	15,39,313	8,30,40,928
Net cash from financing activities	15,39,313	8,30,40,928
D Adjustment on accounts of Foreign Currency Translation Reserve	1,92,792	41,61,145
Net increase in cash and cash equivalent	5,87,434	4,89,987
Cash and cash equivalents as at the beginning of the year	5,79,892	89,905
Cash and cash equivalents as at the end of the year	11,67,326	5,79,892

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

For Gujarat Fluorochemicals Singapore Pte Ltd

M.Y.Kulkarni
Partner

P. K. Jain
Director

V. K. Jain
Director

Place : Pune

Dated: 29th May, 2014

Place : Noida

Dated: 29th May, 2014

Gujarat Fluorochemicals Singapore Pte Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

1. CORPORATE INFORMATION

Gujarat Fluorochemicals Singapore Pte. Limited ('Company') is incorporated in Singapore and is wholly-owned subsidiary of Gujarat Fluorochemicals Limited, India. The Company has been set up for the purpose of investment activities. The Company has invested in joint venture in Morocco for mining of fluorspar.

These financial statements have been prepared by the Company for the purposes of publication of summarized financial information in the consolidated financial statements of its holding company, Gujarat Fluorochemicals Limited, India, as required by section 212 of the Act and for the purpose of preparation of consolidated financial statement of the holding company, in accordance with the Accounting Standard (AS) 21 – Consolidated Financial Statements, notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the Accounting Standard 11 Effects of Changes in Foreign Exchange Rates.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 1956.

3. SIGNIFICANT ACCOUNTING POLICIES:

a) INVESTMENT

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.

b) REVENUE RECOGNITION

Interest income is recognised on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Dividend income is recognised when the unconditional right to receive the dividend is established.

Gujarat Fluorochemicals Singapore Pte Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

c) FOREIGN CURRENCY TRANSACTIONS:

The accounts are translated in Indian Rupees as follows:-

- 1) Share capital is retained at the initial contribution amount.
- 2) Assets & Liabilities are translated at the rates prevailing on the date of Balance Sheet.
- 3) Revenue transactions are translated at the average exchange rates prevailing during the year.
- 4) The resultant differences are accounted as translation reserve in the Balance Sheet.

d) TAXES ON INCOME:

Tax on income for the current year is determined on the basis of taxable income computed in accordance with the provisions of the Singapore income-tax laws.

e) 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.

f) PROVISIONS AND CONTINGENT LIABILITIES :

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

g) USE OF ESTIMATES:

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

Gujarat Fluorochemicals Singapore Pte. Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

4 <u>Share Capital</u>	As at 31st March, 2014 In Rupees	As at 31st March, 2013 In Rupees
Paid up capital 27,36,000 (Previous year 27,11,000) Equity Shares of USD 1 each	14,35,36,529	14,19,97,216
Total	<u>14,35,36,529</u>	<u>14,19,97,216</u>

a) Reconciliation of the equity capital at the beginning and at the end of the reporting period	As at 31st March, 2014 Nos	As at 31st March, 2013 Nos	As at 31st March, 2014 In Rupees	As at 31st March, 2013 In Rupees
Beginning of the year	27,11,000	11,80,000	14,19,97,216	5,89,56,288
Additions during the year	25,000	15,31,000	15,39,313	8,30,40,928
Outstanding at the end of the year	<u>27,36,000</u>	<u>27,11,000</u>	<u>14,35,36,529</u>	<u>14,19,97,216</u>

b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in USD. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, in proportion of their shareholding.

c) Equity capital held by holding/ultimate holding company and /or their subsidiaries	As at 31st March, 2014 Nos	As at 31st March, 2013 Nos	As at 31st March, 2014 In Rupees	As at 31st March, 2013 In Rupees
Holding Company - Gujarat Fluorochemicals Limited, India	27,36,000	27,11,000	14,35,36,529	14,19,97,216

d) Details of shareholders holding more than 5% equity capital in the company	As at 31st March, 2014 Nos	As at 31st March, 2013 Nos	As at 31st March, 2014 % of the holding	As at 31st March, 2013 % of the holding
Gujarat Fluorochemicals Limited, India	27,36,000	27,11,000	100.00%	100.00%

Gujarat Fluorochemicals Singapore Pte. Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	In Rupees As at 31st March, 2014	In Rupees As at 31st March, 2013
5	<u>Reserves and surplus</u>	
Foreign Currency Translation Reserve As per last Balance Sheet	53,74,700	12,13,555
Movement during the year	1,52,19,738	41,61,145
Balance as at the end of the year	2,05,94,438	53,74,700
Surplus in the Statement of Profit & Loss	3,80,820	18,52,623
Profit/(Loss) for the year	6,69,243	(14,71,803)
Balance as at the end of the year	10,50,063	3,80,820
Total	2,16,44,501	57,55,520
6	<u>Trade payables</u>	
Trade Payables	5,27,032	6,39,115
Total	5,27,032	6,39,115
7	<u>Non-current investment</u>	
Investment in Equity Instruments (Long term, non-trade, at cost, unquoted)		
Investment in subsidiary Company GFL GM Fluorspar SA, Morocco 1,39,230 (Previous year 62,552) Equity shares of MAD 100 each, fully paidup	9,91,53,884	4,16,65,328
Total	9,91,53,884	4,16,65,328
8	<u>Cash and bank balances</u>	
Cash and Cash Equivalents - Balances with banks - in Current Accounts	11,67,326	5,79,892
Total	11,67,326	5,79,892

Gujarat Fluorochemicals Singapore Pte. Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	In Rupees As at 31st March, 2014	In Rupees As at 31st March, 2013
9		
<u>Short-term loans and advances</u>		
(Secured, considered good)		
Loans and advances to related party		
Inter-Corporate Deposits to Subsidiary Company	3,42,57,080	7,92,48,800
(Unsecured, considered good)		
Loans and advances to related party	2,70,10,390	2,44,80,280
Inter-Corporate Deposits to Subsidiary Company		
Prepaid Expenses	73,844	66,945
Total	<u>6,13,41,314</u>	<u>10,37,96,025</u>

Out of the above secured loan, loan of USD Nil (USD 888,000) (equivalent to Rs.4,82,00,640) was convertible into equity shares at par value at the option of the lender and if the conversion right was not exercised, on account of non-fulfillment of stipulated conditions, the entire loan was refundable. During the current year, loan of USD 888,000 was converted into 76,679 equity shares.

10		
<u>Other current assets</u>		
Interest accrued on Inter Corporate Deposits from Subsidiary Company	40,45,538	23,50,606
	<u>40,45,538</u>	<u>23,50,606</u>

Gujarat Fluorochemicals Singapore Pte. Limited

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2014

	In Rupees 2013-2014	In Rupees 2012-2013
11		
<u>Other income</u>		
Interest on inter-corporate deposit from Subsidiary Company	18,30,746	25,94,714
Net gain on foreign currency translation and transaction	7,189	28,403
Total	<u>18,37,935</u>	<u>26,23,117</u>
12		
<u>Other expenses</u>		
Legal & Professional fees	6,82,633	8,38,022
Tax Compliance Fee	72,492	65,563
Rates & Taxes	45,825	20,929
Miscellaneous expenses	4,745	83,142
Interest receivable waived written off	-	24,63,267
Prior Period Expenses	-	4,60,218
Total	<u>8,05,695</u>	<u>39,31,141</u>
<u>Details of Payments to Auditors</u>		
Audit Fees	2,00,000 *	2,00,000
Total	<u>2,00,000</u>	<u>2,00,000</u>

Note: the above amount is excluding service tax

* Audit fees for the current year is borne by the holding company, Gujarat Fluorochemicals Limited, India.

Gujarat Fluorochemicals Singapore Pte Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

13. Segment Information

The Company operates in a single business segment viz. Investment activity. Further, entire investment of the Company is in Morocco and hence there is a single geographical segment.

14. Related Party Disclosures:

A) Names of Related Parties where control exists:

- (i) Gujarat Fluorochemicals Limited, India (Holding Company)
- (ii) Inox Leasing and Finance Limited, India (Ultimate Holding Company)
- (iii) GFL GM Fluorspar SA, Morocco (Subsidiary Company)

B) Transaction during the year :-

i) with Gujarat Fluorochemicals Limited, India:

(In Rupees)			
Sr.	Particulars	2013-14	2012-13
a)	Issue of Equity Shares	15,39,313	8,30,40,928

ii) with GFL GM Fluorspar SA:

(In Rupees)			
Sr.	Particulars	2013-14	2012-13
a)	Inter Corporate Deposit Paid	-	4,41,99,480
b)	Interest on Inter Corporate Deposit	18,30,746	25,94,714
c)	Investment in Equity Shares (On conversion of Inter Corporate Deposit)	5,31,82,320	4,12,83,728
d)	Interest waived written off	-	24,63,267

iii) Amount outstanding with GFL GM Fluorspar SA as at the end of the year:

(In Rupees)			
Sr.	Particulars	2013-14	2012-13
a)	Inter Corporate Deposit outstanding	6,12,67,470	10,37,29,080
b)	Interest receivable	40,45,538	23,50,606

Gujarat Fluorochemicals Singapore Pte Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

15. Calculation of Earnings Per Share (EPS) :

Particulars	2013-14	2012-13
Net Profit/(Loss) as per Statement of Profit & Loss (Rs.)	6,69,243	(14,71,803)
No. of Equity Shares at the beginning of the year (Nos.)	27,11,000	11,80,000
No. of Equity Shares issued during the year (Nos.)	25,000	15,31,000
No. of Equity Shares outstanding at the end of the year (Nos.)	27,36,000	27,11,000
Weighted average no. of Equity Shares used in computing basic and diluted EPS (Nos.)	27,16,342	14,16,058
Basic and Diluted EPS (Rs)	0.25	(1.04)

As per our report of even date attached

For Patankar & Associates
Chartered Accountants

For Gujarat Fluorochemicals Singapore Pte. Limited

M.Y.Kulkarni
Partner

P. K. Jain
Director

V. K. Jain
Director

Place: Pune
Date : 29th May, 2014

Place: Noida
Date : 29th May, 2014