



**ALUMECO INDIA EXTRUSION LIMITED**

*25<sup>th</sup> Annual Report - 2013*

**BOARD OF DIRECTORS**

**Mr. Ashish Kumar Gupta**  
Chairman

**Mr. Wolfgang Ormeloh**  
Managing Director (up to 15th Dec. 2013)

**Mr. Hans Schweers**  
Director

**Prof. Laxmi Narain**  
Director (up to 13th Nov 2013)

**Mr. Nand Kishore Khandelwal**  
Director (up to 18th Oct 2013)

**Mr. Rakesh Gupta**  
Director (up to 20th August, 2013)

**Mr. Jakob Junker Jespersen**  
Director – Alternate to Mr. Hans Schweers  
(up to 29th Oct 2013)

**Prof. S. Balan**  
Director (up to 5th Nov 2013)

**Mr. Anand Parkash**  
Director (from 29th October 2013)

**Chief Financial Officer &  
Compliance Officer**  
Mr. Nand Kishore Khandelwal

**Auditors**  
BSR & Company,  
Chartered Accountants,  
Reliance Humsafar, IV Floor,  
Road No.11, Banjara Hills  
Hyderabad – 500 034.

**Cost Auditor**  
S. S. Zanwar & Associates,  
Abids, Hyderabad, India - 500 001

**BANKERS**

1. Axis Bank Limited,  
Kompally, Hyderabad
2. HSBC, Somajiguda,  
Hyderabad
3. HDFC Bank Limited,  
Medchal Branch, Medchal
4. State Bank of India,  
IFB Branch, Somajiguda, Hyderabad
5. The Karur Vysya Bank Limited,  
R.P. Road, Secunderabad

**Registrar &  
Share Transfer Agents**

XL Softech Systems Limited,  
3, Sagar Society, Road No. 2,  
Banjara Hills, Hyderabad – 500 034.  
Phone Nos. 040 – 23545913,14,15

**Registered Office & Works**

Survey Nos. 379-382, Kallakal Village,  
Toopran Mandal, Medak District,  
Andhra Pradesh – 502 336.  
Ph. Nos. 08454-250191/250529,  
Fax Nos. 08454-250196/514

**CONTENTS**

Notice	--	--	--	3
Directors' Report	--	--	--	6
Report on Corporate Governance	--	--	--	11
Management Discussion and Analysis	--	--	--	15
Auditors' Report	--	--	--	17
Balance Sheet	--	--	--	21
Profit & Loss Account	--	--	--	22
Cash Flow Statement	--	--	--	23
Notes on Accounts	--	--	--	24
Balance Sheet Abstract	--	--	--	45
Attendance Slip and Proxy Form	--	--	--	47

**NOTICE TO SHAREHOLDERS :**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Alumeco India Extrusion Limited will be held on Monday, 23rd December, 2013 at 11.30 a.m. at the Registered Office of the Company, at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh 502 336, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the 25th Directors' Report, Balance Sheet as at 30th June, 2013, Profit & Loss Account and Cash Flow Statement for the period ended on that date, and the report of the Auditors thereon.
2. To appoint a Director in place of Hans Schewers, who retires by rotation, and being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, relating to the appointment of the Auditors of the Company:

**"RESOLVED THAT** M/s Laxminiwas & Jain, M/s Chartered Accountants, be and are hereby appointed as auditors of the company to fill the casual vacancy caused by the resignation of M/s B S R & Co, vide their letter dated November 13, 2013, to hold office until conclusion of the next annual general meeting and the Audit Committee / Board of Directors be and are hereby authorized to fix a suitable remuneration in consultation with the auditors. "

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Ordinary Resolution(s):  
**"RESOLVED THAT** Mr. Anand Parkash who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."  
5. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Special Resolution(s):

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, approval of the Company be and is hereby accorded to the appointment of Mr. Anand Parkash, as Whole-time Director of the Company for a period of one year and two months ending on 31st December 2014 on the remuneration and terms and conditions as given below:

Particulars	(Rupees per month)
Basic Salary	19,250
House Rent Allowance	7,700
Conveyance Allowance	800
Education Allowance	200
Other Allowances	4,050
Medical Allowance	1,500
Leave Travel Allowance	1,500
Total	35,000

By Order of the Board  
For Alumeco India Extrusion Limited

Hyderabad  
13<sup>th</sup> November 2013

Wolfgang Ormeloh  
Managing Director

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold

- shares in physical form are requested to write their Folio numbers in the attendance slip for attending the Meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  6. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m., up to the date of the Meeting.
  7. The Register of Members and Transfer Books of the Company shall remain closed from 18th December 2013 to 23rd December 2013 (both days inclusive) for the purpose of Annual General Meeting.

### EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

#### ITEM NO.4:

Pursuant to Article 67 a of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 Mr. Anand Parkash, was appointed as Additional Director on the Board of the Company and pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of the ensuing Annual General Meeting. The Board recommends that he may be appointed as Director liable to retire by rotation.

Your Directors recommend the resolution for approval of the Shareholders.

Mr. Anand Parkash is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

#### ITEM NO. 5:

The Board of Directors of the Company at its meeting held on 13th November 2013, has subject to the approval of Members, appointed Mr. Anand Parkash as Whole Time Director for a period of one year and two months ending on

31st December 2014 on the remuneration as set out in the resolution. The terms of his remuneration as set out in the resolution are considered to be fair, just and reasonable.

The above may be treated as an abstract of the terms of appointment of Mr. Anand Parkash under Section 302 of the Companies Act, 1956.

A brief resume of Mr. Anand Parkash as required in terms of Clause 49 of the Listing Agreement in enclosed with the Notice.

The Board recommends the Resolution set out in Item No 5 for your approval.

None of the Directors, except Mr. Anand Parkash, is concerned or interested in the resolution.

The following additional information as required by Schedule XIII of the Companies Act is given below:

#### 1. General information:

(i) *Nature of Industry:* Aluminum Industry. The main activity of the Company is manufacturing of Aluminum Extrusions.

(ii) *Date of Commencement:* 9th September 1988.

(iii) *Financial Performance (as in table below).*

(Rs. in million)

Particulars	30.06.2013	30.06.2012	30.06.2011
Sales and other income	803.965	802.902	876.525
Profit before Tax and prior period items	(54.67)	(27.44)	10.41
Finance Charges	2.71	4.23	1.84
Depreciation	13.13	14.07	14.14
Prior period items	--	--	--
Profit after Tax	(54.67)	(27.44)	10.41

(iv) *Export Performance:* The Company is exporting about 16% of its production.

(v) *Foreign Investment:* The Company is subsidiary of OSI India Holding A/S, Denmark, which holds 60.50% of its equity.

**2. Information about the managerial persons:**

Mr. Anand Parkash – Director

(i) *Background details* - Mr. Anand Parkash, aged about 54 years is an under graduate with more than 30 years of experience in Taxation and Legal matters.

(ii) *Past remuneration* - Rs. 30,000/- p.m. plus perks.

(iii) *Remuneration proposed* – Rs. 35,000/- p.m. (CTC) (effective from 1st November, 2013).

(iv) *Comparative Remunerative profile* - It is similar or lower than in equivalent firms.

(v) *Pecuniary relationship* - No pecuniary relationship except the remuneration received.

**3. Other Information:**

(i) *Reasons of loss or inadequate profits* - Due to large unforeseen liabilities relating to Excise duty and Sales Tax arising primarily out of the previous promoters clandestine activities and exchange losses and bad domestic and global economic situation. (ii) Steps taken or proposed to be taken for improvement - The Company has been declared sick industrial unit by BIFR and is in the process of rehabilitation under the aegis of BIFR/Operating Agency.

(iii) *Expected increase in productivity and profitability* - The Company is hopeful that it will be able to rehabilitate under the aegis of BIFR/Operating Agency.

By Order of the Board  
For Alumeco India Extrusion Limited

Hyderabad  
13<sup>th</sup> November 2013

Wolfgang Ormeloh  
Managing Director

**Additional Information**

Brief Resume of the Directors proposed to be appointed / re – appointed as required in terms of Listing Agreement

Name	Mr Hans Schweers	Mr. Anand Parkash
Date of Birth	24.01.1948	14.08.1959
Date of Appointment	21.06.2005	29.10.2013
Qualifications	Post Graduate in Management & Sales	Under Graduate
Expertise in specific functional area	International Trade & Business Management	More than 30 years of experience in Taxation and Legal matters
Directorship in other Companies	Nil*	Nil
Memberships / Chairmanship of Committees across all Public Companies	Nil*	Nil

\*Excludes Private and Foreign Companies.

## DIRECTORS' REPORT

Dear Members,

Your Directors' hereby present the Twenty Fifth Annual Report on the business and operations of

the Company, together with the Audited Statements of Accounts and the Auditors' Report for the year ended 30th June, 2013.

### Financial Highlights:

#### Particulars

	Current year 2012 - 2013	(Rs. Million) Previous year 2011 - 2012
Revenue from Operations	656.60	794.47
Other Income	8.94	8.43
Total Revenue	<u>665.54</u>	<u>802.90</u>
Profit/ (loss) before financial Expenses, Depreciation	(38.84)	(9.14)
Financial Expenses	2.70	4.23
Depreciation	<u>13.13</u>	<u>14.07</u>
Profit/ (Loss) before Tax	<u>(54.67)</u>	<u>(27.44)</u>
Profit/ (Loss) after Tax and prior period adjustment	(54.67)	(27.44)

#### Dividend:

In view of the accumulated losses, no dividend is being recommended for the current year.

#### Results of Operations:

During the year, the operations of the Company were not satisfactory and your Company has achieved a turnover of Rs.653.26 Million (Previous year Rs.788.13 Million) and suffered a loss of Rs.54.67 Million (Previous year 27.44 Million). The production fell to 4008 MT from 5146 MT in the previous year, mainly due to lack of demand of Company's product owing to bad domestic and global economic situation. Further, the Company received communication from the parent company that they will not be able to supply the raw material on credit terms as before. Since, the Company does not have its own financial strength, the Board of Directors' in its meeting held on July 08, 2013 decided to close the operation of the unit in order to stop the accumulation of cost and liabilities until an appropriate decision is taken under the aegis of the BIFR.

#### Directors:

As on 30th June 2013 the directors of the Company were (1) Mr. Ashish Kumar Gupta; (2) Prof. Laxmi Narain; (3) Mr. Wolfgang Ormeloh; (4) Mr. Nand Kishore Khandelwal; (5) Mr. Hans Schweers; (6) Mr. Rakesh Gupta; (7) Prof. Selvarani Balan; (8) Mr. Jakob J Jespersen.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 67a of the Articles of Association of the Company, Mr. Anand Parkash was appointed as additional director on 29th October 2013. He holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from

member proposing his candidature for the office of director, liable to retire by rotation.

During the period after 30th June 2013, Mr. Rakesh Gupta, Mr. Nand Kishore Khandelwal, Mr. Jakob J Jespersen, Prof. Selvarani Balan and Prof. Laxmi Narain resigned as Directors with effect from 20th August, 2013, 18th October 2013, 29th October 2013, 5th November 2013, and 13th November 2013 respectively. Mr. Wolfgang Ormeloh, Managing Director has also submitted his resignation as Director and Managing Director to the Board and the Board in its meeting held on November 13, 2013 has accepted his resignation with effect from December 15, 2013.

Therefore, as on date, the directors of the Company are (1) Mr. Ashish Kumar Gupta; (2) Mr. Wolfgang Ormeloh; (3) Mr. Hans Schweers and (4) Mr. Anand Parkash.

Mr. Hans Schweers, who have been longest in the office, will retire at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

#### Directors' Responsibility Statement:

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) such accounting policies have been selected 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 as at 30th June, 2013 and of the profit or loss of the Company for that period:

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

(iv) the annual accounts have been prepared on a going concern basis.

**Auditors:**

M/s B S R & Co, have expressed their inability to continue as Auditors of the Company vide their letter dated November 13, 2013. In view of this the company needs to appoint statutory auditors and, therefore, the Company has sent a proposal to M/s Laxminiwas & Jain for appointing them as Auditors. Wherein M/s Laxminiwas & Jain has confirmed their willingness and eligibility under the provision of the Companies Act, 1956 to be as statutory auditors of the Company, which is subject to shareholders' approval.

**Auditors' Qualifications and Management's Reply:**

**1. Point No. 3 of the Audit Report:**

*As more fully explained in note 2.25 to the financial statements that the Company has accumulated losses of ₹ 252,526,547 as at 30 June 2013 which have exceeded the paid up capital and reserves (₹ 160,522,805) of the Company at that date. The Company had been declared sick on 9 February 2010 and had made a reference to the Board for Industrial & Financial Reconstruction (BIFR) in terms of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. It is currently in the process of working out a rehabilitation scheme with the BIFR. Considering the financial position of the Company as at 30 June 2013 and the subsequent financial stress caused by the Alumeco Group withdrawing extended credit terms for supply of raw material, there exists significant uncertainty as to whether the Company will be able to continue as a going concern. The Management is in the process of evaluating available options to rehabilitate the Company under the aegis of BIFR / Operating Agency. The financial results for the year ended 30 June 2013 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or, to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.*

**Management's Reply:**

The accumulated loss at the year end is Rs. 252.52 million which is more than 100% of the net worth of the Company. On the Company's reference to BIFR, it was declared Sick by the

BIFR, which has appointed Canara Bank as the Operating Agency. The Alumeco Group, Denmark took a commercial to stop extending the facility of supplying raw material on credit to the Company, as was being done in the past. This decision coupled with the accumulated losses in the Company and the prevailing adverse business conditions (on account of liquidity crunch, labour problems, power cuts, poor order book position due to bad economic scenario, credit crunch in the market, etc.), has further strained the financial position of the Company. However, the Board of Directors and the Management of the Company are actively pursuing various available options to rehabilitate the Company under the aegis of BIFR/Operating Agency and currently believe that the Company would be in a position to continue as a going concern. Hence, these financial statements have been prepared under the going concern assumption.

**2. Point No. (ix) (a) of Annexure to the Auditors' Report:**

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 30 June 2013 for a period of more than six months from the date they became payable except for income tax amounting to ₹ 3,015,288 which is outstanding for more than six months as at 30 June 2013. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth Tax.

**Management's Reply:**

The amount of Rs. 3,015,288 is related to Minimum Alternate Tax provision for the earlier years. As the Company is under BIFR. The payment is being taken up for waiver under the Rehabilitation Scheme.

**3. Point No. (x) of Annexure to the Auditors' Report:**

*The accumulated losses at the end of the financial year are more than 50% of its net worth. The Company has incurred cash losses in the financial year and its immediately preceding financial year.*

**Management's Reply:**

In view of the accumulated loss exceeding the net worth, the Company was referred to the BIFR and has been declared sick by the BIFR.

**4. Point No. (xvii) of Annexure to the Auditors' Report:**

*According to the information and explanations given to us and on an overall examination of the*

balance sheet of the Company, we report that the short term funds amounting to ₹ 166,115,878 have been used for long-term purposes.

**Management's Reply:**

The said amount represents excess of current liabilities over the current assets. This is caused due to current financial situation of the Company, wherein it has carried forward accumulated losses of Rs. 252,526,547 in its Balance Sheet.

**Cost Audit:**

Mr. Sandeep Zanwar, Cost Accountant, Secunderabad, was appointed Cost Auditor for the year ended 30th June 2013, with the approval of the Central Government. The Cost Audit for the year ended 30th June 2013 has been completed and the report submitted to the Central Government.

**Secretarial Audit:**

As prescribed by Securities and Exchange Board of India (SEBI), a Practicing Company Secretary carries out Secretarial Audit at the end of every quarter, and the report is regularly submitted to the Bombay Stock Exchange.

**Corporate Governance:**

Report on Corporate Governance Pursuant to Clause 49 of the Listing Agreement, and Certificate on Compliance of Corporate Governance form part of this Report.

**Management Discussion and Analysis Report:**

Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement is presented in a separate section in this Annual Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Relevant information as required by Section 217(1) (e) of the Companies Act, 1956, is at Annexure-I

**Managing Director and Chief Financial Officer Certification:**

As required, the Managing Director and Chief Financial Officer's Certification is at Annexure-II

**Particulars of Employees Remuneration:**

There being no employee, as on 30th June, 2013, drawing remuneration of more than Rs. 6.00 million per annum, provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable.

**Internal Audit:**

M/s. Laxminiwas Neeth & Co., Chartered Accountants, Hyderabad, conduct Internal Audit on a regular basis, during the year ended 30th June 2013 which is reviewed and followed up by the Audit Committee.

**Listing of Securities:**

The Company is listed on the Bombay Stock Exchange and is regular in paying the annual listing fee to the Stock Exchange.

**Personnel:**

The employee relations were cordial till June 30, 2013. Subsequently after the Alumeco Group (Denmark) took a commercial to stop extending the facility of supplying raw material on credit to the Company, the Company has filed an application for closure of unit before the Government of Andhra Pradesh which has been rejected and the Company has gone in to appeal before the Hon'ble High Court of Andhra Pradesh which is pending hearing. The office staff has been reduced to minimal.

**Acknowledgements:**

The Directors acknowledge the contribution made by the employees towards the success of the Company. They thank the Company's valued customers for their continued patronage. They also acknowledge the support of the shareholders.

For and on behalf of the Board of Directors

Place: Hyderabad

Dated: 13<sup>th</sup> November 2013

Ashish Kumar Gupta

Chairman



## Annexures to the Directors' Report

### Annexure I

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

#### A. Conservation of Energy:

(i) *Energy Conservation measures taken: Periodical reviews and studies are undertaken and implemented for Energy Saving. (ii) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Presently, no investment is planned in this regard. (iii) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:* The impact of regular implementation of improvements for energy conservation can be noted in part (a) (B) of the table below.

#### a) Form - 'A'

##### (A) Power and Fuel Consumption:

Particulars				Year ended 30 <sup>th</sup> June,2013	Year ended 30 <sup>th</sup> June,2012
1			Electricity		
	a)		Purchased Units	3,391,090	4,318,604
			Total Amount (Rs.)	27,131,794	20,264,817
			Avg. Cost/KWH (Rs.)	8.00	4.69
			Own Generation		
	b)	i)	Through Diesel Generator		
			Units (generated)	280,513	27,454
			Units/Liters of Diesel Oil	2.48	2.72
			Avg. Cost/Liters (Rs.)	51.29	42.94
		ii)	Through Steam Turbine Generator	Nil	Nil
			Coal Consumption	Nil	Nil
2			Furnace oil (Liters)	176,559	312,421
			Total Amount (Rs.)	75,96,778	12,840,152
			Avg. Cost/Liters (Rs.)	43.03	41.10
3			Others/Internal Generation	Nil	Nil

##### (B) Consumption per unit of Production:

Particulars	Year ended 30 <sup>th</sup> June,2013	Year ended 30 <sup>th</sup> June,2012
Products: Aluminum Alloy Extrusions (M.T.)	4,008	5,146
Electricity (KWH/M.T.)	1077	839
Furnace Oil (Liters/ M.T. melted)	104.41	93.40

#### b) Form - 'B'

(a) *Specific areas in which R & D carried out by the Company. (b) Benefits derived as a result of the above R & D. (c) Future of plan action (d) Expenditure on R & D.*

The Company was getting full R & D support from its group company in Denmark, whose technical experts were visiting the plant and providing the necessary support from time to time till June 30, 2013.

#### B. Technology Absorption, Adaptation and Innovation

(a) *Efforts, in brief, made toward technology absorption, adaptation and innovation:* All efforts are being made in this regard with the help of experts who were visiting the plant regularly. (b) *Benefit derived as a result of the above effort, e.g., product improvements, cost reduction, product development, import substitution etc.:* It is a continuous process. (c) *In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. (i) Technology. (ii) Year of import. (iii) Has technology been fully absorbed? (iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action:* Not applicable in the absence of imported technology.

**C. Foreign Exchange Earnings and Outgo**
**(in Rupees)**

<b>Foreign Exchange:</b>	<b>2012-2013</b>	<b>2011-2012</b>
Outgo	27,25,62,030	332,051,201
Earned	10,51,00,173	156,751,799

**Annexure II**
**Certificate from the Managing Director & Chief Financial Officer**

We, Wolfgang Ormeloh, Managing Director and Nand Kishore Khandelwal, Chief Financial Officer of Alumeco India Extrusion Limited, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the period and that to the best of our knowledge and belief: (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading (ii) these statements give a true and fair view of the Company's affairs and of the results of operations and cash flow. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions were entered into by the Company during the year that is fraudulent, illegal or violates the Company's code of conduct.
- (c) We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of its adequacy and effectiveness. Internal audit interacts with all levels of Management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The Auditors' and the Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
- (d) We have indicated to the Auditors' and Audit Committee: (i) significant changes in internal control and overall financial reporting during the period;(ii) significant changes in accounting policies during the period ;(iii) instances of significant fraud of which we have become aware of and which involve Management or employees, who have significant role in the Company's internal control system over financial reporting. However, during the period there were no such changes or instances.

Date: 13th November 2013  
Place: Hyderabad

Nand Kishore Khandelwal  
Chief Financial Officer

Wolfgang Ormeloh  
Managing Director

## CORPORATE GOVERNANCE

### I. Company's Philosophy

We, at Alumeco India Extrusion Limited are committed to the concept of Corporate Governance as a means of effective internal control, fair and transparent decision making process and fullest support to the Board and the Management for enhancing customer satisfaction and shareholders' value.

### II. Board of Directors

The Board comprised seven directors as on 30th June, 2013, headed by Chairman, an independent director. The Board formulates policy so as to lead and direct the Company. The directors bring with them rich and varied experience in different fields of corporate functioning.

The Board held Five meetings during the year ended 30th June, 2013, i.e., on (i) 11th July, 2012, (ii) 29th August, 2012, (iii) 7th November, 2012 (iv) 7th February, 2013 and (v) 15th May, 2013.

Attendance at the meetings of the Board and at the last Annual General Meeting was as follows:

Name of the Director	Category	No. of meetings held	No. of meetings attended	Last AGM attendance (Yes/ No)
Prof. Laxmi Narain *	Independent Director	5	4	Yes
Mr. Wolfgang Ormeloh	Managing Director	5	5	Yes
Mr. Hans Schweers	Foreign Promoter (Non-Executive)	5	Nil	No
Mr. Rakesh Gupta **	Whole Time Director	5	3	No
Mr. Ashish Kumar Gupta	Chairman, Independent Director	5	3	Yes
Mr. Nand Kishore Khandelwal ***	Whole Time Director	5	5	Yes
Prof. S. Balan ****	Director	5	2	Yes
Mr. Jakob J Jespersen *****	Alternate to Mr. Hans Schweers	5	1	Yes

\* Prof. Laxmi Narain resigned from the Board with effect from 13th November 2013.

\*\* Mr. Rakesh Gupta resigned from the Board with effect from 20th August 2013.

\*\*\* Mr. Nand Kishore Khandelwal resigned from the Board with effect from 18th October 2013.

\*\*\*\* Prof S Balan resigned from the Board with effect from 5th November 2013

\*\*\*\*\* Mr. Jakob J Jespersen resigned from the Board with effect from 29th October 2013

Number of other Board or Board Committees of which the Company's Directors' are Members:

Name of the Director	No. of outside directorships held		No. of other Board Committees * he/she is a member / chairperson	
	Public	Private	Member	Chairperson
Prof. Laxmi Narain	Nil	Nil	Nil	Nil
Mr. Hans Schweers	Nil	Nil	Nil	Nil
Mr. Wolfgang Ormeloh	Nil	2	Nil	Nil
Mr. Ashish Kumar Gupta	Nil	1	Nil	Nil
Mr. Nand Kishore Khandelwal	Nil	1	Nil	Nil
Mr. Rakesh Gupta	Nil	Nil	Nil	Nil
Prof. S. Balan	Nil	Nil	Nil	Nil
Mr. Jakob J Jespersen	Nil	Nil	Nil	Nil

\* Viz., the Audit Committee, the Shareholders' Grievance Committee and the Remuneration / Compensation Committee. Only Indian Companies are considered.

### III. Committees of the Board

#### 1. Audit Committee

Brief description of Terms of Reference

The Audit Committee of the Board is responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible; and for reviewing the annual financial statements before submission to the Board. The Committee periodically reviews the adequacy of internal control systems.

The Committee interacts with the internal auditors to review the manner in which they are performing their responsibilities. The Committee holds discussion with external auditors before the commencement of statutory audit on the nature and scope of audit and ascertains areas of concern, and reviews their oral and written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the Company's staff. The Committee also reviews the quarterly and annual financial statements before they are submitted to the Board. The Committee comprises:

Mr. Ashish Kumar Gupta	Chairman	Independent Director
Mr. Wolfgang Ormeloh	Member	Managing Director
Prof. Laxmi Narain *	Member	Independent Director

\*Prof. Laxmi Narain resigned from the Board with effect from 13th November 2013.

The Committee held four meetings during the period ended 30th June, 2013, i.e., on (i) 29th August, 2012, (ii) 7th November, 2012 (iii) 7th February, 2013 and (iv) 09th May, 2013. While Mr. Ashish Kumar Gupta and Prof. Laxmi Narain attended all the meetings, Mr. Wolfgang Ormeloh could attend only three of them.

#### 2. Investors' Grievance & Share Transfer Committee

The Committee comprises:

Prof. Laxmi Narain*	Chairman	Independent Director
Mr. Ashish Kumar Gupta	Member	Independent Director
Mr. Rakesh Gupta**	Member	Whole-time Director

\*Prof. Laxmi Narain resigned from the Board with effect from 13th November 2013.

\*\* Mr. Rakesh Gupta resigned from the Board with effect from 20th August 2013.

The Committee held four meetings during the period ended 30th June, 2013, i.e., on (i) 29th August, 2012, (ii) 7th November, 2012 and (iii) 7th February, 2013 (iv) 9th May, 2013. All members of the Committee attended all the meetings.

*The status of the complaints / requests received from the shareholders is as follows:*

Status of complaints / requests	Nos.
Pending as on 1st July, 2012	Nil
Received during the year	1
Resolved / Disposed of during year	1
Pending as on 30th June, 2013	Nil

#### 3. Remuneration Committee

The Committee comprises:

Prof. Laxmi Narain*	Chairman	Independent Director
Mr. Ashish Kumar Gupta	Member	Independent Director
Prof. Selvarani Balan ****	Member	Independent Director

\* Prof. Laxmi Narain resigned from the Board with effect from 13th November 2013.

\*\*\*\* Prof S Balan resigned from the Board with effect from 5th November 2013 The Remuneration Committee reviews the remuneration for the Board level appointees and recommends it to the Board. The Committee held one meeting during the year on 29th August, 2012. All the members of the Committee were present.

### Directors' remuneration:

The Whole-time Directors are remunerated as per their agreement with the Company. They do not get any sitting fee, which is paid only to Non-Executive Independent Directors. The total sitting fee for attending meetings of Board and its Committees, paid during the year was Rs.260,000/- to Prof. Laxmi Narain, Rs 2,40,000/- to Mr. Ashish Kumar Gupta and Rs 60,000/- was paid to Dr Selvarani Balan . Promoter Directors are not paid any sitting fee.

**Shareholding of Directors:** The shareholding of Director as on 30th June 2013 is as under:

1. Ashish Kumar Gupta - 5000 shares
2. Nand Kishore Khandelwal - 2500 shares

### IV. General Body Meetings

i) Location, date and time of last three Annual General Meetings:

Year	Location	Date	Time
2012	Registered Office and Works of the Company	12.12.2012	11.30 A.M.
2011	Registered Office and Works of the Company	14.12.2011	11.00 A.M.
2010	Registered Office and Works of the Company	09.11.2010	4.00 P.M.

(ii) Special resolutions passed in previous three AGM's:

**24th AGM:** i. Appointment of Additional Director Mr. Selvarani Balan as Director of the Company ii. Appointment of Additional Director Mr. Rakesh Gupta as Director of the Company . iii Appointment of Additional Director Mr. Nand Kishore Khandelwal as Director of the Company Approval for revision of remuneration to Mr. M. Ratnakar, Whole-time Director (Chief Commercial Officer). iii. Approval for Appointment of Mr. Nand Kishore Khandelwal, as Whole-time Director re-designated as Deputy Managing Director. iv Approval for Appointment of Mr. Rakesh Gupta, as Whole-time Director re-designated as Director Marketing and sales.

**23rd AGM:** i. Re-appointment of Mr. Wolfgang Ormeloh as Managing Director of the Company for a period of two years. ii. Approval for revision of remuneration to Mr. M. Ratnakar, Whole-time Director (Chief Commercial Officer). iii. Approval for revision of remuneration to Mr. Nand Kishore Khandelwal, Whole-time Director (Chief Financial Officer).

**22nd AGM:** i. Appointment of Mr. M. Ratnakar as Whole-time Director (Chief Commercial Officer) and payment of remuneration to him. ii. Approval for payment of remuneration to Mr. Nand Kishore Khandelwal, Whole-time Director (Chief Financial Officer).

**Management Discussion & Analysis Report:** It is separately published in this Report.

### V. Disclosures:

- i) As required by the Accounting Standard-18, details of related-party transactions are at point no. 2.27 of Note 2 of Notes on Accounts. (ii) There were no instances of any non-compliance by the Company. (iii) No penalties were imposed or strictures passed against the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. (iv) Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

### VI. Means of Communication:

The Company's quarterly results and annual results are intimated in the prescribed form and within the prescribed time to the Stock Exchange and to the Public. Generally the results are published in The Financial Express (National newspaper) and Andhra Prabha / Praja Shakti (Regional newspapers).

### VII. General Shareholder Information

- (i) *Annual General Meeting* will be held on 23rd December, 2013 at 11.30 a.m. at the Registered Office of the Company situated at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh – 502 336.
- (ii) *Financial Year* of the Company is 1st July to 30th June.

- (iii) *Dates of Book Closure* will be from 18th December to 23rd December 2013.
- (iv) *Company's shares are listed* on the Bombay Stock Exchange.
- (v) *Stock Code of the Company's scrip* is 513309.
- (vi) *ISIN Code* is INE327C01023.
- (vii) *High & Low Market Price during* each month in the accounting year was as follows:

<b>Month (2012)</b>	<b>High</b>	<b>Low</b>	<b>Month (2013)</b>	<b>High</b>	<b>Low</b>
July	14.48	10.71	January	10.65	8.60
August	14.08	9.78	February	10.39	7.43
September	11.70	9.00	March	9.70	7.05
October	11.00	8.50	April	9.84	9.01
November	10.50	8.30	May	7.95	7.95
December	10.38	8.93	June	5.98	5.98

- (viii) *Registrar & Share Transfer Agents* of the Company is M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Ph. No. 040-23545913/14/15.
- (ix) *Share Transfer System*: The Registrar and Share Transfer Agents, M/s XL Softech Systems Limited handle share transfers under the overall supervision of the Shareholders' Grievance Committee.
- (x) *Distribution of Shareholding as of 30th June, 2013 was as follows*:

<b>Category</b>		<b>No. of Shares</b>	<b>%Holding</b>
a)	Promoter and Promoter's Group Foreign Body Corporate	7500000	60.50
b)	Public Shareholding		
i.	Foreign Institutional Investors		
ii.	Mutual Funds / UTI	2150	0.02
iii.	Bodies Corporate	677518	5.47
iv.	Non-Resident Indians / Overseas Bodies	248172	2.00
v.	Clearing Members	1000	0.01
vi.	Individuals	3968273	32.00
<b>TOTAL</b>		<b>12397113</b>	<b>100.00</b>

- (xi) *Dematerialization of Shares & Liquidity*: To facilitate trading in dematerialized form, the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are traded on the Bombay Stock Exchange Limited. As on 30th June 2013, 95.75 % shares were held in dematerialized form.
- (xii) *Compliance Officer*: Nand Kishore Khandelwal  
Ph. 08454 – 250191.  
e-mail:nkishore@alumecoindia.com
- (xiii) *Plant Location*: Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh– 502 336.
- (xiv) *Address of correspondence*: Same as in (xiii) above.
- (xv) *Investor Relations*: All queries received from shareholders during the accounting year 2012-13 were responded adequately and in time.
- (xvi) *Nomination Facility*: Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding, as permitted under Section 109A of the Companies Act, 1956, are requested to submit their request in this regard to the Company's Share Transfer Agents M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034. Nomination facility in respect of shares held in electronic form is also available with the Depository Participant (DP) as per the by-laws and business rules applicable to NSDL and CDSL.

### **VIII. Compliance:**

In compliance with the terms of the Listing Agreement, a certificate from an Independent Practicing Company Secretary regarding compliance of the provisions of Clause 49 of the Listing Agreement is annexed to this Report.

---

#### **Declaration on Code of Conduct**

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 30th June 2013, as envisaged in clause 49 of the Listing Agreement.

Place: Hyderabad  
Date: 13<sup>th</sup> November 2013

**Wolfgang Ormeloh**  
Managing Director

---

### **Certificate on Compliance of Corporate Governance**

**To**  
**The Members of**  
**Alumeco India Extrusion Limited**

We have examined the compliance of conditions of Corporate Governance by Alumeco India Extrusion Limited for the period ended on 30th June, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 by the Directors and the Management, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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.

Place: Hyderabad  
Date: 13th November 2013

Ajay Kishen  
Company Secretary  
CP No. 5146

---

### **Management Discussion and Analysis Report:**

#### **(A) Industry Structure and Developments :**

Aluminum extrusion industry in India constitutes of two segments viz. Primary and Secondary extrusion manufactures. The Primary producers produce alumina, aluminum metal and also the further value added products such as ingots, wire rods, billets, rolled products, extrusions etc. There are presently three large integrated players in India namely (1) Hindalco Industries Limited, (2) National Aluminium Company Limited, and (3) Sterlite Industries (India) Limited.

The Secondary aluminum extrusion manufacturers buy aluminum metal from primary producers or alternatively import metal and manufacture extrusions. Your

Company is one of the important secondary aluminum extrusion manufacturers in the country.

Aluminum is versatile metal and can be given any shape easily. This with its high strength to weight ratio, provides a vast scope for innovative designs and newer applications. With advancement of technology, aluminum extrusion is finding new applications and has a very promising future.

India has the fifth largest bauxite reserves with deposits of about three billion tons or 5% of world deposits. India's share in world aluminium production capacity is about 3%. Production of one ton of aluminum requires two tons of alumina, while production of one ton of alumina requires two to three tons of bauxite. Since India has large reserves of bauxite, there is a vast scope for the growth

---

of aluminium industry.

**(B) Opportunities and Threats:**

The per capita consumption of aluminium in India is less than 1.00 kg as against nearly 25-30 kgs in the US and Europe, 15 kgs in Japan, 10 kgs in Taiwan and 3 kgs in China. The key consumer industries in India are electrical, transportation, consumer durables, packaging and construction. Demand for aluminium is estimated to grow at 6-8% per annum or even more as the scenario improves for user industries like Power, Infrastructure and Transportation. On the other hand, availability of cheaper substitutes and low awareness of the customers regarding the aesthetics and durability of extrusions, come in the way of achieving higher growth.

In July 2013, the Alumeco Group, Denmark (being the parent group of the Company) took a commercial decision to stop extending the facility of supplying raw material on credit to the Company, as was being done in the past. This decision coupled with the accumulated losses in the Company and the prevailing adverse business conditions, has further strained the financial position of the Company resulting in stoppage of production operations. However, the Board of Directors and the Management of the Company are actively pursuing various available options to rehabilitate the Company under the aegis of BIFR/Operating Agency

**(C) Segment or Product wise Performance:**

The Company is engaged in only one segment namely aluminium extrusions.

**(D) Outlook:**

Electrical, infrastructure, automobile and transportation account for almost three fourths of domestic aluminium consumption. Investments in the power generation and transmission, automobile and transportation sectors are expected to drive the growth of the aluminium industry.

However, due to increase in raw material cost & labour cost and adverse business conditions, the accumulated losses of the Company have increased. Owing to the current situation, the Alumeco Group, Denmark took the commercial decision to stop extending the facility of supplying raw material on credit to the Company, as was being done in the past. Although this has further strained the financial position of the Company and resulted in closure of production operations, the Board of

Directors and the Management of the Company are actively pursuing various available options to rehabilitate the Company under the aegis of BIFR/Operating Agency.

**(E) Risks and Concerns:**

Unhealthy competition from the un-organized sector and volatile prices of aluminium and consequent demand are matters of concern. The sudden stoppage of supplies of raw material on credit by Alumeco Group, Denmark has further strained the financial situation of the Company and it has been forced to close its operations.

**(F) Internal Control Systems and their Adequacy:**

Internal control systems in all areas of operations are adequate. The Company has an ISO 9001:2008 certification.

**(G) Discussion on Financial Performance with respect to Operational Performance:**

The period under review witnessed a fall in Revenues to Rs. 665.54 million as against Rs. 802.90 million in the previous year. The Company sold 3977 tons (Export; 674 tons) against 4976 tons (Export; 1024 tons) during the previous year.

**(H) Material developments in Human Resources / Industrial Relations front:**

The Industrial relations were harmonious for the year under consideration, i.e. till 30th June 2013. However, as mentioned above, the production operations were stopped in July 2013. Hence, the staff has been minimized and a closure application was filed before the Government of Andhra Pradesh for removal of workmen which is presently pending hearing before the Hon'ble High Court of Andhra Pradesh.

**Cautionary Statement:**

The statements in this section describe the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other incidental factors.



## **INDEPENDENT AUDITORS' REPORT**

To

The members of Alumeco India Extrusion Ltd.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alumeco India Extrusion Limited ("the Company"), which comprises of the Balance sheet as at 30 June 2013, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

### **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 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") to the extent applicable. This responsibility includes the design, implementation and maintenance of internal control 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. 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 qualified audit opinion.

### **Basis for Qualified Opinion**

*As more fully explained in note 2.25 to the financial statements that the Company has accumulated losses of ₹ 252,526,547 as at 30 June 2013 which have exceeded the paid up capital and reserves (₹ 160,522,805) of the Company at that date. The Company had been declared sick on 9 February 2010 and had made a reference to the Board for Industrial & Financial Reconstruction (BIFR) in terms of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. It is currently in the process of working out a rehabilitation scheme with the BIFR. Considering the financial position of the Company as at 30 June 2013 and the subsequent financial stress caused by the Alumeco Group withdrawing extended credit terms for supply of raw material, there exists significant uncertainty as to whether the Company will be able to continue as a going concern. The Management is in the process of evaluating available options to rehabilitate the Company under the aegis of BIFR / Operating Agency. The financial results for the year ended 30 June 2013 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or, to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.*

### **Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act 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 30 June 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of

Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) 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;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
  - e) on the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 30 June 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

for **B S R & Company**  
*Chartered Accountants*

Firm's registration number: 128032W

Place: Hyderabad

**Zubin Shekary**

Date: 28<sup>th</sup> August 2013

*Partner*

Membership No: 048814

---

## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in the Independent Auditors' Report to the Members of Alumeco India Extrusion Limited ("the Company") on the financial statements for the year ended 30 June 2013. We report that::

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually.

In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, all fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
  - (ii) (a) The inventory, except goods-in-transit, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the 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.
  - (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
    - (iii) (a) The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, clauses 4(iii)(a) to 4 (iii)(g) of the Order are not applicable to the Company.
    - (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories, services and fixed assets and for the sale of goods. The activities of the Company do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
      - (v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of ₹ 5 lakh with any party during the year are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State

Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth Tax. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 30 June 2013 for a period of more than six months from the date they became payable except for income tax amounting to ₹ 3,015,288 which is outstanding for more than six months as at 30 June 2013. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth Tax.

- (b) According to the information and explanations given to us, there are no dues of Service tax and Customs duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax, Sales tax and Excise duty have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Interest and Penalty	49,064,648 (19,532,324)*	2002- 05	CESTAT, Bangalore
Central Sales Tax Act, 1956	Central Sales Tax	1,250,000 (1,000,000)*	2001-02	High court, Andhra Pradesh
Central Excise Act, 1944	Interest and Penalty	6,560,880 (3,268,218)*	2005-06	Appellate Commissioner, Hyderabad
Central Excise Act, 1944	Excise Duty	1,719,285	2006-07 to 2007-08	Additional Commissioner, Hyderabad

\* The amounts in parenthesis represent the payment made under protest.

- (x) *The accumulated losses at the end of the financial year are more than 50% of its net worth. The Company has incurred cash losses in the financial year and its immediately preceding financial year.*
- (xi) The Company did not have any dues to any financial institution, banks or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us,

- the Company is not a chit fund /nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loan taken by the Company in earlier years has been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the short term funds amounting to ₹166,115,878 have been used for long-term purposes.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Company**  
*Chartered Accountants*  
Firm's registration number: 128032W

Place: Hyderabad  
Date: 28<sup>th</sup> August 2013

**Zubin Shekary**  
*Partner*  
Membership No: 048814

---

**Balance sheet as at 30 June 2013**

(All amounts are in Indian Rupees except for share data or otherwise stated)

	Notes	As at 30 June 2013 ₹	As at 30 June 2012 ₹
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
(a) Share capital	2.1	158,211,130	158,211,130
(b) Reserves and surplus	2.2	(250,214,872)	(195,540,353)
		(92,003,742)	(37,329,223)
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.3	-	1,205,300
(b) Other long-term liabilities	2.4	-	7,922,091
(c) Long-term provisions	2.5	34,334,845	44,066,866
		34,334,845	53,194,257
<b>Current liabilities</b>			
(a) Trade payables	2.6	192,485,029	223,804,454
(b) Other current liabilities	2.7	28,969,535	22,574,650
(c) Short-term provisions	2.8	11,941,000	-
		233,395,564	246,379,104
<b>TOTAL</b>		<b>175,726,667</b>	<b>262,244,138</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	2.9		
- Tangible assets		51,998,814	58,621,944
- Intangible assets		1,559,940	2,207,697
- Capital work-in-progress		7,287,776	7,003,502
(b) Long-term loans and advances	2.10	14,018,788	19,096,828
(c) Other non-current assets	2.11	572,308	528,537
		75,437,626	87,458,508
<b>Current assets</b>			
(a) Inventories	2.12	26,620,069	55,962,446
(b) Trade receivables	2.13	52,280,972	76,521,261
(c) Short-term investments	2.14	-	19,253,556
(d) Cash and bank balances	2.15	14,328,631	9,654,447
(e) Short-term loans and advances	2.16	7,059,369	13,393,920
		100,289,041	174,785,630
<b>TOTAL</b>		<b>175,726,667</b>	<b>262,244,138</b>

Significant accounting policies and notes on accounts 1 & 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

for **B S R & Company**

Chartered Accountants

Firm's Registration number: 128032W

for **Alumeco India Extrusion Limited**

**Zubin Shekary**

Partner

Membership number: 048814

**Ashish Kumar Gupta**

Chairman

**Wolfgang Ormeloh**

Managing Director

Place: Hyderabad

Date: 28<sup>th</sup> August 2013

**Nand Kishore Khandelwal**

Chief Financial Officer

## Statement of Profit and Loss for the year ended 30 June 2013

(All amounts are in Indian Rupees except for share data or otherwise stated)

	Notes	For the year ended 30 June 2013	For the year ended 30 June 2012
		₹	₹
<b>INCOME</b>			
Revenue from operations	2.17	656,599,787	794,468,515
Other income	2.18	8,941,543	8,433,382
<b>Total revenue</b>		<b>665,541,330</b>	<b>802,901,897</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.19	531,921,098	648,451,662
Changes in inventories of finished goods and work in progress	2.20	10,527,158	(15,729,083)
Manufacturing expenses	2.21	58,743,535	52,117,188
Employee benefits expense	2.22	55,986,570	42,979,321
Finance costs	2.23	2,705,604	4,228,115
Depreciation and amortisation	2.9	13,126,391	14,073,345
Other expenses	2.24	35,921,446	29,947,471
Foreign exchange loss, net		11,284,047	54,277,616
<b>Total expenses</b>		<b>720,215,849</b>	<b>830,345,635</b>
<b>Profit / (loss) before tax</b>		<b>(54,674,519)</b>	<b>(27,443,738)</b>
Tax expenses			
- Current tax expense		-	-
- Deferred tax expense		-	-
<b>Profit / (loss) for the year</b>		<b>(54,674,519)</b>	<b>(27,443,738)</b>
Earnings per share (equity shares, par value ₹ 10 each)			
Basic and diluted (₹)	2.32	(4.73)	(2.53)

Significant accounting policies and notes on accounts 1 & 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

for **B S R & Company**

Chartered Accountants

Firm's Registration number: 128032W

for **Alumeco India Extrusion Limited**

**Zubin Shekary**

Partner

Membership number: 048814

**Ashish Kumar Gupta**

Chairman

**Wolfgang Ormeloh**

Managing Director

Place: Hyderabad

Date: 28<sup>th</sup> August 2013

**Nand Kishore Khandelwal**

Chief Financial Officer

## Cash Flow Statement for the year ended 30 June 2013

(All amounts are in Indian Rupees except for share data or otherwise stated)

	For the year ended 30 June 2013	For the year ended 30 June 2012
	₹	₹
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	(54,674,519)	(27,443,738)
<b>Adjustments:</b>		
Depreciation	13,126,391	14,073,345
Interest income	(1,368,241)	(6,552,490)
Finance expense	2,705,604	(49,148,605)
Profit on sale of investments, net	(319,212)	(1,176,604)
Loss on sale of fixed assets, net	1,054,593	1,496,761
Unrealised foreign exchange loss/(gain)	12,137,317	45,286,673
<b>Operating cash flows before working capital changes</b>	(27,338,067)	(23,464,658)
Sundry debtors	24,240,289	16,786,260
Loans and advances	10,856,125	3,496,550
Inventories	29,342,377	6,717,054
Current liabilities and provisions	(43,277,993)	(32,494,358)
Cash generated from operations	(6,177,269)	(28,959,152)
Income taxes paid	(129,372)	(65,447)
<b>Net cash provided by operating activities</b>	<b>(6,306,641)</b>	<b>(29,024,599)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(7,265,145)	(8,655,473)
Proceeds from sale of fixed assets	-	267,000
Purchase of investments	(20,000,000)	(195,900,000)
Proceeds from sale of investments	39,572,768	177,823,048
Interest received	2,010,308	6,361,655
<b>Net cash used in investing activities</b>	<b>14,317,931</b>	<b>(20,103,770)</b>
<b>Cash flows from financing activities</b>		
Repayment of long term borrowings	(2,583,320)	(2,610,395)
Interest paid	(753,786)	52,382,318
<b>Net cash used in financing activities</b>	<b>(3,337,106)</b>	<b>49,771,923</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4,674,184</b>	<b>643,554</b>
Cash and cash equivalents at the beginning of the year	9,654,447	9,018,982
Effect of exchange gain/(loss) on cash and cash equivalents	-	(8,089)
<b>Cash and cash equivalents at the end of the year</b>	<b>14,328,631</b>	<b>9,654,447</b>
<b>Note 1:</b>		
Cash and cash equivalents comprise:		
Cash in hand	159,855	147,633
Balances with scheduled banks		
- in current account	14,168,776	9,006,382
- in exchange earner's foreign currency account	-	500,432
	<b>14,328,631</b>	<b>9,654,447</b>

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

for **B S R & Company**

Chartered Accountants

Firm's Registration number: 128032W

for **Alumeco India Extrusion Limited**

**Zubin Shekary**

Partner

Membership number: 048814

**Ashish Kumar Gupta**

Chairman

**Wolfgang Ormeloh**

Managing Director

Place: Hyderabad

Date: 28<sup>th</sup> August 2013

**Nand Kishore Khandelwal**

Chief Financial Officer

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

2.1 Share capital	As at 30 June 2013		As at 30 June 2012	
	₹		₹	
<b>Authorised</b>				
12,500,000 (30 June 2012 : 12,500,000) equity shares of ₹ 10 each		125,000,000		125,000,000
3,500,000 (30 June 2012 : 3,500,000) preference shares of ₹ 10 each		35,000,000		35,000,000
		<b>160,000,000</b>		<b>160,000,000</b>
<b>Issued, subscribed and paid-up capital</b>				
12,397,113 (30 June 2012 : 12,397,113) equity shares of ₹ 10 each fully paid		123,971,130		123,971,130
3,424,000 (30 June 2012 : 3,424,000) 10% cumulative redeemable optionally convertible preference shares of ₹ 10 each fully paid		34,240,000		34,240,000
		<b>158,211,130</b>		<b>158,211,130</b>

### Notes :

1. Issued, subscribed paid-up capital includes:

- 7,500,000 (30 June 2012: 7,500,000) equity shares held by OSI India Holding A/S, Denmark (holding company).
- 3,424,000 (30 June 2012: 3,424,000) preference shares held by Alumeco A/S, Denmark (holding company of OSI India Holding A/S, Denmark).

2. The details of shareholder holding more than 5% equity shares along with number of equity shares held is set below:

Name of the shareholder	As at 30 June 2013		As at 30 June 2012	
	%	Number of shares	%	Number of shares
OSI India Holding A/S, Denmark (holding company)	60.50	7,500,000	60.50	7,500,000

3. The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set below:

Particulars	As at 30 June 2013		As at 30 June 2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	12,397,113	123,971,130	12,397,113	123,971,130
Issued during the year	-	-	-	-
Outstanding at the end of the year	12,397,113	123,971,130	12,397,113	123,971,130

4. Terms and rights attached to the equity shares: The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by equity shareholders.

5. The details of shareholder holding more than 5% of 10% cumulative redeemable optionally convertible preference shares along with number of shares held is set below:

Name of the shareholder	As at 30 June 2013		As at 30 June 2012	
	%	Number of shares	%	Number of shares
Alumeco A/S, Denmark (holding company of OSI India Holding A/S, Denmark)	100.00	3,424,000	100.00	3,424,000

6. The reconciliation of 10% cumulative redeemable optionally convertible preference shares outstanding at the beginning and at the end of the reporting period is set below:

Particulars	As at 30 June 2013		As at 30 June 2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	3,424,000	34,240,000	3,424,000	34,240,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,424,000	34,240,000	3,424,000	34,240,000



## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

7. Terms and rights attached to the 10% cumulative redeemable optionally convertible preference shares: 10% Cumulative Redeemable Optionally Convertible Preference Shares (CRCPS) of ₹ 10 each had been allotted to O&S Metallimport GmbH, Germany and Industrialization Fund for Developing Countries by the Company in the year 2005. As per the terms of the arrangement these preference shares including unpaid dividend can be converted into ordinary equity shares of the Company of Rs 10 each at any time after 3 years from date of allotment or can be redeemed by the Company at par in three equal installments commencing from the end of 5th, 6th and 7th year from the date of allotment. During the year 2009-10, the Company had obtained extension of redemption period by further 3 years from the preference shareholders with all other terms remaining unaltered. Accordingly, these preference shares shall be redeemed by the Company at par in three equal installments commencing from the end of 8th, 9th and 10th year from the date of allotment. No conversion option has been exercised so far.

During the previous year, IFU has transferred the said holding to Alumeco A/S, Denmark along with all rights at the existing terms and conditions.

<b>2.2 Reserves and surplus</b>	<b>As at 30 June 2013</b>	<b>As at 30 June 2012</b>
	₹	₹
<i>Capital investment subsidy</i>		
At the beginning and at the end of the year	306,000	306,000
<i>Capital reserve</i>		
At the beginning and at the end of the year	8,500	8,500
<i>Securities premium reserve</i>		
At the beginning and at the end of the year	1,997,175	1,997,175
<i>Surplus/(Deficit) in the Statement of Profit and Loss</i>		
Opening balance	(197,852,028)	(170,408,290)
Add : Profit/(loss) for the year	(54,674,519)	(27,443,738)
Closing balance	(252,526,547)	(197,852,028)
	<b>(250,214,872)</b>	<b>(195,540,353)</b>

<b>2.3 Long-term borrowings</b>	<b>As at 30 June 2013</b>	<b>As at 30 June 2012</b>
	₹	₹
Unsecured		
Term loans from others		
- from others		1,205,300
		<b>1,205,300</b>

### Notes:

1. Terms of repayment for unsecured loan is given below:

Loan from IFU is repayable in 2 equal half yearly instalments of Euro 17,000 for the year ended 30 June 2013 and 1 half yearly instalment of Euro 17,000 for the year ending 30 June 2014.

### 2.4 Other long-term liabilities

Security deposits	-	7,922,091
	-	<b>7,922,091</b>

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

	As at 30 June 2013 ₹	As at 30 June 2012 ₹
<b>2.5 Long-term Provisions</b>		
<i>Provision for employee benefits</i>		
- Provision for gratuity	791,000	5,441,000
- Provision for compensated absences	896,000	2,035,000
<i>Others</i>		
- Taxation [net of advance tax Rs. 149,767 (30 June 2012 : Rs. 149,767)]	2,865,521	2,865,521
- Excise duty and sales tax matters (refer note 2.44)	29,782,324	33,725,345
	<b>34,334,845</b>	<b>44,066,866</b>
<b>2.6 Trade payable</b>		
- Due to micro and small enterprises (refer note 2.33)	-	-
- Other creditors	192,485,029	223,804,454
	<b>192,485,029</b>	<b>223,804,454</b>
<b>2.7 Other current liabilities</b>		
<i>Related parties</i>		
Interest accrued and due	5,448,480	3,496,662
<i>Others</i>		
Current maturities of long-term debts	1,325,490	2,410,600
Security deposits	2,747,296	-
Capital creditors	-	70,774
Accrued salaries, wages and bonus	3,142,106	3,592,568
Advance from customers	2,757,746	4,442,373
Accrued expenses	11,252,573	6,338,255
Statutory liabilities	2,220,453	2,084,693
Other liabilities	75,391	138,725
	<b>28,969,535</b>	<b>22,574,650</b>
<b>2.8 Short-term Provisions</b>		
<i>Provision for employee benefits</i>		
- Provision for gratuity	8,620,000	-
- Provision for compensated absences	3,321,000	-
	<b>11,941,000</b>	-

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.9 Fixed Assets

Description	Gross block				Accumulated depreciation				Net block	
	As at 1 July 2012	Additions	Deletions	As at 30 June 2013	As at 1 July 2012	Charge for the year	Deletions	As at 30 June 2013	As at 30 June 2013	As at 30 June 2012
<b>Tangible, owned</b>										
Land	796,371	-	-	796,371	-	-	-	-	796,371	796,371
Buildings										
- Factory buildings	20,793,198	-	-	20,793,198	8,781,038	694,493	-	9,475,531	11,317,667	12,012,160
- Non factory buildings	10,411,290	-	-	10,411,290	2,220,111	169,704	-	2,389,815	8,021,475	8,191,179
Plant and machinery	149,245,117	248,896	-	149,494,013	132,186,531	5,274,326	-	137,460,857	12,033,156	17,058,586
Dies	47,862,745	5,553,360	1,468,197	51,947,908	35,291,912	5,213,390	413,604	40,091,698	11,856,210	12,570,833
Electrical installation	15,912,845	332,130	-	16,244,975	14,254,525	354,067	-	14,608,592	1,636,383	1,658,320
Furniture and fittings	3,140,392	72,293	693,784	2,518,901	1,502,760	153,396	693,784	962,372	1,556,529	1,637,632
Office equipment	2,155,322	33,008	58,492	2,129,838	740,506	95,288	58,492	777,302	1,352,536	1,414,816
Computers	3,835,473	670,410	1,193,963	3,311,920	3,106,221	239,696	1,193,963	2,151,954	1,159,966	729,252
Vehicles	2,992,358	-	-	2,992,358	439,563	284,274	-	723,837	2,268,521	2,552,795
	<b>257,145,111</b>	<b>6,910,097</b>	<b>3,414,436</b>	<b>260,640,772</b>	<b>198,523,167</b>	<b>12,478,634</b>	<b>2,359,843</b>	<b>208,641,958</b>	<b>51,998,814</b>	<b>58,621,944</b>
<b>Intangibles, owned</b>										
Computer Software	3,238,784	-	-	3,238,784	1,031,087	647,757	-	1,678,844	1,559,940	2,207,697
	<b>3,238,784</b>	<b>-</b>	<b>-</b>	<b>3,238,784</b>	<b>1,031,087</b>	<b>647,757</b>	<b>-</b>	<b>1,678,844</b>	<b>1,559,940</b>	<b>2,207,697</b>
<b>Total</b>	<b>260,383,895</b>	<b>6,910,097</b>	<b>3,414,436</b>	<b>263,879,556</b>	<b>199,554,254</b>	<b>13,126,391</b>	<b>2,359,843</b>	<b>210,320,802</b>	<b>53,558,754</b>	<b>60,829,641</b>
Previous year	253,978,822	9,034,073	2,629,000	260,383,895	186,346,148	14,073,345	865,239	199,554,254	60,829,641	

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

	As at 30 June 2013 ₹	As at 30 June 2012 ₹
<b>2.10 Long-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Security deposits	4,823,682	4,831,282
Other loans and advances		
- Advance income taxes	487,397	358,025
{provision for tax ₹ Nil (30 June 2012: ₹ Nil)}		
- Prepaid expenses	1,746	37,800
- Advance to employees	-	227,703
- Balances with excise and sales tax authorities	8,705,963	13,642,018
	<b><u>14,018,788</u></b>	<b><u>19,096,828</u></b>
<b>2.11 Other non-current assets</b>		
Restricted deposits (refer note 1)	548,901	500,000
Interest accrued but not due on restricted deposits	23,407	28,537
	<b><u>572,308</u></b>	<b><u>528,537</u></b>
Note 1:		
Restricted deposit represents fixed deposit against lien for corporate credit card made with Axis Bank.		
<b>2.12 Inventories</b>		
<i>(at lower of cost or net realisable value)</i>		
Raw material (refer note 1)	5,543,742	18,062,162
Work-in-progress	4,452,458	9,648,345
Finished goods	10,421,724	16,084,695
Stores, spares and consumables	6,202,145	12,167,244
	<b><u>26,620,069</u></b>	<b><u>55,962,446</u></b>
Note 1:		
Includes material-in-transit amounting to ₹ 3,660,129 (30 June 2012: ₹ 8,369,128)		
<b>2.13 Trade receivables</b>		
Debtors outstanding for a period exceeding six months from the date they became due for payment		
- Unsecured, considered good	-	-
Other debts		
- Unsecured, considered good	52,280,972	76,521,261
	<b><u>52,280,972</u></b>	<b><u>76,521,261</u></b>
<b>2.14 Short-term investments</b>		
Investments in mutual funds	-	19,253,556
Less : Provision for diminution in the value of investments	-	-
	<b><u>-</u></b>	<b><u>19,253,556</u></b>
Note :		
1. The details of aggregate amount of quoted investments is set below:		

Particulars	As at 30 June 2013	As at 30 June 2012
"Aggregate amount of quoted investments [Market value of ₹ Nil (previous year: ₹ 19,447,566)]"	-	19,253,556

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

2. Details of current investments made along with the basis of valuation is set below:

Sl. No.	Name of the body corporate	As at 30 June 2013		As at 30 June 2012		Basis of valuation
		No. of units	Amount	No. of units	Amount	
1	Investments in mutual funds HDFC Cash management fund	-	-	820,866.794	19,253,556	Lower of cost or fair value
				<b>As at 30 June 2013</b>	<b>As at 30 June 2012</b>	
				₹	₹	
<b>2.15</b>	<b>Cash and bank balances</b>					
	Cash in hand			159,855	147,633	
	Balances with banks					
	- in current account			14,168,776	9,006,382	
	- in exchange earner`s foreign currency account			-	500,432	
				<b>14,328,631</b>	<b>9,654,447</b>	
	Balance in banks with more than 12 months maturity			-	-	
<b>2.16</b>	<b>Short-term loans and advances</b>					
	<i>Unsecured, considered good</i>					
	Advance to material supplier			1,150,612	3,675,282	
	Other loans and advances					
	- Interest accrued but not due			204,580	841,517	
	- Prepaid expenses			2,153,670	1,478,687	
	- Balance with customs/ excise and sales tax authorities			1,930,291	6,641,510	
	- Advance to employees			1,620,216	756,924	
				<b>7,059,369</b>	<b>13,393,920</b>	
<b>2.17</b>	<b>Revenue from operations</b>					
	Sale of goods - manufactured			720,243,839	855,206,180	
	Less : Excise duty			(66,987,755)	(67,073,975)	
				653,256,084	788,132,205	
	Other operating revenue					
	- Scrap sales			3,181,903	3,363,619	
	- Jobwork income			161,800	2,972,691	
				<b>656,599,787</b>	<b>794,468,515</b>	
<b>2.18</b>	<b>Other income</b>					
	Interest income on deposits			435,771	237,010	
	Interest income			932,470	6,315,480	
	Profit on sale of investments, net			319,212	1,176,604	
	Liabilities no longer required written back			552,304	126,446	
	Forfeiture of die deposits			5,697,491	340,000	
	Miscellaneous income			1,004,295	237,842	
				<b>8,941,543</b>	<b>8,433,382</b>	
<b>2.19</b>	<b>Cost of materials consumed</b>					
	Opening stock of raw material			18,062,162	42,586,936	
	Add : Purchases			519,402,678	623,926,888	
				537,464,840	666,513,824	
	Less : Closing stock			5,543,742	18,062,162	
				<b>531,921,098</b>	<b>648,451,662</b>	

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

	As at 30 June 2013 ₹	As at 30 June 2012 ₹
<b>2.20 Changes in inventories of finished goods and work-in-progress</b>		
Opening work-in-progress	9,648,345	5,997,798
Opening finished goods	16,084,695	2,784,965
	<u>25,733,040</u>	<u>8,782,763</u>
Closing work-in-progress	4,452,458	9,648,345
Closing finished goods	10,421,724	16,084,695
	<u>14,874,182</u>	<u>25,733,040</u>
Adjustment for excise duty on stock	(331,700)	1,221,194
<b>Net decrease/(increase) in stock</b>	<b><u>10,527,158</u></b>	<b><u>(15,729,083)</u></b>
<b>2.21 Manufacturing expenses</b>		
Stores, spares and consumables consumed	14,824,712	14,982,763
Power and fuel	40,530,764	33,745,891
Repairs and maintenance		
- Buildings	126,982	-
- Plant and machinery	467,244	606,024
- Others	726,087	931,547
Loss on fixed assets discarded/disposed, net	1,054,593	1,496,761
Other manufacturing expenses	1,013,153	354,202
	<b><u>58,743,535</u></b>	<b><u>52,117,188</u></b>
<b>2.22 Employee benefits expense</b>		
Salaries, wages and bonus	41,792,409	37,846,990
Contribution to provident and other funds	3,709,870	3,432,118
Retirement benefits	9,435,243	855,607
Staff welfare	1,049,048	844,606
	<b><u>55,986,570</u></b>	<b><u>42,979,321</u></b>
<b>2.23 Finance costs</b>		
Interest on term loans	92,478	232,080
Interest - others	2,522,154	3,690,084
Bank charges	90,972	305,951
	<b><u>2,705,604</u></b>	<b><u>4,228,115</u></b>
<b>2.24 Other expenses</b>		
Freight	8,014,827	10,360,188
Stores, spares and consumables written off	6,202,145	
Travelling and conveyance	7,305,424	7,207,508
Legal and professional	6,898,662	5,637,047
Insurance	1,499,733	1,050,998
Communication	1,020,393	867,244
Directors' sitting fees	560,000	600,000
Technical and other consultancy charges	-	540,000
Rent	396,000	396,000
Claims paid against supplies	207,132	17,564
Rates and taxes	127,973	344,863
Commission on sales	126,065	-
Printing and stationery	124,663	175,435
Miscellaneous expenses	3,438,429	2,750,624
	<b><u>35,921,446</u></b>	<b><u>29,947,471</u></b>

## Significant accounting policies

### Company overview

Alumeco India Extrusion Limited ("the Company") manufactures aluminum extrusion in India. The Company is a public limited company and is listed on Bombay Stock Exchange (BSE).

### Note 1: Significant accounting policies

#### 1. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India and comply with the Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Indian rupees

#### 2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 3. Current-non-current classification

All assets and liabilities are classified into current and non-current.

##### *Assets*

An asset is classified as current when it satisfies any of following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current. All other assets are classified as non-current.

##### *Liabilities*

A liability is classified as current when it satisfies any of following criteria:

- i. it is expected to be settled in the company's normal operating cycle;
- ii. it is held primarily for the purpose of being trade;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle: Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

## Significant accounting policies

### 4. Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

- Raw materials and components – on a first in first out method.
- Stores and spares – at cost.
- Work-in-progress and finished goods (manufactured) – on a first in first out method and includes costs of conversion.
- Traded goods – at landed cost on a first in first out method.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the net realisable value of finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed on a quarterly basis and is provided as considered necessary.

### 5. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from revenue generating, investing and financing activities of the company are segregated.

### 6. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts and in exchange earner's foreign currency accounts.

### 7. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from job work is recognised as per the terms of contract with the customer. The amount recognised as sale is exclusive of sales tax and trade and quantity discounts. Revenue from sale of goods has been presented both gross and net of excise duty.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 8. Fixed assets

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight, and other incidental expenses related to the acquisition and installation of respective assets. Acquired intangible assets are recorded at the consideration paid for acquisition. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Cost of fixed assets not ready for their intended use before such date is disclosed under capital work-in-progress.



## Significant accounting policies

### 9. Depreciation

Depreciation on fixed assets is provided using the straight-line method ('SLM') as per the useful lives of the assets estimated by Management, or at the rates prescribed under Schedule XIV to the Companies Act, 1956 whichever is higher. Rates of depreciation used that are higher than Schedule XIV rates are as follows:

	Rates (SLM)
Certain items of plant and machinery	5.56%
Dies	20.00%
Computer software	20.00%

Land is not depreciated. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5,000 are depreciated in full in the year of acquisition.

### 10. Retirement and other employee benefits

(i).Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the provident fund.

(ii).Gratuity liability and compensated absences are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year by an independent actuary.

(iii).Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv).Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

### 11. Foreign currency translation

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 12. Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of the long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/ non-current classification scheme of revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment i.e. equity shares, preference shares, convertible debentures, etc.

Any reductions in the carrying amount and any reversal of such reductions are charged or

## Significant accounting policies

credited to the Statement of profit and loss.

Profit/ (loss) on sale of investments is determined separately for each investment.

### 13. Export benefits and incentives

Benefits on account of advance license for imports are accounted for on purchase of imported material. Other export benefits/incentives are accounted on an accrual basis when the amount become due and receivable.

### 14. Leases

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense on a straight line basis over the lease term.

### 15. Taxes on income

Tax expense comprises of current and deferred tax. Current income-tax is calculated in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation or carried forwards losses deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

### 16. Earnings per share

Basic earnings per share are calculated by dividing the net profit after tax or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit after tax for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 17. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### 18. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. Where there is a possibility of an obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### Note 2 : Notes on accounts

#### 2.25 Going concern assumption

The Company has incurred a net loss of ₹ 54,674,519 (30 June 2012: ₹ 27,443,738) for the year ended 30 June 2013. It also has accumulated losses of ₹ 252,526,547 (30 June 2012: ₹ 197,852,028) as on that date compared to the shareholder's funds of ₹ 160,522,805 (30 June 2012: ₹ 160,522,805). During the year 2009-10, the Company was declared as a sick industrial company by the Board for Industrial and Financial Reconstruction (BIFR) and Canara Bank (30 June 2012: Industrial Development Bank of India) has been appointed as an Operating Agency with effect from 17 December 2012 to assist in working out a rehabilitation scheme (earlier IDBI Bank). Post year end, in July 2013, the Alumeco Group (Denmark) took a commercial decision to stop extending the facility of supplying raw material on credit to the Company, as was being done in the past. This decision, coupled with the accumulated losses in the Company and the prevailing adverse business conditions (on account of liquidity crunch, labour problems, power cuts, poor order book position due to bad economic scenario, credit crunch in the market, etc.), has further strained the financial position of the Company. However, the Board of Directors and the Management of the Company are actively pursuing various available options to rehabilitate the Company under the aegis of BIFR / Operating Agency and currently believe that the Company would be in a position to continue as a going concern. Hence, these financial statements have been prepared under the going concern assumption.

#### 2.26 Capital commitments and contingent liabilities

Particulars	₹	
	As at 30 June 2013	As at 30 June 2012
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-
(b) Preference share dividend	27,108,230	23,684,230
(c) Tax on preference dividend not provided for	4,397,668	3,842,192
(d) Excise matters under dispute	5,011,947	4,489,033
(e) Sales tax matters under dispute	-	8,685,252

- (f) The Company received an order from the Department of Income Tax under Section 92CA (3) of the Income Tax Act, 1961 disputing the method adopted by the Company in estimating the arm's length price for international transactions with its associated parties. Consequently, the department has estimated an additional income of ₹ 28,937,712 and ₹ 18,256,357 for the A.Y. 2003-04 and A.Y. 2004-05. The Company got the judgment from CIT (Appeals) in its favor but the department has filed an appeal with Income Tax Appellate Tribunal, Hyderabad (ITAT). During the current year, the ITAT has redirected the case to Transfer Pricing Officer (TPO). The Company is hopeful to get the decision in its favor.

For the A.Y. 2005-06, the department has estimated an additional income of ₹ 33,216,328 against which the Company has gone into Appeal with CIT and the CIT Appeal has passed the order for ₹ 18,546,533 against which the Company has appealed with ITAT. During the current year, the ITAT has redirected the case to TPO.

For the A.Y. 2006-07, the TPO has added back income of ₹ 35,183,477 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the Dispute Resolution Panel (DRP), the DRP has passed the order against the Company and the Company against its order gone into appeal before ITAT. During the current year, the ITAT has redirected the case to TPO.

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

For the A.Y. 2007-08, the TPO has added back income of ₹ 146,108,591 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the DRP. The DRP has passed the order against the Company and the Company against its order has gone into appeal before ITAT. During the current year, the ITAT has redirected the case to TPO.

For the A.Y. 2008-09, the TPO has added back income of ₹ 128,300,000 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the DRP. The DRP has passed the order against the Company and the Company against its order has gone into appeal before ITAT.

For the A.Y. 2009-10, the TPO has added back income of ₹ 104,511,462 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the DRP.

The consequential liability if any, in respect of taxes and penalties for the subsequent assessment years is presently not determinable as the appeal filed in this regard are pending before the various authorities.

- (g) Further, ₹ 20,359,259 and ₹ 5,172,082 are under dispute on account of disallowance of interest on term loan, for the assessment years 1994-95 and 1995-96 respectively. The cases are lying for hearing before the Honorable High Court of Andhra Pradesh.
- (c) For the fiscal year 2011-2012 to 2013-2014, the Company has paid sales tax at a concessional rate against 'C' Form in respect of its interstate sales for which it is required to obtain 'C' forms from its customers and submit to the sales tax department. In the event, the Company is unable to collect and submit such 'C' forms it will be required to pay the sales tax at the higher rate together with interest and penalties as applicable. As of 30 June 2013, the aggregate amount of 'C' forms to be collected is ₹ 151,045,388. Whilst management is confident that it will be able to collect all outstanding 'C' forms before the completion of relevant assessment and that no liability in this respect will devolve upon the Company, the aggregate additional tax in the event that none of the 'C' forms are collected would be approximately ₹ 4,523,039.

### 2.27 Auditors' remuneration (excluding service tax) (included in legal and professional)

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Statutory audit fees	652,500	591,250
Tax audit fees	-	75,250
Other services	645,000	582,500
Out-of-pocket expenses	28,352	22,682
<b>Total</b>	<b>1,325,852</b>	<b>1,271,682</b>

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.28 Related party transactions

Name of the related party	Country	Nature of relationship
OSI India Holding A/S ('OSI')	Denmark	Immediate holding company
Alumeco A/S	Denmark	Holding Company of OSI H S
Metalservice nr 2 ApS (HSM)	Denmark	Holding Company of Alumeco A/S
H S Metalservice ApS	Denmark	Holding Company of HSM
Alumeco Handlerservices GmbH	Germany	Subsidiary of Alumeco A/S
IFU	Denmark	Entity having significant influence over the Company till 31 December 2011 (refer note 2.1)
Mr. Wolfgang Ormeloh	Germany	Key Management Personnel
Mr. M. Ratnakar	India	Key Management Personnel (till 23 July 2012)
Mr. N.K. Khandelwal	India	Key Management Personnel
Mr. Rakesh Gupta	India	Key Management Personnel (with effect from 29 August 2012)

The details of the related party transactions entered into by the Company during the year are as follows:

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
<b>Holding Company</b>		
Alumeco Handlerservices GmbH		
• Purchase of material	259,684,943	324,207,304
• Sale of material	34,682,531	125,537,963
• Claims paid against supplies	-	17,564
• Interest provided on overdue bills	2,480,805	4,078,357
• Die cost collected	-	72,330
• Clearing house expenses reimbursed	-	25,318
Alumeco A/S		
• Sale of material	70,417,642	31,116,188
<b>Associate Company</b>		
IFU*		
• Repayment of unsecured loan	-	1,378,496
• Interest on loan taken	-	135,391
<b>Remuneration** paid to:</b>		
• Mr. Wolfgang Ormeloh	1,813,690	1,173,289
• Mr. M. Ratnakar	-	2,044,837
• Mr. N.K. Khandelwal	3,314,430	2,444,837
• Mr. Rakesh Gupta	2,464,224	-

\*\* Does not include insurance, which is paid for the Company as a whole and gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### Balance with Related Parties:

₹

Particulars	Receivable / (Payables) as at	
	30 June 2013	30 June 2012
Alumeco Handlerservices GmbH		
- Trade payables	(190,229,775)	(220,552,867)
- Interest accrued and due	(5,448,480)	(3,496,662)
Alumeco A/S		
- Trade receivables	3,804,099	-
Mr. Wolfgang Ormeloh	(143,097)	(112,950)
Mr. M. Ratnakar	-	(417,380)
Mr. N.K. Khandelwal	(571,767)	(635,242)
Mr. Rakesh Gupta	(163,541)	-

\* With effect from 31 December 2011, the party has ceased to be a significant shareholder. Transactions have been upto this date and the closing balance of payable as at 30 June 2013 and 30 June 2012 is accordingly not disclosed.

### 2.29 Unhedged foreign currency

(a) Particulars of unhedged foreign currency exposure are detailed below at the exchange rate prevailing at the year-end:

Particulars	As at	
	30 June 2013	30 June 2012
Sundry creditors	US \$ 3,186,962	US \$ 3,917,458
Sundry creditors	INR 190,229,775	INR 220,552,867
Interest payable	US \$ 91,280	US \$ 62,108
Interest payable	INR 5,448,480	INR 3,496,662
Sundry creditors	€ 1,300	-
Sundry creditors	INR 101,361	-
Trade receivables	US \$ 63,731	-
Trade receivables	INR 3,804,099	-
Advance to material suppliers	US \$ 104	-
Advance to material suppliers	INR 6,192	-
Unsecured loans	€ 17,000	€ 51,000
Unsecured loans	INR 1,325,490	INR 3,615,900

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.30 Employee benefit plans

The Company has a defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance sheet for the respective plans.

- a. The following table sets forth the amount recognised in the Company's Statement of profit and loss for the year ended 30 June 2013 under gratuity cost:

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Interest cost	435,000	497,000
Past service cost	-	-
Current service cost	4,065,000	(825,000)
Benefits paid	-	-
Actuarial (gain) / loss	506,000	(55,000)
<b>Net benefit expense</b>	<b>5,006,000</b>	<b>(383,000)</b>

- b. Changes in the present value of the defined benefit obligation are as follows:

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Opening defined benefit obligation	5,441,000	6,219,000
Interest cost	435,000	497,000
Current service cost	4,065,000	(825,000)
Actuarial (gain) / loss	506,000	(55,000)
Benefit paid	(1,036,000)	(395,000)
<b>Closing defined benefit obligation</b>	<b>9,411,000</b>	<b>5,441,000</b>

### Amount recognized in balance sheet

₹

Particulars	As at 30 June 2013	As at 30 June 2012	As at 30 June 2011	As at 30 June 2010	As at 30 June 2009
Present value of funded obligations	9,411,000	5,441,000	6,219,000	5,065,442	5,879,821
Fair value of plan assets	-	-	-	-	-
<b>Net Liability</b>	<b>9,411,000</b>	<b>5,441,000</b>	<b>6,219,000</b>	<b>5,065,442</b>	<b>5,879,821</b>
<b>Amounts in the balance sheet</b>					
Provision for gratuity	9,411,000	5,441,000	6,219,000	5,065,442	5,879,821
Actuarial losses / (gain)	506,000	(55,000)	1,135,000	136,856	446,826

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

- c. The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Discount rate	8% p.a	8% p.a
Attrition rate	4% p.a	4% p.a

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The actuary has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service and incapacity benefits.

### 2.31 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of September 2013, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

### 2.32 Earnings per share (EPS)

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
<b>Earnings (₹)</b>		
Net profit / (loss) after tax for the year	(54,674,519)	(27,443,738)
Less : Preference dividend including tax on dividend	3,979,476	3,979,476
<b>Net profit for calculation of basic earnings per share (₹)</b>	(58,653,995)	(31,423,214)
<b>Shares</b>		
Weighted average number of equity shares in calculating basic EPS (in No's) <b>(A)</b>	12,397,113	12,397,113
Weighted average number of equity shares which would be issued on the conversion of preference shares (including equivalent number of shares to be issued against arrears of preference dividend) (in No's) <b>(B)</b>	6,134,823	5,792,423
Total weighted average number of shares in calculating diluted EPS <b>(A+B)</b>	18,189,536	18,189,536
<b>Earnings per share of par value ₹ 10 – Basic</b>	(4.73)	2.53
<b>Earnings per share of par value ₹ 10 – Diluted</b>	(4.73)	2.53



## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

- 2.33** The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 30 June 2013 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year;	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

### 2.34. Deferred taxes

Deferred tax (assets) / liabilities included in the balance sheet comprise the following:

₹

Particulars	as at 30 June 2013	as at 30 June 2012
<b>Deferred tax liability</b>		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	-	415,611
<b>Deferred tax asset</b>		
Brought forward losses and unabsorbed depreciation (restricted to the amount of deferred tax liability)	-	(415,611)
<b>Net deferred tax (asset) / liability</b>	-	-

In accordance with AS 22, "Accounting for taxes on income" prescribed by the Rules, due to brought forward losses under the taxation laws and on account of absence of virtual certainty on realisation of deferred tax assets, deferred tax assets on unabsorbed depreciation, carried forward losses and other temporary timing differences has been recognized only to the extent of deferred tax liability.

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.35. Segment reporting

Segments are identified in line with AS-17 "Segment Reporting". The Company is in the business of manufacturing of aluminum profiles and in view of Company's internal organisation, management structure, internal financial reporting system it has identified manufacturing of aluminum profiles as its only primary business segment. The analysis of geographical segments is based on location of major customers of the Company.

#### Geographical segment:

The Company sells aluminium extrusions in both, overseas and India, geographical segments. However, majority of the revenues comes from the Indian segment [16.09% from the overseas segment for the year ended 30 June 2013 (19.88% from the overseas segment for the year ended 30 June 2012)]. The following table shows revenue of the segments for the year ended 30 June 2013 and for the year ended 30 June 2012 and assets of the segments as at 30 June 2013 and as at 30 June 2012.

₹

Particulars	India		Overseas		Total	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Revenue (net)	548,155,911	631,478,054	105,100,173	156,654,151	653,256,084	788,132,205
Assets						
- Trade receivables	48,476,873	76,521,261	3,804,099	-	52,280,972	76,521,261
- Other assets	123,439,503	185,722,877	6,192	-	123,445,695	185,722,877
Additions to fixed assets (including capital work-in-progress)	7,194,371	8,726,247	-	-	7,194,371	8,726,247

### 2.36. Earnings in foreign currency

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
FOB value of exports	100,954,845	151,731,835

### 2.37 Expenditure in foreign currency

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Interest on loan from		
- IFU	92,478	232,080
Interest on delayed payment to Alumeco Handlerservices GmbH	2,480,805	4,078,357
Claims paid against supplies	-	17,564
Travelling and conveyance	212,485	66,260

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.38. Sales of goods

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
<b>Manufactured goods</b>		
Export sales	105,100,173	156,654,151
Domestic sales	548,155,911	631,478,054
<b>Total sales</b>	<b>653,256,084</b>	<b>788,132,205</b>

### 2.39 Consumption of raw materials and stores and spares

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Aluminum metals	531,921,098	648,451,662
Stores and spares	14,824,712	14,982,763
	<b>546,745,810</b>	<b>663,434,425</b>

None of the other raw materials and stores and spares (disclosed under "stores and spares") consumed during the year individually exceeds 10% of the total raw material consumed for the year.

### 2.40 Value of imports calculated on CIF basis

₹

Particulars	For the year ended 30 June 2013	For the year ended 30 June 2012
Raw materials	269,629,764	324,207,304
Die steel	-	2,158,739
Spares	937,652	1,290,897

### 2.41 Imported and indigenous raw materials, and stores and spares consumed

Category	For the year ended 30 June 2013		For the year ended 30 June 2012	
	% of total consumption	Value	% of total consumption	Value
<b>Raw material</b>				
Imported	56.03	298,053,396	54.61	354,146,788
Indigenous	43.97	233,867,702	45.39	294,304,874
<b>Total</b>	<b>100.00</b>	<b>531,921,098</b>	<b>100.00</b>	<b>648,451,662</b>
<b>Stores and spares</b>				
Imported	6.92	1,026,043	5.39	808,023
Indigenous	93.08	13,798,669	94.61	14,174,740
<b>Total</b>	<b>100.00</b>	<b>14,824,712</b>	<b>100.00</b>	<b>14,982,763</b>

**2.42** Remuneration to key managerial personnel for the year ended 30 June 2013 and 30 June 2012, includes ₹ Nil (30 June 2012: ₹ 152,669) representing remuneration beyond the limits specified in Schedule XIII to the Companies Act, 1956.

During the year ended 30 June 2012, the Company has applied to the Central Government of India for approval for the amount. During the current year, the Central Government of India has rejected the application and the said amount has been reversed.

## Notes on Accounts

(All amounts are in Indian Rupees except for share data or otherwise stated)

### 2.43 Operating leases

The Company has taken guest house under cancellable operating lease agreement. The Company intends to renew such leases in normal course of business. Total rental expense under cancellable operating leases for the current year amounts to ` 396,000 (30 June 2012: ` 396,000).

**2.44** Set out below is the movement in provision balances in accordance with Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets' prescribed by Companies (Accounting Standards) Rules, 2006, ('the Rules')

### Provisions

Particulars	₹	
	as at 30 June 2013	as at 30 June 2012
Opening balance	33,725,345	33,725,345
Add: Provision	-	-
Less: Utilisation	(1,432,091)	-
Less: Reversal	(2,510,930)	-
<b>Closing balance</b>	<b>29,782,324</b>	<b>33,725,345</b>

### 2.45 Previous year comparatives

Previous year figures have been regrouped / reclassified / rearranged, wherever necessary, to conform to those of the current year.

As per our report of even date attached.

for **B S R & Company**  
Chartered Accountants  
Firm's Registration number: 128032W

for **Alumeco India Extrusion Limited**

Zubin Shekary  
*Partner*  
Membership number: 048814

Ashish Kumar Gupta  
*Chairman*

Wolfgang Ormeloh  
*Managing Director*

Place: Hyderabad  
Date: 28<sup>th</sup> August 2013

Nand Kishore Khandelwal  
*Chief Financial Officer*

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No : CIN:L74999AP1988PLC008966

State Code: 01

Balance Sheet Date : 30062013

### II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

### III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities

175727

Total Assets

175727

#### Sources of Fund

Paid-up Capital

158211

Reserves & Surplus

002312

Secured Loans

NIL

Unsecured Loans

1325

#### Application of Funds

Net Fixed Assets

60846

Investment

NIL

Net Current Assets

(133107)

Misc. Expenditure

NIL

Accumulated Losses 252527

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover

665541

Total Expenditure

720216

Profit(Loss) Before Tax

(54675)

Profit/(Loss) After Tax

(54675)

Earning per share in Rs.

(4.73)

Dividend Rate %

NIL

### V. Generic Name in Principal Products of Company (As per monetary terms)

Item Code No. (IT Code) 76.04

Product Description Aluminum Profiles/Bars/rods

Item Code No. (ITC Code) 76.08

Product Description Aluminum Tubes/ Pipes.

**ALUMECO INDIA EXTRUSION LIMITED**

Registered Office: Survey. Nos. 379 - 382, Kallakal Village, Toopran Mandal,  
Medak District, Andhra Pradesh – 502 336.

**Registration Form for Physical Copy**

To  
XL Systems System Limited  
#3, Sagar Society, Road No.2,  
Banjara Hills, Hyderabad – 500 033

**Unit: Alumeco India Extrusion Limited**

I / We hereby exercise my/ our option to receive all communication from the Company such as Notice of Annual General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report etc., in **physical mode only**.

Folio No.: -----

Name of the First Registered Holder: -----

Name of the Joint Holder, if any: -----

Registered Address of the Sole / First Registered Holder: -----

-----

No. of Shares Held: -----

Date :

Signature

**Notes :**

**The annual reports will be send through electronic mode only. In case the Members desires to receive the annual report in physical mode, they are kindly requested to please fill in this form and send to the Registrar and Share Transfer Agent.**

**ALUMECO INDIA EXTRUSION LIMITED**

Registered Office: Survey. Nos. 379 - 382, Kallakal Village, Toopran Mandal,  
Medak District, Andhra Pradesh – 502 336.

**PROXY FORM**

I/We.....of.....

..... being member(s) of the above named Company, hereby appoint the following as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25th Annual General Meeting of the Company, to be held on Monday, 23rd December, 2013 at 11.30 a.m. and at any adjournment thereof.

Mr./Ms. \_\_\_\_\_, \_\_\_\_\_ or failing him/her  
(name of the proxy) (signature of proxy)

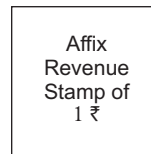
Mr./Ms. \_\_\_\_\_, \_\_\_\_\_  
(name of the proxy) (signature of proxy)

Number of Shares held \_\_\_\_\_

Signed & dated \_\_\_\_\_, 2013.

Folio No. / DP ID \* & Client ID\* .....

\* Applicable for investors holding shares in dematerialized form



signature

**NOTES:**

1. The Proxy, to be effective, should be deposited at the Registered Office of the Company, not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
2. A Proxy need not be a member of the Company.

**ALUMECO INDIA EXTRUSION LIMITED**

Registered Office: Sy. Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District,  
Andhra Pradesh 502 336.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP Id *	
Clieeny Id *	

Folio No.	
No. of shares	

NAME & ADDRESS OF THE SHAREHOLDER .....

.....

.....

I hereby record my presence at the **25th ANNUAL GENERAL MEETING** of the Company held on Monday 23rd December, 2013 at 11.30 a.m. at the Registered Office of the Company.

\* Applicable for investors holding shares in dematerialized form.

SIGNATURE OF THE SHAREHOLDER/PROXY

BOOK-POST

If undelivered, please return to :



**ALUMECO INDIA EXTRUSION LIMITED**

Registered Office: Sy. Nos. 379-382,  
Kallakal Village, Toopran Mandal,  
Medak District, Andhra Pradesh 502 336. India  
Ph. Nos. 08454 - 250196 / 514