



ALUMECO INDIA EXTRUSION LIMITED

22nd Annual Report - 2010

BOARD OF DIRECTORS

Prof. Laxmi Narain
Chairman

Mr. Wolfgang Ormeloh
Managing Director

Mr. Hans Schweers
Director

Mrs. Deepa Hingorani
Director

Mr. Ashish Kumar Gupta
Director

Mr. M. Ratnakar
Director

Mr. Nand Kishore Khandelwal
Director - Alternate to Mr. Hans Schweers

Chief Financial Officer
Mr. Nand Kishore Khandelwal

Chief Commercial Officer
Mr. M. Ratnakar

**Company Secretary &
Compliance Officer**
Mr. Raghu Sadhu

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

BANKERS

1. Standard Chartered Bank
Somajiguda Branch,
Hyderabad - 500 082

2. HDFC Bank Limited
Paradise Circle,
Secunderabad - 500 003

3. State Bank of Hyderabad
Medchal Branch - 501 401

4. Axis Bank Limited
Kompally, Hyderabad - 500 014

5. The Karur Vysya Bank Limited
R.P. Road,
Secunderabad - 500 003

**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. 08454-250190 to 193, 195& 197
Fax Nos. 08454-250196/514

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NOTICE TO SHAREHOLDERS :

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Alumeco India Extrusion Limited will be held on Tuesday, 9th November, 2010 at 4.30 p.m. at the Registered Office of the Company, at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh - 532 336, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the 22nd Directors' Report, Balance Sheet as at 30th June, 2010, Profit & Loss Account and Cash Flow Statement for the year ended on that date, and the report of the Auditors' thereon.
2. To appoint a Director in place of Mr. Hans Schweers, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M. Ratnakar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. BSR & Company, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following as **Ordinary Resolution:**

"RESOLVED that pursuant to provisions of Sections 198, 269, 309, 310 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. Wolfgang Ormeloh as Managing Director of the Company for a period of two (2) years with effect from 18th March, 2010, without any remuneration."

6. To consider and, if thought fit, to pass with or without modifications the following as **Special resolution:**

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 313, 314 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. M. Ratnakar, Chief Commercial Officer of the Company, as Whole Time Director for a period of three (3) years with effect from April 30, 2010, on such terms and conditions as agreed upon between the Company and Mr. M. Ratnakar,

with liberty to the Directors to alter or vary the terms and conditions of the said appointment and approval of the Company is also hereby accorded for the payment of remuneration of Rs. 1,25,000 per month, which consists of basic, contribution to provident fund and various allowances with effect from January, 2010, with liberty to the Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII of the Companies Act, 1956 or any other amendments thereto".

7. To consider and, if thought fit, to pass, with or without modifications, the following as **Special Resolution:**

"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 is hereby accorded for payment of remuneration of Rs. 1,49,523 per month, which consists of basic, contribution to provident fund and various allowances, to Mr. Nand Kishore Khandelwal, Whole-time Director (Chief Financial Officer) of the Company, with effect from January, 2010 as agreed upon between the Company and Mr. Nand Kishore Khandelwal and with liberty to the Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII of the Companies Act, or any other amendments thereto".

By Order of the Board
For Alumeco India Extrusion Limited

Kallakal, Medak
25th August, 2010

Raghu Sadhu
Company Secretary

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. 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.
 4. Shareholders those who hold shares in physical form are requested to convert their shares into de-mat mode. The dematerialization would be beneficial in many respects, like easy transfer, avoiding misplacement, theft, mutilation, etc.
 5. 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.
 6. The Register of Members and Transfer Books of the Company shall remain closed from 30th October 2010 to 8th November, 2010 (both

EXPLANATORY STATEMENT FOR SPECIAL BUSINESS
(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No.5 : Mr. Wolfgang Ormeloh was appointed as Managing Director of the Company for two years on 19th January, 2010 with effect from 18th March, 2010, subject to the approval of the Shareholders and Central Government as required under Schedule XIII and other provisions of the Companies Act, 1956. Mr. Ormeloh's contribution in turning around the Company being significant, your Directors recommend the resolution at Item No.5 for approval of the members.

None of the Directors, except Mr. Wolfgang Ormeloh, is concerned or interested in the resolution.

Item No.6 : The shareholders at their 19th annual general meeting held on 20th December, 2007 approved the appointment of Mr. M. Ratnakar as Whole-time Director for a period of three years with effect from 30.04.2007, which expired on 29.04.2010. The management re-appointed him as whole-time Director for another term of three years (3) with effect from 30.04.2010. This appointment requires the approval of shareholders.

Further, the Board of Directors on the recommendation of the Remuneration Committee, revised remuneration of Mr. M. Ratnakar, Chief Commercial Officer to Rs.125,000/- p.m. with effect from 1st January, 2010. As the company is not having adequate profits, a special resolution is needed for payment of enhanced remuneration. Your Directors recommend this resolution for your approval.

None of the Directors, except Mr. M. Ratnakar, is concerned or interested in the resolution.

The information to be disclosed in terms of Schedule XIII of the Companies Act, 1956 is given below along with item No.7.

Item No. 7 : The Board of Directors on the recommendation of the Remuneration Committee, revised remuneration of Mr. Nand Kishore Khandelwal, Chief Financial Officer, to Rs.149,523 per month with effect from 1st January, 2010. As the company is not having adequate profits, a special resolution is needed for payment of enhanced remuneration. Your Directors recommend this resolution for your approval.

None of the Directors, except Mr. Nand Kishore Khandelwal, is concerned or interested in the resolution.

The information to be disclosed in terms of Schedule XIII of the Companies Act, for item nos. 6 & 7 is as follows:

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).* (iv) *Export performance:* The Company is exporting about 70% of its production. (v) *Foreign Investment:* The Company is subsidiary of OSI India Holding A/S, Denmark, which holds 60.50% of its equity.

(Rs. in million)

Particulars	30.06.2010	30.06.2009	30.06.2008
Sales and other income	651.32	610.05	1093.88
Profit before Tax and prior period items	8.57	(46.02)	(60.18)
Finance Charges	0.96	1.46	4.55
Depreciation	15.15	18.66	21.23
Prior period items	2.71	0.00	5.36
Profit after Tax	11.28	(49.24)	(65.87)

2. Information about the managerial persons:

Mr. M. Ratnakar, Whole-time Director (Chief Commercial Officer)

(i) *Background details* - Mr. M. Ratnakar, aged 41, is a Mechanical Engineer with 20 years of experience in marketing, import and export, commercial operations, production, human resource and general administration. (ii) *Past remuneration* - a) Rs.100,000/- p.m. from January, 2009, (iii) *Remuneration proposed* Rs.125,000/- (iv) *Comparative Remunerative profile* - It is similar or lower than in equivalent firms. (v) *Pecuniary relationship* Nil, except the remuneration received.

Mr. Nand Kishore Khandelwal, Whole-time Director (Chief Financial Officer)

(i) *Background details* - Mr. Nand Kishore Khandelwal, aged 41, is a Chartered Accountant with 18 years of experience in Finance, Taxation, Auditing, HR and ERP Solutions and general administration. (ii) *Past remuneration* - a) Rs.130,000/- p.m. from January, 2008. (iii) *Remuneration proposed* is Rs.149,523/- (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 significant reduction of prices of metals due to the world wide recession. (ii) *Steps taken or proposed to be taken for improvement* - The Company is streamlining processes, taking up cost reduction drive, and increasing process efficiencies by investing in balancing equipment and diversifying market reach in domestic market, it is hopeful of showing good results in the future. (iii) *Expected increase in productivity and profitability* - The Company is hopeful of reporting better financial results, particularly after taking the above steps to improve productivity.

By Order of the Board
For Alumeco India Extrusion Limited

Kallakal, Medak
25th August, 2010

Raghu Sadhu
Company Secretary

Details of Directors seeking reappointment:

Name of Director	: Mr. Hans Schweers	Name of Director	: M. Ratnakar
Date of Birth	: 24.01.1948	Date of Birth	: 03.06.1969
Date of Appointment	: 21.06.2005	Date of Appointment	: 30.04.2007
Qualifications	: Post graduate in Management and Sales	Qualifications	: B. Tech (Mechanical)
Expertise in specific functional areas	: International Trade and Business Management	Expertise in specific functional areas	: Over 20 years of expertise in Marketing, Commercial and Import and Exports, Production, HR and General Administration.
List of other Companies in which Directorship held	: NIL *	List of other Companies in which Directorship held	: NIL *
List of the Committees of other Companies in which Chairmanship/ Membership held	: NIL *	List of the Committees of other Companies in which Chairmanship/ Membership held	: NIL *
		Chairman/Member of the Committees of the Company	: Member, Investors' Grievance and Share Transfer Committee

* Excludes private and foreign companies.

DIRECTORS' REPORT

Dear Members,

On behalf of the Board, I present the Twenty Second Annual Report on the business and

operations of the Company together with the Audited Statements of Accounts along with the Report of the Auditors, for the year ended 30th June, 2010.

Financial Highlights:

Particulars	(Rs. Million)	
	Current year 2009 - 2010	Previous year 2008 - 2009
Sales (Net)	638.72	575.77
Other Income	12.60	34.28
Total Revenue	<u>651.32</u>	<u>610.05</u>
Profit/(loss) before Financial Expenses, Depreciation & Taxes	24.68	(25.88)
Financial Expenses	0.96	1.46
Depreciation	15.15	18.66
Profit/(loss) before Tax	<u>8.57</u>	<u>(46.02)</u>
Provision for Tax	-	3.21
Profit after Tax	8.57	(49.24)
Prior period items	2.71	-
Net Profit/(loss) after Tax	<u>11.28</u>	<u>(49.24)</u>

Dividend:

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

Results of Operations:

During the period under review, your Company sold 4700 tons of Extrusions (export 2996 tons), as against 3855 tons (export 2938 tons) during the previous year.

The Company's Profit after tax for the year is Rs. 11.28 million as compared to a loss of Rs.49.24 million in the previous year. The Company tried to stabilize its production, focused its efforts on reducing cost, increasing operational efficiencies and increasing the domestic market share resulting improved performance.

As the shareholders are aware, the Company made a reference to the Board for Industrial and Financial Reconstruction (BIFR) as required by law. Reference made by the Company has been registered vide case no. 11/2009. The BIFR at its hearing held on 9th February, 2010 declared the Company as a sick unit and at its meeting held on 10th May, 2010, appointed IDBI Bank as the Operating Agency, to work out a rehabilitation proposal.

Directors:

Mr. Hans Schweers and Mr. M. Ratnakar, who have been longest in the office, will retire at the ensuing Annual General Meeting, and being eligible, offer themselves 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 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, 2010 and of the profit of the Company for the year; (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 are prepared on a going concern basis.

Auditors:

M/s. BSR & Company, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors' Qualifications and Management's Reply:

I. Point No.3 of the Auditors' Report:

The Company has accumulated losses of Rs. 180,817,667 as at 30 June 2010 which have exceeded the paid up capital and reserves (Rs. 160,522,805) of the Company at that date. Also, the Company has 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 and has been declared sick on 9 February 2010. It is currently in the process of working out a rehabilitation scheme with the BIFR.

Though the management is making efforts to improve the performance, and though the Company has made profits for the year ended 30 June 2010, considering the financial position of the Company at that date, there exists uncertainty as to whether the Company will be able to continue as a going concern. However, the financial statements for the year ended 30 June 2010 have been prepared on a going concern basis and do not include any adjustment 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 ending June 30, 2010 was Rs. 180,817,667, which is more than 100% of the Company's net worth. On the Company's reference, the Board for Industrial and Financial Reconstruction (BIFR) has declared the Company as sick and appointed IDBI Bank as Operating Agency to workout a rehabilitation scheme, which is under process. The Company strongly believes that it will be able to work out a suitable Rehabilitation Scheme along with the Operating Agency and will continue to be a going concern.

II. Point No.17(b) of the Annexure to the Auditors' Report :

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 30 June 2010 for a period of more than six months from the date they became payable except for income tax amounting to Rs. 3,015,288 which is outstanding for more than six months as of 30 June 2010.

Management's reply :

The amount stands unpaid in view of the rehabilitation proposal to be presented to BIFR.

III. Point No.19 of the Annexure to the Auditors' Report :

The Company has accumulated losses amounting to Rs. 180,817,667 at the end of the financial year which exceeds its net worth of Rs. 160,522,805. The Company has not incurred cash losses in the current year and has incurred cash losses in the immediately preceding financial year.

Management's reply :

In view of the accumulated loss of Rs. 180,817,667 which exceeds the Company's net worth of Rs. 160,522,805, it has been declared sick by BIFR. The Management has put in all efforts to run the operations of the Company smoothly and efficiently, the net profit of the current year being Rs.11,275,897. At the same time, a Rehabilitation Scheme along with the Operating Agency, for the revival of the Company, is being worked out.

IV. Point No.26 of the 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 Rs.97,419,341 have been used for long-term purposes.

Management's reply :

The said amount represents excess of current liabilities over the current assets. This has been caused mainly due to current financial situation of the Company wherein it has carried forward accumulated losses of Rs. 180,817,667 in its Balance Sheet.

Cost Audit:

Mr. Sandeep Zanwar, Cost Accountant, Hyderabad, was appointed as Cost Auditor for the year ended 30th June 2010. The Cost Audit for the year ended 30th June 2010, is under progress and the report would be submitted as prescribed.

Secretarial Audit :

As prescribed by Securities and Exchange Board of India (SEBI), a Practising Company Secretary carries out Secretarial audit at the specified period. The findings of the audit, which are satisfactory, are 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 Report.

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

As required, the information is given in **Annexure - I.**

Managing Director and Chief Financial Officer Certificate :

As required, the Certificate is in **Annexure - II.**

Particulars of Employees Remuneration:

There being no employee, as on 30th June, 2010, drawing remuneration of more than Rs.24,00,000 per annum, provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable.

Internal Audit:

M/s. Laxminivas Neeth & Co., Chartered Accountants, Hyderabad, is conducting Internal Audit on a regular basis, which is being reviewed and followed up by the Audit Committee.

Listing of Securities:

The Company's securities are listed on The Bombay Stock Exchange. The Company is regular in paying the annual listing fees to the Stock Exchange.

Personnel:

Employee relations were cordial. The Directors place on record their appreciation for the dedicated work put in by the employees at various levels.

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: Kallakal, Medak
 Dated: 25th August 2010

Prof. Laxmi Narain
 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 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 (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods:* The Company has undertaken an Energy Audit and the recommendations are in the process of implementation.

Form - 'A'
(A) Power and Fuel Consumption:

			Year ended 30 th June, 2010	Year ended 30 th June, 2009
1		Particulars		
		Electricity		
	a)	Purchased Units	4,410,810	3,913,597
		Total Amount (Rs.)	16,964,148	15,916,296
		Avg. Cost/KWH (Rs.)	3.85	4.06
	b)	Own Generation		
	i)	Through Diesel Generator		
		Units (generated)	75,818	132,932
		Units/Liters of Diesel Oil	2.84	2.70
		Avg. Cost / Ltrs. (Rs.)	34.55	37.15
	ii)	Through Steam Turbine Generator	NIL	NIL
		Coal Consumption	NIL	NIL
2		Furnace Oil (Ltrs.)	298,262	313,776
		Total Amount (Rs.)	8,006,450	8,229,119
		Avg. Cost /K. Ltr. (Rs.)	26.81	26.22
3		Others/Internal Generation	NIL	NIL

(B) Consumption per unit of Production:

Particulars	Year ended 30 th June, 2010	Year ended 30 th June, 2009
Products: Aluminium Extrusions (tons)	4,690	3,852
Electricity (KWH / tons)	940	1014
Furnace Oil (Ltrs. / tons melted)	91.94	111.14

Form - 'B'

(a) Specific areas in which R & D was carried out by the Company. (b) Benefits derived as a result of the above R & D. (c) Future plan of action (d) Expenditure on R & D : The Company is getting full R & D support from its group company in Germany, whose technical experts visit the Plant and provide the necessary support from time to time.

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 German experts who visit the plant regularly. (b) Benefit derived as a result of the above effort, e.g., product improvement, cost reduction, product development, import substitution etc. : It will take some time for the benefits to materialize. (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)

Total Foreign Exchange:	During 2009-2010	During 2008-2009
Outgo	387,013,418	423,410,858
Earned	379,082,486	435,191,393

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:

- 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 respect with the existing generally accepted accounting principles including accounting standard applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- 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 auditors interact with all levels management and statutory auditors, and reports significant issues to the Audit Committee of Board. The Auditors' and the Audit Committee are apprised of any corrective action taken in regard to significant deficiencies and material weaknesses.
- We have indicated to the Auditors' and the 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 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 changes or instances.

Wolfgang Ormeloh
Managing Director

Date : 24.08.2010

Place : Kallakal (Medak Dist.)

Nand Kishore Khandelwal
Chief Financial Officer

Date : 24.08.2010

Place: Kallakal (Medak Dist.)

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 management for enhancing customer satisfaction and shareholders' value.

II. Board of Directors

The Board comprised six directors as on 30th June, 2010, 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, i.e., on (i) 30th July, 2009, (ii) 29th September, 2009, (iii) 28th October, 2009, (iv) 19th January, 2010 and (v) 27th April, 2010.

Attendance at these meetings 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	Chairman, Independent Director	5	5	Yes
Mr. Wolfgang Ormeloh	Managing Director	5	3	Yes
Mr. Hans Schweers	Foreign Promoter (Non-Executive)	5	0*	No
Mrs. Deepa Hingorani	Nominee of Promoter (Non-Executive)	5	3	Yes
Mr. Ashish Kumar Gupta	Independent Director	5	5	Yes
Mr. M. Ratnakar	Whole-time Director	5	5	Yes
Mr. Nand Kishore Khandelwal *	Alternate to Mr. Hans Schweers	5	5*	Yes

*Mr. Nand Kishore Khandelwal, who is an alternate Director to Mr. Hans Schweers, attended all five meetings and also attended the AGM.

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
Mrs. Deepa Hingorani	1	4	Nil	1
Mr. Ashish Kumar Gupta	Nil	1	Nil	Nil
Mr. M. Ratnakar	Nil	Nil	Nil	Nil
Mr. Nand Kishore Khandelwal	Nil	1	Nil	Nil

*Mr. Nand Kishore Khandelwal, who is an alternate Director to Mr. Hans Schweers, attended all five meetings and also attended the AGM.

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

* Viz., the Audit Committee, the Shareholders' Grievance Committee and the Remuneration Committee. (Only Indian companies are considered).

III. Committees of the Board

1. Audit Committee

The Committee is responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, adequate and credible; and reviewing with management the annual financial statements before submission to the Board. The Committee periodically reviews with the management 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 any areas of concern, and reviews their 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, Non-executive Director
Mr. Wolfgang Ormeloh	Member	Managing Director
Prof. Laxmi Narain	Member	Independent, Non-executive Director

The Committee held five meetings during the year, i.e., on (i) 30th July, 2009, (ii) 29th September, 2009, (iii) 28th October, 2009, (iv) 19th January, 2010 and (v) 27th April, 2010. Mr. Ashish Kumar Gupta and Prof. Laxmi Narain attended all the meetings. Mr. Wolfgang Ormeloh attended three meetings.

2. Investors' Grievance & Share Transfer Committee

The Committee comprises:

Prof. Laxmi Narain	Chairman	Independent, Non-executive Director
Mr. Ashish Kumar Gupta	Member	Independent, Non-executive Director
Mr. M. Ratnakar	Member	Whole-time Director

The Committee held four meetings during the year, i.e., on (i) 30th July, 2009, (ii) 28th October, 2009, (iii) 19th January, 2010 and (iv) 27th April, 2010. All the Members of the Committee attended all the meetings.

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

Pending as on 1 st July, 2009	NIL
Received during the year	21
Resolved / Disposed of during year	21
Pending as on 30 th June, 2010	NIL

3. Remuneration Committee

The Committee comprises:

Prof. Laxmi Narain	Chairman	Independent, Non-executive Director
Mr. Ashish Kumar Gupta	Member	Independent, Non-executive Director
Mrs. Deepa Hingorani	Member	Nominee Director, Non-Executive

The Remuneration Committee reviews the remuneration package for the Board level appointees and recommends it to the Board. The Committee held one meeting during the year on 27th April, 2010. All the members of the Committee were present.

Directors' remuneration:

The Whole-time Directors are remunerated as per their agreement with the Company. No sitting fee is paid to them and to the promoter directors. The two independent directors were paid the sitting fee, which was Rs. 3,00,000 each, to Prof. Laxmi Narain and to Mr. Ashish Kumar Gupta.

Shareholding of Directors: Except Prof. Laxmi Narain, who holds 250 shares, no other Director holds shares of the Company.

IV. General Body Meetings

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

Year	Location	Date	Time
2009	Registered Office and Works of the Company	10.11.2009	2.00 P.M.
2008	same as for the year, 2009	17.12.2008	2.00 P.M.
2007	same as for the year, 2009	20.12.2007	2.00 P.M.

ii) Special resolutions passed in previous three AGMs:

21st AGM: Approval of Remuneration payable to Mr. M. Ratnakar, Whole-time Director (CCO).

20th AGM: Appointment of Mr. Nand Kishore Khandelwal, as Whole-time Director.

19th AGM: No special resolution was passed at the AGM. A special resolution, however, was passed during 2006-2007, through Postal Ballot for changing the Registered Office of the Company to its Plant.

Management Discussion & analysis Report: It is separately provided in this Report.

V. Disclosures

i) As required by the Accounting Standard-18, details of related-party transactions are at Schedule 20 of Notes to Accounts. (ii) There were no instances of non-compliances by the Company. 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. (iii) 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 Praja Shakti (Regional newspaper).

VII. General Shareholder Information

- (i) Annual General Meeting will be held on 9th November, 2010 at 4.30 p.m. at the Registered Office of the Company situated at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh 532 336.
- (ii) Financial Year of the Company is 1st July to 30th June.
- (iii) Financial Reporting for the quarters ending 30th September, 2010, 31st December, 2010, 31st March, 2011 will be made within 45 days of closure of every quarter and consolidated annual results for the year ending 30th June, 2011, will be reported in August, 2011.
- (iv) Dates of Book Closure will be from 30th October, 2010 to 8th November, 2010.
- (v) Company's shares are listed on the Bombay Stock Exchange.
- (vi) Stock Code of the Company's scrip is 513309.
- (vii) ISIN Code is INE327C01023.

(viii) High & Low Market Price during each month in the accounting year was as follows:

Month	High	Low	Month	High	Low
July, 09	9.25	7.40	January, 10	17.72	11.19
August, 09	12.50	8.79	February, 10	13.94	11.35
September, 09	15.25	10.07	March, 10	12.90	10.30
October, 09	17.26	11.70	April, 10	17.11	11.02
November, 09	13.98	10.51	May, 10	17.15	12.25
December, 09	12.90	10.76	June, 10	14.10	12.50

(ix) Registrar & Share Transfer Agent of the Company is M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034, Ph. 040-23545913/14/15.

(x) 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.

(xi) Distribution of Shareholding as of 30th June, 2010 was as follows:

Category	No. of Shares	%Holding
a) Promoters and Promoter's Group:		
Foreign Bodies Corporate	7,500,000	60.50
b) Public shareholding		
(i) Foreign Institutional Investors	474,283	3.83
(ii) Bodies Corporate	693,624	5.59
(iii) Non-Resident Indians/Overseas Corporate Bodies	285,102	2.30
(iv) Clearing Members	498	0.00
(v) Individuals	3,443,606	27.78
Total	12,397,113	100.00

(xii) 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 2010, 34.99% shares were held in dematerialized form

(xiii) Compliance Officer: Mr. R. Sadhu, Company Secretary

Ph. 08454 250193. e-mail: cs@alumecoindia.com

(xiv) Plant Location: Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh 502 336.

(xv) Address for correspondence: Same as in (xiv) above.

(xvi) Investor Relations: All queries received from shareholders during the accounting year 2009-10 have been responded adequately and in time.

(xvii) Nomination Facility: Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding can submit their request to the Company's Share Transfer Agent M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad 500 034. Shareholders holding shares in electronic form are requested to contact their Depository Participant (DP) in this regard.

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 2010, as envisaged in clause 49 of the Listing Agreement.

Place: Kallakal (Medak Dist.)
Date: 05.08.2010

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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 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: 18.08.2010

Ajay Kishan
Company Secretary
CP No. 5146

Management Discussion and Analysis Report:

(A) Industry Structure and Developments :

The Extrusion industry is a multi billion dollar business globally. If we go around in our house and we will find a multitude of products that have been typically extruded. The various types of extruded shapes that

are produced by the extrusion include rods, profiles, channels, etc. The Extrusion industry serves many important industries like Auto Construction, Engineering etc.

The Indian aluminum market is growing at a rapid pace with over 7% per annum that extensively use aluminum

themselves booming, ensuring that this sector stays firmly on the growth path for times to come. Total aluminum consumption in our country is around 1,100 Kilo Tons (KT) at present, which has grown significantly from 2002 level of 600 KT.

Domestic aluminum production of 1,200 KT in India is adequate to meet the present demand 1,100 KT. With production exceeding the consumption marginally, India, at present, is a net exporter of aluminum.

(B) Opportunities and Threats :

India is amongst the lowest cost producers of aluminum in the world. At present, cost of aluminum production in India is about \$1500 per ton compared to the world average of \$1,600 per tone. This will help India have the cost advantage over other countries.

India's per capita consumption of aluminum in the form of extruded products, stands low at 1 kg compared to the per capita consumption of other countries like the US 30 kgs, Japan 15 kgs, Taiwan 10 kgs and China 3 kgs. In India the industries that require aluminum products mostly include power, consumer durables, transportation, construction and packaging. With faster industrial development and improved level of living, the demand for aluminum products is set to go up.

Since the Company is exporting majority of its products, there may be lesser demand for the Company's products due to financial turmoil in some of the countries in Europe. Availability of cheaper substitutes and low awareness of the consumers regarding the aesthetics and durability of extrusions would also come in the way of achieving higher growth.

(C) Segment or Product wise Performance:

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

(D) Outlook:

With key consuming industries forming part of the domestic core sector, the aluminum industry is sensitive to fluctuations in performance of the economy. Power, infrastructure and transportation account for almost 3/4th of domestic aluminum consumption. With the government focusing towards bringing back GDP growth rates of about 8%, the key consuming industries are likely to lead the way, which

could positively impact aluminum extrusion Industry. Domestic demand growth is likely to remain robust over a long term period.

The change in product mix and the focus on domestic market along with measures of cost reduction, more efficient management of resources and with substantial technical and financial support of the foreign promoter, the Company is hopeful of reporting favorable results in future.

The plan for 2010-11 is to stabilize the operations by effective resource management, optimization of cost, and further increase in the domestic market.

(E) Risks and Concerns:

Unhealthy competition from the un-organized sector is a matter of concern.

(F) Internal Control Systems and their Adequacy:

Internal control systems in all areas of operations are adequate.

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

The period under review witnessed a moderate increase in revenue from Rs. 610 million to Rs.660 million. The Company's efforts to develop the domestic market for its products and right product mix have started giving results in the form of improved profitability.

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

Industrial relations are harmonious. The Company recognizes the importance and contribution of the human resources for its growth and development.

Cautionary Statement :

The statements in this section describes 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.

AUDITORS' REPORT

To

The members of Alumeco India Extrusion Ltd.

1. We have audited the attached Balance Sheet of Alumeco India Extrusion Limited ("the Company") (formerly known as Pennar Profiles Limited) as at 30 June 2010, the Profit and Loss account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. *The Company has accumulated losses of Rs. 180,817,667 as at 30 June 2010 which have exceeded the paid up capital and reserves (Rs. 160,522,805) of the Company at that date. Also, the Company has 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 and has been declared sick on 9 February 2010. It is currently in the process of working out a rehabilitation scheme with the BIFR.*

Though the management is making efforts to improve the performance, and though the Company has made profits for the year ended 30 June 2010, considering the financial position of the Company at that date, there exists uncertainty as to whether the Company will be able to continue as a going concern. However, the financial statements for the year ended 30 June 2010
- have been prepared on a going concern basis and do not include any adjustment 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.*
4. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 5. Further to our comments in the Annexure referred to in paragraph 4 above, 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, Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - (e) on the basis of written representations received from the directors as on 30 June 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at 30 June 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our comments in paragraph 3 above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 30 June 2010;
 - b. in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c. in the case of Cash Flow statement, of the cash flows for the year ended on that date.
6. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 7. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a) to (d) of the order are not applicable.
 8. During the earlier years, the Company has taken a loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 2,922,177 and the year end balance of such loan was Rs. 819,367.
 9. In our opinion, the rate of interest and other terms and conditions on which loan has been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
 10. In the case of loans taken from companies listed in the register maintained under section 301, the Company has been regular in repaying the principal amount as stipulated and in the payment of interest.
 11. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase inventory, fixed assets and sale of goods and services are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations. We have not observed any major weakness in the internal control system during the course of audit.
 12. 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 Companies Act, 1956 have been entered in the register required to be maintained under that section.
 13. 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 (12) above and exceeding the value of Rs. 5 lakh with any party during the year are for the Company's specialised requirements for which suitable alternative sources are not

for B S R & Company
Chartered Accountants
Firm Registration No: 128032W

Hyderabad
25 August 2010.

Sriram Mahalingam
Partner
Membership No: 049642

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the members of Alumeco India Extrusion Limited ("the Company") (formerly known as Pennar Profiles Limited) for the year ended 30 June 2010. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, verification was carried out and no material discrepancies were identified during such verification.
3. Fixed assets disposed off during the year were not substantial.
4. The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
5. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

14. The Company has not accepted any deposits from the public.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, in respect of 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.
- 17.(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. 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, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 30 June 2010 for a period of more than six months from the date they became payable *except for income tax amounting to Rs.3,015,288 which is outstanding for more than six months as of 30 June 2010.* As explained to us, the Company did not have any dues on account of, Investor Education and Protection Fund and Wealth Tax.
- (c) Further, there were no dues on account of cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
18. According to the information and explanations given to us, the following dues in respect of Sales tax and Excise duty have not been deposited by the Company with the appropriate authorities on account of dispute:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount related	Forum where dispute is pending
Central Excise Act, 1944	Interest and Penalty	34,415,405 (Tax paid under protest 19,532,324)	2002-05	Hyderabad - I, Commissioner
Central Sales Tax Act - 1956	Central SalesTax	1,250,000 (Tax paid under protest 1,000,000)	2001-02	High Court, Andhra Pradesh
Central Excise Act, 1944	Interest and Penalty	4,990,704 (Tax paid under protest 3,268,218)	2005-06	Appellate Commissioner

The Company received orders 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 Rs.28,937,712, Rs.18,256,357, Rs.33,216,328 and Rs.35,183,477 for the assessment years 2003-04, 2004-05, 2005-06 and 2006-07 respectively, against which the Company has preferred an appeal. The cases are currently pending with the Income

Tax Appellate Tribunal for the assessment years 2004-05 and 2005-06. Further, the matters with respect to the assessment years 2005-06 and 2006-07 are currently pending with Commissioner of Income Tax (Appeals) and Dispute Resolution Panel respectively.

Further, Rs. 5,172,082 and Rs. 20,359,269 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 for hearing at High Court.

- No income tax demand order has been received by the Company with respect to the above matters.
19. The Company has accumulated losses amounting to Rs. 180,817,667 at the end of the financial year which exceeds its net worth of Rs. 160,522,805. The Company has not incurred cash losses in the current year and has incurred cash losses in the immediately preceding financial year.
 20. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. There are no outstanding debentures during the year.
 21. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 22. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
 23. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
 24. 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.
 25. In our opinion and according to the information and explanations given to us, the term loans obtained by the company were applied for the purposes for which such loans were obtained.
 26. 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 Rs.97,419,341 have been used for long-term purposes.
 27. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956.
 28. The Company did not have any outstanding debentures during the year.
 29. The Company did not raise any money by public issues during the year.
 30. 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 Registration No: 128032W

Hyderabad
25 August 2010

Sriram Mahalingam
Partner
Membership No: 049642

Balance sheet as at 30 June 2010

(All amounts in Indian rupees, except share data and where otherwise stated)

	Schedule	As at 30 June 2010	As at 30 June 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	158,211,130	158,211,130
Reserves and surplus	3	2,311,675	2,311,675
		<u>160,522,805</u>	<u>160,522,805</u>
Loan funds			
Unsecured loans	4	9,068,266	15,048,841
		<u>9,068,266</u>	<u>15,048,841</u>
Total		<u>169,591,071</u>	<u>175,571,646</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	246,784,087	242,895,534
Less: Accumulated depreciation and amortisation		(174,154,617)	(160,972,976)
Net block		72,629,470	81,922,558
Capital work-in-progress (Including capital advances)		13,563,275	16,000,332
		<u>86,192,745</u>	<u>97,922,890</u>
Current assets, loans and advances			
Inventories	6	84,832,429	35,799,167
Sundry debtors	7	35,685,330	21,377,553
Cash and bank balances	8	2,994,117	1,905,885
Loans and advances	9	25,792,859	43,346,154
		<u>149,304,735</u>	<u>102,428,759</u>
Current liabilities and provisions			
Current liabilities	10	235,803,631	204,404,051
Provisions	11	10,920,445	12,469,516
		<u>246,724,076</u>	<u>216,873,567</u>
Net current assets		<u>(97,419,341)</u>	<u>(114,444,808)</u>
Debit balance in Profit and loss account		180,817,667	192,093,564
Total		<u>169,591,071</u>	<u>175,571,646</u>
Significant accounting policies	1		
Notes to accounts	19		

The Schedules referred to above form an integral part of the balance sheet.

 As per our report attached
 for **B S R & Company**
 Chartered Accountants
 Firm Registration No: 128032W

 for **Alumeco India Extrusion Limited**

 Sriram Mahalingam
 Partner
 Membership No. 049642

 Prof. Laxmi Narain
 Chairman

 Wolfgang Ormeloh
 Managing Director

 Hyderabad
 Date: 25 August 2010

 Nand Kishore Khandelwal
 Chief Financial Officer

 Raghu Sadhu
 Company secretary

Profit and loss account for the period ended 30 June 2010
(All amounts in Indian rupees, except share data and where otherwise stated)

	Schedule	For the year ended 30 June 2010	For the year ended 30 June 2009
INCOME			
Sales, gross		661,126,663	592,605,792
Less : excise duty on sales		<u>(22,408,328)</u>	<u>(16,833,703)</u>
Sales, net		638,718,335	575,772,089
Income from job work		62,872	202,325
Other income	12	<u>12,539,471</u>	<u>34,076,266</u>
		651,320,678	610,050,680
EXPENDITURE			
Decrease/(Increase) in inventories	13	(315,358)	21,124,094
Raw material and stores consumed	14	518,132,081	474,912,993
Purchase of traded goods		4,989,331	-
Excise duty and sales tax against pending cases		-	3,943,023
Personnel costs	15	34,118,435	37,397,671
Manufacturing expenses	16	28,089,752	30,358,324
Administrative and selling expenses	17	41,625,758	68,190,556
Finance charges	18	960,092	1,469,088
Depreciation	5	<u>15,147,429</u>	<u>18,676,550</u>
		642,747,520	656,072,299
Profit/(Loss) before taxation and prior period items		8,573,158	(46,021,619)
Prior period item (net)		2,702,739	-
Profit/(Loss) before taxation		11,275,897	(46,021,619)
Provision for taxation			
- Current tax		-	-
- Income tax for earlier years		-	3,015,288
- Deferred tax		-	-
- Fringe benefit tax		-	203,691
Net Profit/(Loss) after tax		11,275,897	(49,240,598)
Balance in profit and loss account brought forward		<u>(192,093,564)</u>	<u>(142,852,966)</u>
Balance carried forward		(180,817,667)	(192,093,564)
Earnings per share			
	19 (10)		
EPS before prior period item			
Basic - Par value Rs.10 per share		0.36	(4.30)
Diluted - Par value Rs.10 per share		0.36	(4.30)
EPS after prior period item			
Basic - Par value Rs.10 per share		0.58	(4.30)
Diluted - Par value Rs.10 per share		0.58	(4.30)
Significant accounting policies	1		
Notes to accounts	19		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report attached
for **B S R & Company**
Chartered Accountants
Firm Registration No: 128032W

for **Alumeco India Extrusion Limited**

Sriram Mahalingam
Partner
Membership No. 049642

Prof. Laxmi Narain
Chairman

Wolfgang Ormeloh
Managing Director

Hyderabad
Date: 25 August 2010

Nand Kishore Khandelwal
Chief Financial Officer

Raghu Sadhu
Company secretary

Cash Flow Statement

(All amounts in Indian rupees, except share data and where otherwise stated)

	30 June 2010	30 June 2009
A. Cash flows from operating activities		
Profit before taxation	11,275,897	(46,021,619)
Adjustments for:		
Depreciation	15,147,429	18,676,550
Interest income	(300,442)	(323,053)
Finance charges	960,092	1,469,088
(Profit)/Loss on sale of assets	1,288,653	1,997,261
Bad debts written off	-	929,799
Provision no longer required written back	-	(27,308,097)
Unrealised foreign exchange loss/(gain)-(net)	1,742,050	1,902,457
Operating cash flows before working capital changes	30,113,679	(48,677,614)
(Increase)/decrease in sundry debtors	(14,094,580)	14,880,843
(Increase)/ decrease in loans and advances	17,553,295	(18,347,338)
(Increase)/decrease in inventories	(49,033,262)	130,320,689
Increase/(decrease) in current liabilities and provisions	27,059,599	(62,866,884)
Cash generated from operations	11,598,731	15,309,696
Taxes paid (including fringe benefit tax)	-	(3,218,979)
Net cash provided by operating activities	11,598,731	12,090,717
B. Cash flows from investing activities		
Purchase of fixed assets	(4,705,937)	(19,367,096)
Proceeds from sale of fixed assets	-	459,710
Interest received	300,442	323,053
Net cash used in investing activities	(4,405,495)	(18,584,333)
C. Cash flows from financing activities		
Repayment of long term borrowings	(5,348,877)	4,337,244
Proceeds of short term borrowings	-	-
Interest paid	(756,127)	(1,469,088)
Net cash generated from/(used in) financing activities	(6,105,004)	2,868,156
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,088,232	(3,625,460)
Cash and cash equivalents at the beginning of the year	1,905,885	5,531,345
Cash and cash equivalents at the end of the year	2,994,117	1,905,885
Components of cash and cash equivalents as at	30 June 2010	30 June 2009
Cash in hand	25,276	31,944
Balances with scheduled banks		
-In current accounts	2,968,841	1,873,941
	2,994,117	1,905,885

As per our report attached
for **B S R & Company**
Chartered Accountants
Firm Registration No: 128032W

for **Alumeco India Extrusion Limited**

Sriram Mahalingam
Partner
Membership No. 049642

Prof. Laxmi Narain
Chairman

Wolfgang Ormeloh
Managing Director

Hyderabad
Date: 25 August 2010

Nand Kishore Khandelwal
Chief Financial Officer

Raghu Sadhu
Company secretary

Schedules to the Balance Sheet

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 2: Share Capital	As at 30 June 2010	As at 30 June 2009
Authorised		
12,500,000 (previous year : 12,500,000) equity shares of Rs. 10/- each	125,000,000	125,000,000
3,500,000 (previous year : 3,500,000) preference shares of Rs. 10/- each	35,000,000	35,000,000
	160,000,000	160,000,000
Issued, subscribed and paid-up		
12,397,113 (previous year : 12,397,113) equity shares of Rs.10/- each fully paid	123,971,130	123,971,130
3,424,000 (previous year : 3,424,000) 10% cumulative redeemable optionally convertible preference shares of Rs.10/- each fully paid	34,240,000	34,240,000
	158,211,130	158,211,130

Notes:

1) Issued, subscribed and paid-up capital includes :

- a) 7,500,000 (previous year 7,500,000) equity shares held by OSI India Holding A/S, Denmark (holding company).
- b) 1,212,700 (previous year 1,212,700) preference shares held by O & S Metallimport GmbH, Germany (holding company of OSI India Holding A/S, Denmark)

Schedule 3: Reserves and surplus	As at 30 June 2010	As at 30 June 2009
Central investment subsidy	306,000	306,000
Capital reserve	8,500	8,500
Securities premium account	1,997,175	1,997,175
	2,311,675	2,311,675

Schedule 4: Unsecured loans	As at 30 June 2010	As at 30 June 2009
Term loans		
The Industrialisation Fund for Developing Countries (IFU)#	8,248,899	12,126,664
O&S Metallimport GmbH*	819,367	2,922,177
	9,068,266	15,048,841

Includes amount payable within one year Rs. 2,919,883 (previous year Rs. 3,471,143).

* Includes amount payable within one year Rs. 819,367 (previous year Rs. 1,948,118).

Schedules to the Balance Sheet (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule : 5 Fixed Assets

Description	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 July 2009	Additions	Sale	As at 30 June 2010	As at 1 July 2009	for the year	Sale/ adjustments	As at 30 June 2010	As at 30 June 2010	As at 30 June 2009
Land	796,371	-	-	796,371	-	-	-	-	796,371	796,371
Buildings										
- Factory buildings	20,793,198	-	-	20,793,198	6,697,559	694,493	-	7,392,052	13,401,146	14,095,639
- Non factory buildings	10,411,290	-	-	10,411,290	1,711,927	169,240	-	1,881,167	8,530,123	8,699,363
Plant and machinery	148,131,470	513,703	-	148,645,173	111,929,522	7,819,189	-	119,748,711	28,896,462	36,201,948
Dies	37,793,629	5,873,410	3,254,441	40,412,598	24,390,913	5,064,069	1,965,788	27,489,194	12,923,404	13,402,716
Electrical installation	15,331,446	564,999	-	15,896,445	12,000,387	749,347	-	12,749,734	3,146,711	3,331,059
Furniture and fittings	3,016,053	-	-	3,016,053	987,382	174,416	-	1,161,798	1,854,255	2,028,671
Office equipment	2,068,886	74,806	-	2,143,692	455,558	94,388	-	549,946	1,593,746	1,613,328
Computers	3,243,486	116,076	-	3,359,562	2,449,672	257,865	-	2,707,537	652,025	793,814
Vehicles	1,309,705	-	-	1,309,705	350,056	124,422	-	474,478	835,227	959,649
Total	242,895,534	7,142,994	3,254,441	246,784,087	160,972,976	15,147,429	1,965,788	174,154,617	72,629,470	81,922,558
Previous year	232,923,657	15,258,410	5,286,533	242,895,534	145,125,988	18,676,550	2,829,562	160,972,976	81,922,558	

Schedules to the Balance Sheet (Continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedule 6: Inventories	As at 30 June 2010	As at 30 June 2009
Raw material	58,316,227	8,740,732
Work-in-process	12,031,008	11,178,477
Finished goods	2,261,985	2,817,901
Stores and consumables	<u>12,223,209</u>	<u>13,062,057</u>
	<u>84,832,429</u>	<u>35,799,167</u>
Note:		
Raw materials include stock in transit Rs.39,858,139 (previous year Rs.3,943,048)		
Schedule 7: Sundry debtors	As at 30 June 2010	As at 30 June 2009
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	5,953,877	5,953,877
Other debts		
Considered good	<u>35,685,330</u>	<u>21,377,553</u>
	<u>41,639,207</u>	<u>27,331,430</u>
Less: Provision for doubtful debts	<u>(5,953,877)</u>	<u>(5,953,877)</u>
	<u>35,685,330</u>	<u>21,377,553</u>
Note:		
1) Debtors include Rs.Nil (previous year Rs.9,081,939) due from O & S Metallimport GmbH, and Rs.22,742,437 (previous year Rs. Nil) due from AHS GmbH a company under the same management.		
Schedule 8: Cash and bank balances	As at 30 June 2010	As at 30 June 2009
Cash in hand	25,276	31,944
Balances with scheduled banks		
- Current accounts	<u>2,968,841</u>	<u>1,873,941</u>
	<u>2,994,117</u>	<u>1,905,885</u>
Schedule 9: Loans and advances	As at 30 June 2010	As at 30 June 2009
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	16,186,689	21,421,832
Balances with customs, excise, etc.	869,303	12,851,673
VAT credit receivable	3,606,633	3,606,633
Deposits - others	<u>5,130,234</u>	<u>5,466,016</u>
	<u>25,792,859</u>	<u>43,346,154</u>
Schedule 10: Current liabilities	As at 30 June 2010	As at 30 June 2009
Sundry creditors		
- dues to micro, small and medium enterprises*	-	-
- others	180,287,980	183,380,032
Advances from customers	36,367,724	2,351,812
Interest accrued on delayed payments	203,965	-
Other current liabilities	<u>18,943,962</u>	<u>18,672,207</u>
	<u>235,803,631</u>	<u>204,404,051</u>
Schedule 11: Provisions	As at 30 June 2010	As at 30 June 2009
Provision for gratuity	5,065,442	5,879,821
Provision for leave encashment	1,661,982	2,396,674
Provision for excise duty and sales tax matters	<u>4,193,021</u>	<u>4,193,021</u>
	<u>10,920,445</u>	<u>12,469,516</u>

* refer to Note 11 of Schedule 19

Schedules to the Profit and Loss Account
(All amounts in Indian rupees, except share data and where otherwise stated)

	For the year ended 30 June 2010	For the year ended 30 June 2009
Schedule 12: Other income		
Sale of scrap	3,475,795	5,184,492
Other income	256,986	1,260,624
Foreign exchange gain, net	8,506,248	-
Interest income	300,442	323,053
(Tax deducted at source Rs. 27,416 (Previous year Rs. 60,067))		
Provision written back	-	27,308,097
	<u>12,539,471</u>	<u>34,076,266</u>
Schedule 13: Decrease/(increase) in inventories	For the year ended 30 June 2010	For the year ended 30 June 2009
Opening inventories		
Finished goods	2,817,901	4,985,492
Work-in-process	11,178,477	30,106,263
	<u>13,996,378</u>	<u>35,091,755</u>
Increase / (decrease) in excise duty on finished goods	(18,743)	28,717
	<u>13,977,635</u>	<u>35,120,472</u>
Closing inventories		
Finished goods	2,261,985	2,817,901
Work-in-process	12,031,008	11,178,477
	<u>14,292,993</u>	<u>13,996,378</u>
Decrease/(increase) in inventories	<u>(315,358)</u>	<u>21,124,094</u>
Schedule 14: Raw materials & Stores consumed	For the year ended 30 June 2010	For the year ended 30 June 2009
Opening stock	8,740,732	120,000,341
Add: Purchases	567,707,576	363,653,384
	<u>576,448,308</u>	<u>483,653,725</u>
Less: Closing stock	58,316,227	8,740,732
	<u>518,132,081</u>	<u>474,912,993</u>
Schedule 15: Personnel costs	For the year ended 30 June 2010	For the year ended 30 June 2009
Salaries, wages and bonus	27,828,441	28,620,587
Contributions to provident and other funds	2,548,194	2,562,677
Retirement benefits	2,078,893	3,642,944
Staff welfare expenses	1,662,907	2,571,463
	<u>34,118,435</u>	<u>37,397,671</u>
Schedule 16: Manufacturing expenses	For the year ended 30 June 2010	For the Year ended 30 June 2009
Power and fuel	25,968,804	25,468,211
Loss on dies discarded	1,288,653	1,782,391
Loss on sale of other fixed assets	-	214,870
Repairs and maintenance		
-Plant and machinery	233,324	1,340,112
-Buildings	-	417,993
-Others	598,971	1,134,747
	<u>28,089,752</u>	<u>30,358,324</u>

Schedules to the Profit and Loss Account(Continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

	For the year ended 30 June 2010	For the year ended 30 June 2009
Schedule 17: Administrative and selling expenses		
Rent	396,000	396,000
Rates and taxes	288,870	492,430
Freight	20,020,684	19,440,341
Travelling and conveyance	5,469,058	4,544,424
Insurance expenses	687,624	662,081
Printing and stationery	123,586	249,583
Legal and professional charges	3,553,966	2,790,502
Technical consultancy charges	992,148	-
Communication	956,031	831,136
Auditors' remuneration (net of service tax)		
- Audit fees	550,000	750,000
- Tax audit	70,000	75,000
- Other services	619,536	925,000
Bad debts written off	-	929,799
Foreign exchange loss, net	-	25,389,141
Directors' sitting fees	600,000	720,000
Claims paid against supplies	4,044,771	6,177,957
Miscellaneous expenses	3,253,484	3,817,162
	<u>41,625,758</u>	<u>68,190,556</u>
	For the year ended 30 June 2010	For the year ended 30 June 2009
Schedule 18: Finance charges		
Interest on term loans	668,452	1,126,134
Interest to others	61,930	487
Bank charges	229,710	342,467
	<u>960,092</u>	<u>1,469,088</u>

Schedules to the Balance Sheet and Profit and Loss Account

Overview

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

Schedule 1: Significant accounting policies

1. Basis of preparation

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP). GAAP comprises of accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenue and expense for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. 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. 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.

Schedules to the Balance Sheet and Profit and Loss Account (Continued)

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress.

4. Depreciation

Depreciation on fixed assets is provided using the Straight Line Method 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%

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.

5. Inventories

Inventories are valued as follows:

Raw materials	Lower of cost and net realisable value. However, materials and other items held for use in the manufacturing of inventories are not written down below cost if it is estimated that the finished products in which such material is to be used is expected to be sold at or above cost. Cost is determined on first-in, first-out basis.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of production overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Stores and consumables	Inventory of stores and spares is valued at cost.

6. 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.

Sale of Goods

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.

Interest

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

7. 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.

8. Foreign currency translation

(i) Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion:

Foreign currency monetary items are reported using the closing rate. 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.

Schedules to the Balance Sheet and Profit and Loss Account (Continued)

(iii) Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

9. 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 Profit and Loss Account 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 leave encashment 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 Profit and Loss account and are not deferred.

10. Taxes on income

Tax expense comprises of current, deferred and fringe benefit tax. Current income-tax and fringe benefit 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 recognized 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.

11. 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.

12. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and when it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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.

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 possible obligation or a present obligation in respect of which the likelihood of outflow is remote, no provision is made.

13. 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

Schedules to the Balance Sheet and Profit and Loss Account (Continued)

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 profit and loss account. 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.

Schedule 19: Notes to accounts

1. Going concern assumption

During the year, the Company was declared as a sick industrial company by the Board for Industrial and Financial Reconstruction (BIFR) and IDBI has been appointed as an Operating Agency to assist in working out a rehabilitation scheme. The Company is hopeful of working out a rehabilitation scheme, and therefore, management believes that the Company would be in a position to continue as a going concern for the foreseeable future and meet its financial obligations as they fall due. The Company has earned a net Profit of Rs. 11,275,897 for the year ended 30 June 2010. It also has accumulated losses of Rs. 180,817,667 as on that date compared to the shareholder's funds of Rs. 160,522,805. Accordingly, these financial statements have been prepared under the going concern assumption.

2. Contingent liabilities

Particulars	30 June 2010	30 June 2009
(a) Arrears of dividend on cumulative preference shares	16,836,230	13,412,230
(b) Tax on preference dividend not provided for	2,861,317	2,186,140
(c) Excise matters under dispute	1,722,486	1,199,571
(d) Sales tax matters under dispute	Nil	12,554,655

- (e) 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 Rs. 28,937,712 and Rs. 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 (ITAT). 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 Rs. 33,216,328 and for A.Y. 2006-07, Rs.35,183,477 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the CIT and Dispute Resolution Panel (DRP) for the respective years. 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.
- (f) Further, Rs.5,172,082 and Rs.20,359,269 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 for hearing before the High Court.
- (g) For the fiscal year 2004-2005 to 2009-2010, 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 2010 the aggregate amount of 'C' forms to be collected is Rs.51,130,154. 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 Rs. 1,002,838.

3. The Company during the year ended 30 June 2010, paid/provided for an amount of Rs.Nil (Previous year Rs.3,943,023) towards various demands raised by the sales tax authorities relating to earlier years outstanding cases.

4. **Related party transactions**

Name of the related party	Country	Nature of relationship
OSI India Holding A/S (OSI)	Denmark	Immediate holding company
O & S Metallimport GmbH (OSM)	Germany	Holding Company of OSI
Alumeco A/S	Denmark	Holding Company of OSM
H S Metalservice nr 2 ApS (HSM)	Denmark	Holding Company of Alumeco A/S
H S Metalservice ApS	Denmark	Holding Company of HSM
O&S Ratna Aluminium Fabricators Private Limited	India	Companies over which the key management personnel exercise significant influence.
O & S Metallimport Holdings Private Ltd.	India	Fellow Subsidiary
Alumeco Handlerservices GmbH	Germany	Subsidiary of Alumeco A/S
Mr. Wolfgang Ormeloh	Germany	Key Managerial Personnel
Mr. M. Ratnakar	India	Key Managerial Personnel
Mr. Karnal Kumar	India	Key Managerial Personnel
Mr. N.K. Khandelwal	India	Key Managerial Personnel

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

	For the year ended 30 June 2010	For the year ended 30 June 2009
Holding Company		
O&S Metallimport GmbH (OSM)		
• Purchase of material	164,663,115	326,795,434
• Sale of material	113,597,336	426,022,377
• Claims paid against supplies	4,006,114	6,177,957
• Interest on loan taken	80,788	306,598
• Technical services charges paid	992,148	-
Alumeco Handlerservices GmbH		
• Purchase of material	202,000,387	-
• Sale of material	230,100,077	-
• Claims paid against supplies	38,657	-
• Interest provided on overdue bills	203,965	-
Alumeco A/S		
• Sale of Material	35,385,073	-

Balance with Related Parties:

Particulars	Receivable / (Payables) as at	
	30 June 2010	30 June 2009
O&S Metallimport GmbH (OSM)	(819,367)	(161,402,280)
Alumeco Handlerservices GmbH	22,742,437	-
Alumeco Handlerservices GmbH	(154,034,319)	-
Alumeco A/S	(33,760,063)	-

Key Management Personnel	For the year ended 30 June 2010	For the year ended 30 June 2009
Remuneration to Key Management Personnel		
1. Mr. Kamal Kumar (resigned with effect from August 23, 2008)	-	521,446
2. Mr. M. Ratnakar	1,445,057	1,125,000
3. Mr. N.K. Khandelwal (appointed with effect from September 23, 2008)	1,713,155	1,204,852

5. Particulars of managerial remuneration

Particulars of transactions	For the year ended 30 June 2010	For the year ended 30 June 2009
Salaries and allowances	2,958,415	2,668,119
Contribution to provident fund and other funds	199,797	183,179
	3,158,212	2,851,298
Directors' sitting fee	600,000	720,000

The above figures do not include provision for gratuity and leave encashment payable to the directors as the same is actuarially determined for the Company as a whole.

6. Prior Period Item

Prior period expenses/ (income) consist of the following:

	For the year ended 30 June 2010	For the year ended 30 June 2009
Reversal of retirement benefits excess provision made in earlier years (on account of corrections in the previous years actuarial valuation carried out)	(2,702,739)	-

7. Disclosure regarding Derivative Instruments

(a) There are no Derivative Contracts outstanding as on 30 June 2010.

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

Particulars	For the year ended 30 June 2010	For the year ended 30 June 2009
Sundry creditors	US \$ 4,041,265	US \$ 3,500,356
Sundry creditors	INR 188,440,209	INR 167,562,042
Sundry debtors	US \$ 488,035	US \$ 189,721
Sundry debtors	INR 22,742,437	INR 9,081,939
Unsecured loans	€ 159,260	€ 222,320
Unsecured loans	INR 9,068,264	INR 15,048,841

8. Preference share capital

10% Cumulative Redeemable Optionally Convertible Preference Shares (CRCPS) of Rs.10 each have been allotted to O & S Metallimport GmbH and Industrialisation 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. The Company during the year has 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.

9. 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 profit and loss account 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 profit and loss account for the period ended 30 June 2010 under gratuity cost.

	30 June 2010	30 June 2009
Interest cost	428,925	397,175
Past service cost	-	-
Current Service Cost *	(1,027,717)	761,584
Benefits paid	(352,443)	(844,001)
Actuarial (gain) / loss on obligations	136,856	446,826
Net benefit expense	(814,379)	761,584

* Includes prior period reversal of Rs.1,567,765.

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

	30 June 2010	30 June 2009
Opening defined benefit obligation*	5,879,821	5,118,237
Interest cost	428,925	397,175
Current service cost	(1,027,717)	761,584
Actuarial Loss	136,856	446,826
Benefit paid	(352,443)	(844,001)
Closing defined benefit obligation	5,065,442	5,879,821

* As computed by applying the principles contained in Revised AS - 15.

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

	30 June 2010	30 June 2009
Discount rate	7.5% p.a	7.76% p.a
Attrition rate	5% p.a	5% 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.

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.

10. Earnings per share

	For the year ended 30 June 2010	For the year ended 30 June 2009
Earnings		
Net profit / (Loss) after tax for the year		
- Before prior period item	8,573,158	(49,240,598)
- After prior period item	11,275,897	(49,240,598)
Less : Preference dividend including tax on dividend	4,099,177	4,005,909
Net profit for calculation of basic earnings per share (Rs.)		
- Before prior period item	4,473,981	(53,246,507)
- After prior period item	7,176,720	(53,246,507)
Shares		
Weighted average number of equity shares in calculating basic EPS (in No's) (A)	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)	5,107,623	4,765,223
Total weighted average number of shares in calculating diluted EPS (A+B)	17,504,736	17,162,336
Earnings per share of par value Rs.10 – Basic and diluted		
- Before prior period item	0.36	(4.30)
- After prior period item	0.58	(4.30)

The conversion of outstanding CRCPS into equity if made would have the effect of increasing profit per share for the current year, and reducing the loss per share for the year ended 30 June 2009 and would therefore be anti dilutive. Hence, such conversion has not been considered for the purpose of computing dilutive earnings per share for that year ended.

11. The Company has during the year sent out letters seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, the Company believes that it does not have any outstanding dues to micro, small and medium enterprises. Further, the Company has not paid any interest to the micro, small and medium enterprises.

	For the year ended 30 June 2010	For the year ended 30 June 2009
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

12. Deferred taxes

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

	As at 30 June 2010	As at 30 June 2009
On fixed assets	3,699,526	5,636,408
On unabsorbed business loss	(3,699,526)	(5,636,408)
Net deferred tax (asset) / liability	-	-

In the absence of virtual certainty on realisation of deferred tax assets on carry forward losses, the deferred tax asset has been recorded to the extent there exists reversing temporary differences by way of deferred tax liability on fixed assets.

13. 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 overseas segment [59% for the year ended June 30, 2010 (74% for the year ended June 30, 2009)]. The following table shows revenue of the segments for the year ended June 30, 2010 and for the year ended June 30, 2009 and assets of the segments as at June 30, 2010 and as at June 30, 2009.

Particulars	India		Overseas		Total (In Rupees)	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Revenue (net)	259,635,849	149,749,712	379,082,486	426,022,377	638,718,335	575,772,089
Assets (excluding Debit balance in Profit & Loss account)						
- Debtors	12,942,893	12,295,614	22,742,437	9,081,939	35,685,330	21,377,553
- Other assets	199,812,150	178,974,096	-	-	199,812,150	178,974,096
Additions to fixed assets (including CWIP)	4,705,937	19,367,096	-	-	4,705,937	19,367,096

14. Earnings in foreign currency

	For the year ended 30 June 2010	For the year ended 30 June 2009
FOB value of exports (Rs.)	366,385,394	413,574,514

15. Expenditure in foreign currency

	For the year ended 30 June 2010 (Rs.)	For the year ended 30 June 2009 (Rs.)
Interest on loan from		
- IFU	383,699	819,536
- O&S Metallimport, GmbH	80,788	306,598
Interest on delayed payment to Alumeco Handlertservices GmbH	203,965	-
Claims paid against supplies	4,044,771	6,177,957
Technical Services fee paid	992,148	-

Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956

16. Licensed, installed capacity and actual production of aluminum extrusions

(In metric tonnes)

	For the year ended 30 June 2010	For the year ended 30 June 2009
Licensed capacity	8,500	8,500
Installed capacity	8,500	8,500
Actual production		
-Own production	4,690	3,852
-Job work production	2	6

17. Sales details of aluminum extrusions at gross value

Category	Quantity in tonnes		Value in Rupees	
	For the year ended 30 June 2010	For the year ended 30 June 2009	For the year ended 30 June 2010	For the year ended 30 June 2009
Aluminum extrusions				
Manufactured	4,700	3,855	655,727,321	592,605,792
Traded*	93	-	5,399,342	-
Total	4,793	3,855	661,126,663	592,605,792

* Purchased and sold during the year.

18. Consumption of raw materials and components

Category	Quantity in tonnes		Value in Rupees	
	For the year ended 30 June 2010	For the year ended 30 June 2009	For the year ended 30 June 2010	For the year ended 30 June 2009
Aluminum metals	4,799	3,879	509,157,258	463,160,064
Others	-	-	13,964,154	11,752,929
	4,799	3,879	523,121,412	474,912,993

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

19. Value of imports calculated on CIF basis

	For the year ended 30 June 2010 (Rs.)	For the year ended 30 June 2009 (Rs.)
Raw materials	377,482,599	326,795,434
Die steel	470,998	7,476,014
Dies	599,639	-
Spares	676,964	1,385,965

20. Imported and indigenous raw materials, components and spare parts consumed

Category	% of total consumption		Value in Rupees	
	For the year ended 30 June 2010	For the year ended 30 June 2009	For the year ended 30 June 2010	For the year ended 30 June 2009
Imported	73.50	95.60	380,814,545	454,029,350
Indigenous	26.50	4.40	137,317,536	20,883,643
	100.00	100.00	518,132,081	474,912,992

21. Details of finished goods

Category	Quantity in tonnes		Value in Rupees	
	For the year ended 30 June 2010	For the year ended 30 June 2009	For the year ended 30 June 2010	For the year ended 30 June 2009
Aluminum extrusion				
Opening stock	28	31	2,817,901	4,985,492
Closing stock	18	28	2,261,985	2,817,901

22. Previous year comparatives

Previous year's figures have been regrouped where necessary to conform to current year's classification.

for Alumeco India Extrusion Limited

Prof. Laxmi Narain
Chairman

Wolfgang Ormeloh
Managing Director

Hyderabad
Date: 25 August 2010

Nand Kishore Khandelwal
Chief Financial Officer

Raghu Sadhu
Company secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No : CIN:74999AP1988PLC008966

State Code: 01

Balance Sheet Date : 30062010

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

169591

Total Assets

169591

Sources of Fund

Paid-up Capital

158211

Reserves & Surplus

002312

Secured Loans

NIL

Unsecured Loans

9068

Application of Funds

Net Fixed Assets

86193

Investment

NIL

Net Current Assets

(97419)

Misc. Expenditure

NIL

Accumulated Losses 180817

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

Turnover

651321

Total Expenditure

642748

Profit(Loss) Before Tax

11276

Profit/(Loss) After Tax

11276

Earning per share in Rs.

0.58

Divident Rate %

NIL

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

Item code No. (ITCCode) : 76.04

Product Description Aluminium Profiles/Bars/rods

Item Code No. (ITC Code) 76.08

Product Description Aluminium Tubes/Pipes



ALUMECO INDIA EXTRUSION LIMITED

Registered Office: Sy. 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 22nd Annual General Meeting of the Company, to be held on Tuesday, 9th November, 2010 at 4.30 p.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, 2010.

Folio No. / DP ID * & Client ID*

* Applicable for investors holding shares in dematerialized form

Affix Revenue Stamp of One Rupee

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 *		Folio No.	
Client Id *		No. of shares	

NAME & ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING of the Company held on Tuesday, 9th November, 2010 at 4.30 p.m. at the Registered Office of the Company.

* Applicable for investors holding shares in dematerialized form.

SIGNATURE OF THE SHAREHOLDER/PROXY

Note : i. Many Annual Reports are coming back un-delivered due to change in addresses of the shareholders. The shareholders are requested to intimate the Company as and when there is a change in their addresses. The Company will be constrained to stop sending the Annual Reports if the same is returned by the postal authorities due to non-availability of the addressee.

ii. For the convenience of the shareholders attending the meeting, the Company is providing transport facility from A. P. Transco Office, near Bowenpally Post Office, Bowenpally, Secunderabad. The vehicle will start for the factory at 3.20 p.m. Shareholders can avail this facility.

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