



ALUMECO INDIA EXTRUSION LIMITED

24th Annual Report - 2012

BOARD OF DIRECTORS

Mr. Ashish Kumar Gupta
Chairman (w.e.f. 29th August 2012)

Prof. Laxmi Narain
Chairman (up to 28th August 2012)

Mr. Wolfgang Ormeloh
Managing Director

Mr. Nand Kishore Khandelwal
Deputy Managing Director

Mr. Hans Schweers
Director

Mrs. Deepa Hingorani
Director (up to 2nd February 2012)

Mr. M. Ratnakar
Director (up to 5th July 2012)

Mr. Rakesh Gupta
Director

Mr. Jakob Junker Jespersen
Director - Alternate to Mr. Hans Schweers

**Chief Financial Officer &
Compliance Officer**

Mr. Nand Kishore Khandelwal

Auditors

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

Cost Auditor

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

BANKERS

1. Axis Bank Limited
Kompally, Hyderabad

2. HSBC
Somajiguda, Hyderabad

3. HDFC Bank Limited
Medchal Branch, Medchal

4. State Bank of India
Somajiguda, Hyderabad

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

Registrar &

Share Transfer Agents

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

Registered Office & Works

Survey Nos. 379-382, Kallakal Village,
Toopran Mandal, Medak District,
Andhra Pradesh - 502 336.
Ph. Nos. 08454-250190 to 193, 195 & 197
Fax Nos. 08454-250196/514

CONTENTS

Notice	--	--	--	03
Directors' Report	--	--	--	08
Report on Corporate Governance	--	--	--	13
Management Discussion and Analysis	--	--	--	17
Auditors' Report	--	--	--	19
Balance Sheet	--	--	--	22
Profit & Loss Account	--	--	--	23
Cash Flow Statement	--	--	--	24
Notes on Accounts	--	--	--	25
Balance Sheet Abstract	--	--	--	45
E Communication Registration Form	--	--	--	46
Attendance Slip and Proxy Form	--	--	--	47

NOTICE TO SHAREHOLDERS :

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of Alumeco India Extrusion Limited will be held on Wednesday, 12th December, 2012 at 11.30 a.m. at the Registered Office of the Company, at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh 502 336, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the 24th Directors' Report, Balance Sheet as at 30th June, 2012, Profit & Loss Account and Cash Flow Statement for the period ended on that date, and the report of the Auditors thereon.
2. To appoint a Director in place of Prof. Laxmi Narain, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ashish Kumar Gupta, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, relating to the appointment of the Auditors of the Company:

"RESOLVED THAT M/s BSR & Company, Chartered Accountants with Firm registration number: 128032W be and are hereby appointed as the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and the Audit Committee / Board of Directors be and are hereby authorized to fix a suitable remuneration in consultation with the auditors".

SPECIAL BUSINESS

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

the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:
"RESOLVED THAT Mr. Nand Kishore Khandelwal who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:
"RESOLVED THAT in partial modification of the Resolution passed at the 23rd Annual General Meeting held on 14th December 2011 and in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act and subject to Central Government approval the consent of the Company be and is hereby accorded to the payment of enhanced remuneration of USD 3,000/- per month to Mr. Wolfgang Ormeloh, Managing Director of the Company with effect from 1st January, 2013 for the remainder of the tenure of his office".
9. To consider and, if thought fit, to pass with or without modification(s) the following resolution 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 be and is hereby accorded to the appointment of Mr. Nand Kishore Khandelwal, as Whole-time Director re-designated as Deputy Managing Director & Chief Financial Officer of the Company for a period up to 31st December 2013 with effect from 29th August, 2012 on the

- remuneration and terms and conditions as given below:
- a. Basic Salary: Rs. 104,082/- per month (existing) and Rs. 146,667/- per month (from 1st January 2013 till 31st December 2013).
 - b. H.R.A: 40 % of Basic Salary
 - c. Conveyance: Rs. 800/- per month
 - d. Education Allowance: Rs. 200/- per month
 - e. Other Allowances: Rs. 22,535/- per month (existing) and Rs. 35,233/- per month (from 1st January 2013 till 31st December 2013).
 - f. L.T.A: Rs. 60,000/- per annum
 - g. Medical Assistance: Rs. 30,000/- per annum
 - h. Provident Fund: As per the provisions of the Provident Fund Act.
 - i. Gratuity: As per the provisions of the Payment of Gratuity Act.
 - j. Company maintained car and driver.
 - k. Annual Performance linked Bonus subject to maximum of 4 months' salary (CTC) as decided by the Managing Director.
 - l. Company's telephone at residence and mobile phones, as per rules of the Company.
 - m. Group Mediclaim as per Company's Policy".

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution 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 be and is hereby accorded to the appointment of Mr. Rakesh Gupta, as Whole-time Director re-designated as Director – Marketing & Sales of the Company for a period up to 31st December 2013 with effect from 29th August, 2012 on the remuneration and terms and conditions as given below:

- a. Basic Salary: Rs. 121,500/- per month (existing) and Rs. 138,920/- per month (from 1st January 2013 till 31st December 2013).
- b. H.R.A: 40 % of Basic Salary
- c. Conveyance: Rs. 800/- per month
- d. Other Allowances: Rs. 32,540/- per month (existing) and Rs. 33,124/- per month (from 1st January 2013 till 31st December 2013).
- e. L.T.A: Rs. 60,000/- per annum
- f. Medical Assistance: Rs. 30,000/- per annum
- g. Provident Fund: As per the provisions of the Provident Fund Act.
- h. Gratuity: As per the provisions of the Payment of Gratuity Act.

- i. Company maintained car and driver.
- j. Annual Performance linked Bonus subject to maximum of 2 months' salary (CTC) as decided by the Managing Director.
- k. Company's telephone at residence and mobile phones, as per rules of the Company.
- l. Group Mediclaim as per Company's Policy".

By Order of the Board
For Alumeco India Extrusion Limited

Hyderabad
7th November 2012

Wolfgang Ormeloh
Managing Director

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio numbers in the attendance slip for attending the Meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m., up to the date of the Meeting.
7. The Register of Members and Transfer Books of the Company shall remain closed from 4th December 2012 to 12th December 2012 (both days inclusive) for the purpose of Annual General Meeting.

IMPORTANT COMMUNICATION TO MEMBERS

In an effort to make the Earth a better place to live for all, the green moment has been sweeping the Globe. The Ministry of Corporate Affairs has taken "Green Initiative in corporate governance" by allowing paperless compliance by companies through electronic mode, thus facilitating the receipt of the annual reports of the Company on your Email.

To support this green Initiative of the Government, we request the members to fill the enclosed E-Communication Registration Form and send it to the Company's Registrar and Share Transfer Agent M/s. XL Softech Systems Limited at the address mentioned there.

EXPLANATORY STATEMENT

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

ITEM NO: 5

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

Your Directors recommend the resolution for approval of the Shareholders.

Prof. Selvarani Balan is interested in the resolution to the extent of her appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO.6:

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

Your Directors recommend the resolution for approval of the Shareholders.

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

ITEM NO.7:

Pursuant to Article 67 a of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 Mr. Nand Kishore Khandelwal, was appointed as Additional Director on the Board of the Company and pursuant to provisions of Section 260 of the

Companies Act, 1956, he holds office as Director up to the date of the ensuing Annual General Meeting. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders.

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

ITEM NO. 8:

The Board of Directors of the Company at its meeting held on 29th August 2012, has subject to the approval of Members and the Central Government, revised the remuneration of Mr. Wolfgang Ormeloh, Managing Director from USD 2,500/- to USD 3,000/- per month with effect from 1st January, 2013 till the expiry of term as determined by the Remuneration Committee of the Board at its Meeting held on 29th August 2012. The terms of his remuneration as set out in the resolution are considered to be fair, just and reasonable.

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

The Board commends the Resolution set out in Item No 8 for your approval.

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

ITEM NO. 9:

The Board of Directors of the Company at its meeting held on 29th August 2012, has subject to the approval of Members, appointed Mr. Nand Kishore Khandelwal as Whole Time Director re-designated as Deputy Managing Director & Chief Financial Officer for a period up to 31st December 2013 on the remuneration as set out in the resolution determined by the Remuneration Committee of the Board at its Meeting held on 29th August 2012. The terms of his

remuneration as set out in the resolution are considered to be fair, just and reasonable.

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

A brief resume of Mr. Nand Kishore Khandelwal as required in terms of Clause 49 of the Listing Agreement is enclosed with the Notice.

The Board commends the Resolution set out in Item No 9 for your approval.

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

ITEM NO. 10:

The Board of Directors of the Company at its meeting held on 29th August 2012, has subject to the approval of Members, appointed Mr. Rakesh Gupta as Whole Time Director re-designated as Director – Marketing and Sales for a period up to 31st December 2013 on the remuneration as set out in the resolution determined by the Remuneration Committee of the Board at its Meeting held on 29th August

2012. The terms of his remuneration as set out in the resolution are considered to be fair, just and reasonable.

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

A brief resume of Mr. Rakesh Gupta as required in terms of Clause 49 of the Listing Agreement is enclosed with the Notice.

The Board commends the Resolution set out in Item No 10 for your approval.

None of the Directors, except Mr. Rakesh Gupta, is concerned or interested in the resolution.

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

1. General information:

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

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

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

(Rs. in million)

Particulars	30.06.2012	30.06.2011	30.06.2010
Sales and other income	803.97	876.52	651.32
Profit before Tax and prior period items	(27.44)	10.41	8.57
Finance Charges	4.68	1.84	0.96
Depreciation	14.07	14.14	15.55
Prior period items	--	--	2.71
Profit after Tax	(27.44)	10.41	11.28

(iv) *Export Performance:* The Company is exporting about 21% of its production.

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

2. Information about the managerial persons:

Mr. Nand Kishore Khandelwal – Deputy Managing Director & Chief Financial Officer

(i) *Background details* - Mr. Nand Kishore Khandelwal, aged 43, is a Chartered Accountant with 20 years of experience in Finance, Taxation, Auditing, HR and ERP Solutions and General Administration.

(ii) *Past remuneration* - Rs. 189,240/- p.m.

(iii) *Remuneration proposed* – Rs.189,240/- p.m. (existing) and Rs. 266,667/- p.m. effective from 1st January 2013.

(iv) *Comparative Remunerative profile* - It is similar or lower than in equivalent firms. (v) *Pecuniary relationship* - No pecuniary relationship except the remuneration received.

Mr. Rakesh Gupta – Director – Marketing and

Sales

(i) *Background details* - Mr. Rakesh Gupta, aged 54, is a B.Tech. (Met.) from IIT Kharagpur and M.Tech. (Met.) from IIT Mumbai and PGDMS from Jamnalal Bajaj Institute of Management with specialization in International Business Operations and product development with 30 years of experience in Marketing and Operations.

(ii) *Past remuneration* - Rs. 373,750/- p.m. plus perks.

(iii) *Remuneration proposed* – Rs. 225,520/- p.m. (existing) and Rs. 252,582/- (effective from 1st January, 2013)

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

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

3. Other Information:

(i) *Reasons of loss or inadequate profits* - Due to large unforeseen liabilities relating to Excise duty and Sales Tax arising primarily out of the previous promoters clandestine activities and exchange losses.

(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 expanding in the high margin domestic market.

(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

Hyderabad
7th November 2012

Wolfgang Ormeloh
Managing Director

Additional Information

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

Name	Prof. Laxmi Narain	Mr. Nand Kishore Khandelwal	Prof. Selvarani Balan	Mr. Rakesh Gupta	Mr. Ashish Kumar Gupta
Date of Birth	02.02.1930	18.09.1969	28.10.1955	26.12.1957	10.02.1975
Date of Appointment	27.06.1994	29.08.2012	29.08.2012	29.08.2012	28.10.2005
Qualifications	Ph.D. (London School of Economics)	B.Com, Associate Member of ICAI	MBA, Ph.D.	M.Tech. (Met.)	Chartered Accountant
Expertise in specific functional area	Significant knowledge and experience in the field of Business Management.	20 years of experience in Finance, Accounts, Auditing, HR, and ERP Solutions and General Administration.	Experience in the area of Human Resource Development.	30 years of experience in Marketing and Operations.	Expertise in Taxation, Audit and Corporate Laws.
Directorship in other Companies	Nil*	Nil*	Nil*	Nil*	Nil*
Memberships / Chairmanship of Committees across all Public Companies	Nil*	Nil*	Nil*	Nil*	Nil*

*Excludes Private and Foreign Companies.

DIRECTORS' REPORT

Dear Members,

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

the Company, together with the Audited Statements of Accounts and the Auditors' Report for the year ended 30th June, 2012.

Financial Highlights:

Particulars

	Current year 2011 - 2012	(Rs. Million) Previous year 2010 - 2011
Revenue from Operations	795.53	858.00
Other Income	8.43	18.52
Total Revenue	<u>803.96</u>	<u>876.52</u>
Profit/ (loss) before financial Expenses, Depreciation	(8.69)	26.39
Financial Expenses	04.68	01.84
Depreciation	<u>14.07</u>	<u>14.14</u>
Profit/ (Loss) before Tax	<u>(27.44)</u>	<u>10.41</u>
Profit/ (Loss) after Tax and prior period adjustment	(27.44)	10.41

Dividend:

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

Results of Operations:

The business environment still continues to be sluggish on account of weak global economy. Still your Company achieved a turnover of Rs. 789.19 million for the year as compared to Rs. 854.44 million in the previous year. The Company earned an operational profit of Rs. 26.39 million for the year but ended with a loss of Rs. 27.44 million mainly due to exchange loss of Rs. 53.83 million, as the Rupee depreciated against US Dollar.

Reference to Board for Industrial and Financial Reconstruction (BIFR):

The accumulated loss being more than the net worth of the Company, it was declared sick by the BIFR in February, 2010. The BIFR has ordered for preparation of a Rehabilitation Scheme and has appointed IDBI Bank as the Operating Agency for this purpose. Efforts are in progress for submission of the Rehabilitation Scheme for approval to the BIFR.

Directors:

Prof. Laxmi Narain and Mr. Ashish Kumar Gupta, who have been longest in the office, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 67a of the Articles of Association of the Company, Mr. Nand Kishore Khandelwal and Prof. Selvarani Balan were appointed as additional directors on 29th August 2012, and Mr. Rakesh Gupta was appointed as an alternate director to Mr. Hans Schweers on 29th August 2012 and re-designated as an additional director on 7th

November 2012. They hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from members proposing their candidature for the office of director, liable to retire by rotation.

During the year under review, Mrs. Deepa Hingorani and Mr. M. Ratnakar resigned as Directors with effect from 2nd February 2012 and 5th July 2012, respectively.

Change of Chairman:

Prof. Laxmi Narain, who was Chairman of the Company since March 2006, expressed his inability to continue as Chairman. The Board in its meeting held on 29th August 2012, decided to appoint Mr. Ashish Kumar Gupta as Chairman of the Company.

Directors' Responsibility Statement:

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

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

(ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2012 and of the profit or loss of the Company for that period:

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

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

Auditors:

M/s 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:

1. Point No. 3 of the Audit Report:

As more fully explained in Note 2.24, of the financial statement, the Company has accumulated losses of Rs. 197,852,028 as at 30th June 2012 which have exceeded the paid up capital and reserves (Rs. 160,522,805) of the Company at that date. Also, the Company had made a reference to the Board for Industrial & Financial Reconstruction (BIFR) in terms of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and had been declared sick on 9th February 2010. It is currently in the process of working out a rehabilitation scheme with the BIFR.

Though Management's efforts to improve the performance are ongoing, considering the financial position of the Company as at 30th June 2012, 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 30th June 2012 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or, to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

Management's Reply:

The accumulated loss at the year end is Rs. 197.85 million which is more than 100% of the net worth of the Company. On the Company's reference to BIFR, it was declared Sick by the BIFR, which has appointed IDBI Bank as the Operating Agency. The BIFR has directed the Company to prepare a Rehabilitation Scheme. Efforts are in progress for submission of the Rehabilitation Scheme for approval to the BIFR. The Management, based on the business plan, fully believes that the Company will continue to remain a going concern.

2. Point No. 4 of the Audit Report:

As more fully explained in Note 2.40 of the financial statements, during the year ended 30th June 2012 and 30th June 2011, the Company has accrued for managerial remuneration, which exceeds of the limits specified in Schedule XIII to the Companies Act, 1956 ('the Act') to the extent of Rs.9,083 & 143,856 respectively. The Company has applied for Central Government of

India's approval for the same, which is pending as at the date of our report. Pending the receipt of approval, such excess remuneration has not been paid.

Management's Reply:

The said amounts will be paid after receipt of approval from the Central Government, which is under process.

3. Point No. (ix) (a) of Annexure to the Auditors Report:

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Services tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 30th June 2012 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 at 30th June 2012.

Management's Reply:

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

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

The Company has accumulated losses amounting to Rs. 197,852,028 at the end of the financial year which exceeds its net worth of Rs 160,522,805.

Management's Reply:

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

5. Point No. (xvii) of Annexure to the Auditor's 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. 101,546,466 have been used for long-term purposes.*

Management's Reply:

The said amount represents excess of current liabilities over the current assets. This is caused due to current financial situation of the Company, wherein it has carried forward accumulated losses of Rs. 197,852,028 in its Balance Sheet.

Cost Audit:

Mr. Sandeep Zanwar, Cost Accountant, Hyderabad, was appointed Cost Auditor for the year ended 30th June 2012, with the approval of the Central Government. The Cost Audit for the year ended 30th June 2012, is under progress and the report would be submitted to the Central

Government.

Secretarial Audit:

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

Corporate Governance:

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

Management Discussion and Analysis Report:

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

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

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

Managing Director and Chief Financial Officer Certification:

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

Particulars of Employees Remuneration:

There being no employee, as on 30th June, 2012, drawing remuneration of more than Rs. 6.00

million per annum, provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable.

Internal Audit:

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

Listing of Securities:

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

Personnel:

Employee relations were cordial during the period. 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: Hyderabad

Ashish Kumar Gupta

Dated: 7th November 2012

Chairman

Annexures to the Directors' Report

Annexure I

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

A. Conservation of Energy:

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

a) Form - 'A'

(A) Power and Fuel Consumption:

Particulars			Year ended 30 th June,2012	Year ended 30 th June,2011
1		Electricity		
	a)	Purchased Units	4,318,604	4,876,610
		Total Amount (Rs.)	20,264,817	22,750,485
		Avg. Cost/KWH (Rs.)	4.69	4.67
		Own Generation		
	b) i)	Through Diesel Generator		
		Units (generated)	27,454	54,874
		Units/Liters of Diesel Oil	2.72	2.45
		Avg. Cost/Liters (Rs.)	42.94	38.68
	ii)	Through Steam Turbine Generator	Nil	Nil
		Coal Consumption	Nil	Nil
2		Furnace oil (Liters)	312,421	378,751
		Total Amount (Rs.)	12,840,152	12,485,656
		Avg. Cost/Liters (Rs.)	41.10	32.97
3		Others/Internal Generation	Nil	Nil

(B) Consumption per unit of Production:

Particulars	Year ended 30 th June,2012	Year ended 30 th June,2011
Products: Aluminum Alloy Extrusions (M.T.)	5,146	5,700
Electricity (KWH/M.T.)	839	856
Furnace Oil (Liters/ M.T. melted)	93.40	87.31

b) Form - 'B'

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

The Company is getting full R & D support from its group company in Denmark, whose technical experts visits the plant and provides 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 experts who visit the plant regularly. (b) *Benefit derived as a result of the above effort, e.g., product improvements, cost reduction, product development, import substitution etc.:* It is a continuous process. (c) *In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. (i) Technology. (ii) Year of import. (iii) Has technology been fully absorbed? (iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action:* Not applicable in the absence of imported technology.

C. Foreign Exchange Earnings and Outgo

(in Rupees)

Foreign Exchange:	2011-2012	2010-2011
Outgo	332,051,201	352,137,518
Earned	156,751,799	346,309,207

Annexure II

Certificate from the Managing Director & Chief Financial Officer

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

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

Date: 7th November 2012
Place: Hyderabad

Nand Kishore Khandelwal
Deputy Managing Director
& Chief Financial Officer

Wolfgang Ormeloh
Managing Director

CORPORATE GOVERNANCE

I. Company's Philosophy

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

II. Board of Directors

The Board comprised six directors as on 30th June, 2012, 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 Six meetings during the year ended 30th June, 2012, i.e., on (i) 27th July, 2011, (ii) 17th August, 2011, (iii) 28th October, 2011 (iv) 14th December 2011, (v) 13th February, 2012 and (vi) 9th May, 2012.

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

Name of the Director	Category	No. of meetings held	No. of meetings attended	Last AGM attendance (Yes/ No)
Prof. Laxmi Narain	Chairman, Independent Director	6	6	Yes
Mr. Wolfgang Ormeloh	Managing Director	6	5	Yes
Mr. Hans Schweers	Foreign Promoter (Non-Executive)	6	0*	No*
Mrs. Deepa Hingorani **	Nominee of Promoter (Non-Executive)	6	3	No
Mr. Ashish Kumar Gupta	Independent Director	6	6	Yes
Mr. M. Ratnakar ***	Whole-time Director	6	6	Yes
Mr. Nand Kishore Khandelwal	Alternate to Mr. Hans Schweers	6	6	Yes

*Mr. Nand Kishore Khandelwal, Alternate Director to Mr. Hans Schweers, attended all the meetings of the Board and the AGM.

** Mrs. Deepa Hingorani resigned from the Board with effect from 2nd February 2012.

*** Mr. M. Ratnakar resigned from the Board with effect from 5th July 2012.

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 **	2	5	1	1
Mr. Ashish Kumar Gupta	Nil	1	Nil	Nil
Mr. M. Ratnakar ***	Nil	Nil	Nil	Nil
Mr. Nand Kishore Khandelwal	Nil	1	Nil	Nil

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

** Mrs. Deepa Hingorani resigned from the Board with effect from 2nd February 2012.

*** Mr. M. Ratnakar resigned from the Board with effect from 5th July 2012.

III. Committees of the Board

1. Audit Committee

Brief description of Terms of Reference

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

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

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

The Committee held four meetings during the period ended 30th June, 2012, i.e., on (i) 17th August, 2011 (ii) 28th October, 2011, (iii) 13th February, 2012 and (iv) 9th May, 2012. While Mr. Ashish Kumar Gupta and Prof. Laxmi Narain attended all the meetings, Mr. Wolfgang Ormeloh could attend only three of them.

2. Investors' Grievance & Share Transfer Committee

The Committee comprises:

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

*** Mr. M. Ratnakar resigned from the Board with effect from 5th July 2012.

The Committee held four meetings during the period ended 30th June, 2012, i.e., on (i) 17th August, 2011 (ii) 28th October, 2011, (iii) 13th February, 2012 and (iv) 9th May, 2012. All members of the Committee attended all the meetings.

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

Pending as on 1st July, 2011	NIL
Received during the year	8
Resolved / Disposed of during year	8
Pending as on 30th June, 2012	NIL

3. Remuneration Committee

The Committee comprises:

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

** Mrs. Deepa Hingorani resigned from the Board with effect from 2nd February 2012.

The Remuneration Committee reviews the remuneration for the Board level appointees and recommends it to the Board. The Committee held one meeting during the year on 28th October, 2011. All the members of the Committee were present.

Directors' remuneration:

The Whole-time Directors are remunerated as per their agreement with the Company. They do not get any sitting fee, which is paid only to Non-Executive Independent Directors. The total sitting fee for attending meetings of Board and its Committees, paid during the year was Rs.300,000/- each to Prof. Laxmi Narain and Mr. Ashish Kumar Gupta. Promoter Directors are not paid any sitting fee.

Shareholding of Directors:

No Director held shares of the Company as on 30th June 2012.

IV. General Body Meetings

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

Year	Location	Date	Time
2011	Registered Office and Works of the Company	14.12.2011	11.30 A.M.
2010	Registered Office and Works of the Company	09.11.2010	4.00 P.M.
2009	Registered Office and Works of the Company	10.11.2009	4.00 P.M.

(ii) Special resolutions passed in previous three AGMs:

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

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

21ST AGM: Approval for payment of remuneration to Mr. M. Ratnakar, Whole-time Director (Chief Commercial Officer).

V. Disclosures:

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

VI. Means of Communication:

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

VII. General Shareholder Information

- (i) *Annual General Meeting* will be held on 12th December, 2012 at 11.30 a.m. at the Registered Office of the Company situated at Survey Nos. 379-382, Kallakal Village, Toopran Mandal, Medak District, Andhra Pradesh – 502 336.
- (ii) *Financial Year* of the Company is 1st July to 30th June.
- (iii) *Financial Reporting* for the quarters ending 30th September, 2012, 31st December, 2012, 31st March, 2013 will be within 45 days following the closure of the quarter and for the fourth quarter i.e. 30th June, 2013 will be within 60 days from the closure of the year.
- (iv) *Dates of Book Closure* will be from 4th December to 12th December 2012.
- (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 (2011)	High	Low	Month (2012)	High	Low
July	10.85	8.42	January	10.69	9.45
August	10.41	8.00	February	11.37	8.66
September	11.78	9.02	March	10.69	8.21
October	10.95	9.01	April	10.50	8.50
November	12.00	9.06	May	11.47	9.06
December	10.07	9.15	June	13.34	9.40

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

(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 on 30th June, 2012 was as follows*:

Category	No. of Shares	%Holding
a) Promoters and Promoter's Group: Foreign Body Corporate	7,500,000	60.50
b) Public shareholding		
(i) Foreign institutional Investors	28,440	0.23
(ii) Mutual Funds/UTI	2,150	0.02
(iii) Bodies Corporate	785,821	6.34
(iv) Non-Resident Indians / Overseas Corporate Bodies	242,053	1.95
(v) Clearing Members	321	0.00
(vi) Individuals	3,838,328	30.96
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 2012, 95.75% shares were held in dematerialized form.

(xiii) *Compliance Officer*: Nand Kishore Khandelwal, Ph. 08454 – 250193.
e-mail: nkishore@alumecoindia.com

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

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

(xvi) *Investor Relations*: All queries received from shareholders during the accounting year 2011-12 were 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, as permitted under Section 109A of the Companies Act, 1956, are requested to submit their request in this regard to the Company's Share Transfer Agents M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034. Nomination facility in respect of shares held in electronic form is also available with the Depository Participant (DP) as per the by-laws and business rules applicable to NSDL and CDSL.

VIII. Compliance:

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

Declaration on Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 30th June 2012, as envisaged in clause 49 of the Listing Agreement.

Place: Hyderabad
Date: 7th November 2012

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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: 5th November 2012

Ajay Kishen
Company Secretary
CP No. 5146

Management Discussion and Analysis Report:

(A) Industry Structure and Developments :

Aluminum extrusion industry in India constitutes of two segments viz. Primary and Secondary extrusion manufactures. The Primary producers produce alumina, aluminum metal and also the further value added products such as ingots, wire rods, billets, rolled products, extrusions etc. There are presently three large integrated players

in India namely (1) Hindalco Industries Limited, (2) National Aluminium Company Limited, and (3) Sterlite Industries (India) Limited.

The Secondary aluminum extrusion manufacturers buy aluminum metal from primary producers or alternatively import metal and manufacture extrusions. Your Company is one of the important secondary aluminum extrusion manufacturers in the country.

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

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

(B) Opportunities and Threats:

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

(C) Segment or Product wise Performance:

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

(D) Outlook:

Electrical, infrastructure, automobile and transportation account for almost three fourths of domestic aluminium consumption. Investments in the power generation and transmission, automobile and transportation sectors are expected to drive the growth of the aluminium industry. However, due to high inflation and interest rates the economic growth is slower than forecasts thereby generating lesser demand for the Company's products. The management expects that this will be a temporary scenario.

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 2012-13 is to fully utilize the Company's strengths of human resources and technology in further improving the efficiency and in increasing the domestic market share.

(E) Risks and Concerns:

Unhealthy competition from the un-organized sector and volatile prices of aluminium and consequent demand are matters of concern.

(F) Internal Control Systems and their Adequacy:

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

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

The period under review witnessed a fall in Revenues to Rs. 803.97 million as against Rs. 876.52 in the previous year. The Company sold 4976 tons (Export; 1024 tons) against 5703 tons (Export; 2465 tons) during the previous year.

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

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") as at 30 June 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *As more fully explained in Note 2.24 of the financial statements, the Company has accumulated losses of ₹ 197,852,028 as at 30 June 2012 which have exceeded the paid up capital and reserves (₹ 160,522,805) of the Company at that date. Also, the Company had made a reference to the Board for Industrial & Financial Reconstruction (BIFR) in terms of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and had been declared sick on 9 February 2010. It is currently in the process of working out a rehabilitation scheme with the BIFR.*
Considering the financial position of the Company as at 30 June 2012, there exists uncertainty as to whether the Company will be able to continue as a going concern. However, based on its ongoing efforts to improve the performance, management believes that the Company will be able to generate cash flows sufficient to meet its liabilities in the near future. Accordingly, the financial statements for the year ended 30 June 2012 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or, to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

4. *As more fully explained in Note 2.40 of the financial statements, during the year ended 30 June 2012 and 30 June 2011, the Company has accrued for managerial remuneration, which exceeds the limits specified in Schedule XIII to the Companies Act, 1956 ('the Act') to the extent of ₹ 9,083 and ₹ 143,856 respectively. The Company has applied for Central Government of India's approval for the same, which is pending as at the date of our report. Pending the receipt of such an approval, such excess remuneration has not been paid.*
5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Ministry of Corporate Affairs in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to in paragraph 5 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 purposes 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, the Statement of Profit and Loss 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, the Statement of Profit and Loss 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 Act;
 - (e) on the basis of written representations received from the directors as at 30 June 2012, and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 30 June 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act, on the said date; and
 - (f) *except for the effects of the matters described in paragraph 3 and 4 above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 30 June 2012;

- b. in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Firm's registration number: 128032W

Place: Hyderabad

Zubin Shekary

Date: 29th August 2012

Partner

Membership No: 048814

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the Auditors' report to the members of Alumeco India Extrusion Limited ("the Company") on the financial statements for the year ended 30 June 2012. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, all fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, clauses 4(iii) (a) to 4 (iii) (g) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories, services and fixed assets and for the sale of goods. The activities of the Company do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.

- (v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

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

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Investor Education

and Protection Fund and Wealth Tax.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income- tax, Sales- tax, Service tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 30 June 2012 for a period of more than six months from the date they became payable except for income tax amounting to ₹ 3,015,288 which is outstanding for more than six months as at 30 June 2012. As

explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth Tax.

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

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Interest and Penalty	49,064,648 (19,532,324)*	2002- 05	CESTAT, Bangalore
Central Sales Tax Act, 1956	Central Sales Tax	1,250,000 (1,000,000)*	2001-02	High court, Andhra Pradesh
Central Sales Tax Act, 1956	Central Sales Tax	3,943,021	2002-03	Appellate Deputy Commissioner, Hyderabad
Central Excise Act, 1944	Interest and Penalty	6,037,966 (3,268,218)*	2005-06	Appellate Commissioner, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	8,685,252	Previous year 2003-04 to 2005-06	Additional Deputy Commissioner, Hyderabad

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

- (x) *The accumulated losses at the end of the financial year amounting to ₹ 197,852,028 have exceeded its networth aggregating to ₹ 160,522,805. The Company has incurred cash losses in the current financial year. However, no cash losses have been incurred in the immediately preceding financial year.*
- (xi) The Company did not have any dues to any financial institution, banks or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund /nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loan taken by the Company in earlier

years has been applied for the purpose for which they were raised.

- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the short term funds amounting to ₹ 101,546,466 have been used for long-term purposes.*
- (xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Firm's registration number: 128032W

Place: Hyderabad
Date: 29th August 2012

Zubin Shekary
Partner
Membership No: 048814

Balance sheet as at 30 June 2012

	Notes	As at 30 June 2012 ₹	As at 30 June 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a)	2.1	158,211,130	158,211,130
(b)	2.2	(195,540,353)	(168,096,615)
		<u>(37,329,223)</u>	<u>(9,885,485)</u>
Non-current liabilities			
(a)	2.3	1,205,300	3,304,290
(b)	2.4	7,922,091	7,452,991
(c)	2.5	44,066,866	45,079,866
		<u>53,194,257</u>	<u>55,837,147</u>
Current liabilities			
(a)	2.6	223,804,454	206,954,096
(b)	2.7	22,574,650	23,303,800
		<u>246,379,104</u>	<u>230,257,896</u>
TOTAL		<u>262,244,138</u>	<u>276,209,558</u>
ASSETS			
Non-current assets			
(a)	2.8		
- Tangible assets		58,621,944	64,777,220
- Intangible assets		2,207,697	2,855,454
- Capital work-in-progress		7,003,502	7,311,328
(b)	2.9	19,096,828	18,081,959
(c)	2.10	528,537	-
		<u>87,458,508</u>	<u>93,025,961</u>
Current Assets			
(a)	2.11	55,962,446	62,679,500
(b)	2.12	76,521,261	93,307,521
(c)	2.13	19,253,556	-
(d)	2.14	9,654,447	9,018,982
(e)	2.15	13,393,920	18,177,594
		<u>174,785,630</u>	<u>183,183,597</u>
TOTAL		<u>262,244,138</u>	<u>276,209,558</u>

Significant accounting policies and notes on accounts 1 & 2
The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

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

for **Alumeco India Extrusion Limited**

Zubin Shekary
Partner
Membership number: 048814

Ashish Kumar Gupta
Chairman

Wolfgang Ormeloh
Managing Director

Place: Hyderabad
Date: 29th August 2012

Place: Hyderabad
Date: 29th August 2012

Nand Kishore Khandelwal
Chief Financial Officer

Statement of Profit and Loss for the year ended 30 June 2012

	Notes	For the year ended 30 June 2012	For the year ended 30 June 2011
		₹	₹
INCOME			
Revenue from operations	2.16	795,532,384	858,004,546
Other income	2.17	8,433,382	18,514,501
Total revenue		803,965,766	876,519,047
EXPENSES			
Cost of materials consumed	2.18	648,451,662	684,974,597
Changes in inventories of finished goods and work in progress	2.19	(15,729,083)	5,748,057
Provision for penalty against pending excise cases		-	14,649,243
Manufacturing expenses	2.20	52,117,188	56,460,949
Employee benefits expense	2.21	42,979,321	44,637,382
Finance costs	2.22	4,678,563	1,840,630
Depreciation/ amortisation	2.8	14,073,345	14,144,027
Other expenses	2.23	31,011,340	43,654,785
Foreign exchange loss, net		53,827,168	-
Total expenses		831,409,504	866,109,670
Profit / (loss) before tax		(27,443,738)	10,409,377
Tax expenses			
- Current tax expense		-	-
- Deferred tax expense		-	-
Profit / (loss) for the year		(27,443,738)	10,409,377
Earnings per share			
(equity shares, par value ₹ 10 each)			
Basic and diluted (₹)	2.31	(2.53)	0.52

Significant accounting policies and notes on accounts 1 & 2
The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

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

for **Alumeco India Extrusion Limited**

Zubin Shekary
Partner
Membership number: 048814

Ashish Kumar Gupta
Chairman

Wolfgang Ormeloh
Managing Director

Place: Hyderabad
Date: 29th August 2012

Place: Hyderabad
Date: 29th August 2012

Nand Kishore Khandelwal
Chief Financial Officer

Cash Flow Statement for the year ended 30 June 2012

	For the year ended 30 June 2012	For the year ended 30 June 2011
	₹	₹
Cash flows from operating activities		
Profit / (loss) before tax	(27,443,738)	10,409,377
Adjustments:		
Depreciation	14,073,345	14,144,027
Interest income	(6,552,490)	(3,566,294)
Finance expense	(49,148,605)	1,840,629
Profit on sale of investments, net	(1,176,604)	-
Loss on sale of fixed assets, net	1,496,761	1,794,056
Unrealised foreign exchange loss/(gain)	45,286,673	(1,416,968)
Operating cash flows before working capital changes	(23,464,658)	23,204,827
Sundry debtors	16,786,260	(57,622,191)
Loans and advances	3,496,550	(9,899,840)
Inventories	6,717,054	22,152,929
Current liabilities and provisions	(32,494,358)	35,038,548
Cash generated from operations	(28,959,152)	12,874,273
Income taxes paid	(65,447)	(37,405)
Net cash provided by operating activities	(29,024,599)	12,836,868
 Cash flows from investing activities		
Purchase of fixed assets	(8,655,473)	(4,689,333)
Proceeds from sale of fixed assets	267,000	-
Purchase of investments	(195,900,000)	-
Proceeds from sale of investments	177,823,048	-
Interest received	6,361,655	2,887,075
Net cash used in investing activities	(20,103,770)	(1,802,258)
 Cash flows from financing activities		
Repayment of long term borrowings	(2,610,395)	(3,254,561)
Interest paid	52,382,318	(1,781,645)
Net cash used in financing activities	49,771,923	(5,036,206)
 Net increase / (decrease) in cash and cash equivalents	643,554	5,998,404
Cash and cash equivalents at the beginning of the year	9,018,982	2,994,117
Effect of exchange gain/(loss) on cash and cash equivalents	(8,089)	26,461
Cash and cash equivalents at the end of the year	9,654,447	9,018,982

Note 1:

Cash and cash equivalents comprise:

Cash in hand	147,633	58,063
Balances with scheduled banks		
- in current account	9,006,382	5,375,050
- in exchange earner`s foreign currency account	500,432	3,585,869
	9,654,447	9,018,982

As per our report of even date attached.

for **B S R & Company**

Chartered Accountants

Firm's Registration number: 128032W

for **Alumeco India Extrusion Limited**

Zubin Shekary

Partner

Membership number: 048814

Ashish Kumar Gupta

Chairman

Wolfgang Ormeloh

Managing Director

Place: Hyderabad

Date: 29th August 2012

Place: Hyderabad

Date: 29th August 2012

Nand Kishore Khandelwal

Chief Financial Officer

Notes on Accounts

2.1 Share capital	As at	As at
	30 June 2012	30 June 2011
	₹	₹
Authorised		
12,500,000 (30 June 2011 : 12,500,000) equity shares of ₹ 10 each	125,000,000	125,000,000
3,500,000 (30 June 2011 : 3,500,000) preference shares of ₹ 10 each	35,000,000	35,000,000
	160,000,000	160,000,000
Issued, subscribed and paid-up capital		
12,397,113 (30 June 2011 : 12,397,113) equity shares of ₹ 10 each fully paid	123,971,130	123,971,130
3,424,000 (30 June 2011 : 3,424,000) 10% cumulative redeemable optionally convertible preference shares of ₹ 10 each fully paid	34,240,000	34,240,000
	158,211,130	158,211,130
Notes :		
1. Issued, subscribed paid-up capital includes:		
a) 7,500,000 (30 June 2011: 7,500,000) equity shares held by OSI India Holding A/S, Denmark (holding company).		
b) 3,424,000 (30 June 2011: 1,212,700) preference shares held by Alumeco A/S, Denmark (holding company of OSI India Holding A/S, Denmark).		

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

Name of the shareholder	As at 30 June 2012		As at 30 June 2011	
	%	Number of shares	%	Number of shares
OSI India Holding A/S, Denmark (holding company)	60.50	7,500,000	60.50	7,500,000

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

Particulars	As at 30 June 2012		As at 30 June 2011	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	12,397,113	123,971,130	12,397,113	123,971,130
Issued during the year	-	-	-	-
Outstanding at the end of the year	12,397,113	123,971,130	12,397,113	123,971,130

4. Terms and rights attached to the equity shares:

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

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

Name of the shareholder	As at 30 June 2012		As at 30 June 2011	
	%	Number of shares	%	Number of shares
Alumeco A/S, Denmark (holding company of OSI India Holding A/S, Denmark)	100.00	3,424,000	35.42	1,212,700
The Industrial Fund for Developing Countries (IFU)	-	-	64.58	2,211,300

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

Particulars	As at 30 June 2012		As at 30 June 2011	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	3,424,000	34,240,000	3,424,000	34,240,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,424,000	34,240,000	3,424,000	34,240,000

Notes on Accounts

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

During the current year, IFU has transferred the said holding to Alumeco A/S, Denmark along with all rights at the existing terms and conditions. During the previous year, O&S Metallimport GmbH, Germany had transferred the said holding to Alumeco A/S, Denmark along with all rights at the existing terms and conditions."

	As at 30 June 2012 ₹	As at 30 June 2011 ₹
2.2 Reserves and surplus		
Capital investment subsidy At the beginning and at the end of the year	306,000	306,000
Capital reserve At the beginning and at the end of the year	8,500	8,500
Securities premium reserve At the beginning and at the end of the year	1,997,175	1,997,175
Surplus/ (Deficit)in the Statement of Profit and Loss		
Opening balance	(170,408,290)	(180,817,667)
Add : Profit/(loss) for the year	(27,443,738)	10,409,377
Closing balance	(197,852,028)	(170,408,290)
	(195,540,353)	(168,096,615)

	As at 30 June 2012 ₹	As at 30 June 2011 ₹
2.3 Long-term borrowings		
Unsecured		
Term loans from others		
- from related parties	-	3,304,290
- from others	1,205,300	-
	1,205,300	3,304,290

Notes:

1. Terms of repayment for unsecured loan is given below:
 - a. Loan from IFU is repayable in 2 equal half yearly installments of Euro 17,000 for the year ending 30 June 2013 and 1 half yearly installment of Euro 17,000 for the year ending 30 June 2014.

2.4 Other long-term liabilities

Security deposits	7,922,091	7,452,991
	7,922,091	7,452,991

Notes on Accounts

	As at 30 June 2012 ₹	As at 30 June 2011 ₹
2.5 Provisions		
Long-term provisions		
Provision for employee benefit		
- Provision for gratuity	5,441,000	6,219,000
- Provision for compensated absences	2,035,000	2,270,000
Others		
- Taxation [net of advance tax ₹ 149,767 (30 June 2011 : ₹ 149,767)]	2,865,521	2,865,521
- Excise duty and sales tax matters (refer note 2.41)	33,725,345	33,725,345
	44,066,866	45,079,866
2.6 Trade payable		
Trade payable		
-due to micro and small enterprises (refer note 2.32)	-	-
-Other	223,804,454	206,954,096
	223,804,454	206,954,096
2.7 Other current liabilities		
Related parties		
Current maturities of long-term debts	-	2,759,406
Interest accrued and due	3,496,662	262,949
Others		
Current maturities of long-term debts	2,410,600	-
Capital creditors	70,774	-
Accrued salaries, wages and bonus	3,592,568	3,506,875
Advance from customers	4,442,373	9,742,660
Provision for expenses	6,338,255	6,479,906
Statutory liabilities	2,084,693	457,057
Other liabilities	138,725	94,947
	22,574,650	23,303,800

Notes on Accounts

2.8 Fixed assets

Description	Gross block				Accumulated depreciation			Net block	
	As at 1 July 2011	Additions	Deletions	As at 30 June 2012	As at 1 July 2011	Charge for the year	Deletions	As at 30 June 2012	As at 30 June 2011
Tangible, owned									
Land	796,371	-	-	796,371	-	-	-	796,371	796,371
Buildings									
- Factory buildings	20,793,198	-	-	20,793,198	8,086,545	694,493	-	8,781,038	12,706,653
- Non factory buildings	10,411,290	-	-	10,411,290	2,050,407	169,704	-	2,220,111	8,360,883
Plant and machinery	149,055,457	189,660	-	149,245,117	125,992,345	6,194,186	-	132,186,531	23,063,112
Dies	43,882,925	6,077,799	2,097,979	47,862,745	30,865,153	4,970,000	543,241	35,291,912	13,017,772
Electrical installation	15,912,845	-	-	15,912,845	13,502,119	752,406	-	14,254,525	2,410,726
Furniture and fittings	3,023,749	116,643	-	3,140,392	1,340,280	162,480	-	1,502,760	1,683,469
Office equipment	2,155,322	-	-	2,155,322	645,226	95,280	-	740,506	1,414,816
Computers	3,399,176	436,297	-	3,835,473	2,881,843	224,378	-	3,106,221	517,333
Vehicles	1,309,705	2,213,674	531,021	2,992,358	598,900	162,661	321,998	439,563	710,805
Total	250,740,038	9,034,073	2,629,000	257,145,111	185,962,818	13,425,588	865,239	198,523,167	64,777,220
Intangibles, owned									
Computer Software	3,238,784	-	-	3,238,784	383,330	647,757	-	1,031,087	2,855,454
Total	3,238,784	-	-	3,238,784	383,330	647,757	-	1,031,087	2,855,454
Total	253,978,822	9,034,073	2,629,000	260,383,895	186,346,148	14,073,345	865,239	199,554,254	67,632,674
Previous year	246,784,087	10,941,280	3,746,545	253,987,822	174,154,617	14,144,027	1,952,496	186,346,148	67,632,674

Notes on Accounts

	As at 30 June 2012	As at 30 June 2011
	₹	₹
2.9 Long-term loans and advances		
<i>Unsecured, considered good</i>		
Security deposits	4,831,282	3,892,682
Other loans and advances		
- Advance income taxes {provision for tax ₹ Nil (30 June 2011: ₹ Nil)}	358,025	292,578
- Prepaid expenses	37,800	113,400
- Advance to employees	227,703	141,281
- Balances with excise and sales tax authorities	13,642,018	13,642,018
	19,096,828	18,081,959

2.10 Other non-current assets

Restricted deposits (refer note 1)	500,000	-
Interest accrued but not due on restricted deposits	28,537	-
	528,537	-

Note 1:

Restricted deposited represents fixed deposit against lien for corporate credit card made with Axis Bank.

2.11 Inventories

(at lower of cost or net realisable value)

Raw material (refer note 1)	18,062,162	42,586,936
Work-in-progress	9,648,345	5,997,798
Finished goods	16,084,695	2,784,965
Stores, spares and consumables	12,167,244	11,309,801
	55,962,446	62,679,500

Note 1:

Includes material-in-transit amounting to ₹ 8,369,128 (30 June 2011: ₹ 14,337,173)

2.12 Trade receivables

Debtors outstanding for a period exceeding six months from the date they became due

- Unsecured, considered good	-	-
Other debts		
- Unsecured, considered good	76,521,261	93,307,521
	76,521,261	93,307,521

2.13 Short-term investments

Investments in mutual funds	19,253,556	-
Less : Provision for diminution in the value of investments	-	-
	19,253,556	-

Note :

1. The details of aggregate amount of quoted investments is set below:

Particulars	As at 30 June 2012	As at 30 June 2011
Aggregate amount of quoted investments	19,253,556	-
[Market value of ₹ 19,447,566 (previous year ₹ Nil)]		

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

Sl. No.	Name of the body corporate	As at 30 June 2012		As at 30 June 2011		Basis of valuation
		No. of units	Amount	No. of units	Amount	
1	Investments in mutual funds - HDFC Cash management fund	820,866.794	19,253,556	-	-	Lower of cost or fair value

Notes on Accounts

	As at 30 June 2012 ₹	As at 30 June 2011 ₹
2.14 Cash and bank balances		
Cash in hand	147,633	58,063
Balances with scheduled banks		
- in current account	9,006,382	5,375,050
- in exchange earner`s foreign currency account	500,432	3,585,869
	9,654,447	9,018,982
Balance in banks with more than 12 months maturity	-	-
2.15 Short-term loans and advances <i>Unsecured, considered good</i>		
Advance to material supplier	3,675,282	7,362,951
Other loans and advances		
- Interest accrued but not due	841,517	679,219
- Prepaid expenses	1,478,687	744,862
- Balance with customs/ excise authorities	6,641,510	7,209,757
- Deposits with customs authorities	-	1,498,698
- Advance to employees	756,924	682,107
	13,393,920	18,177,594
2.16 Revenue from operations		
Sale of goods - manufactured	856,270,049	905,857,042
Less : Excise duty	(67,073,975)	(51,414,649)
	789,196,074	854,442,393
Other operating revenue		
- Scrap sales	3,363,619	3,562,153
- Jobwork income	2,972,691	-
	795,532,384	858,004,546
2.17 Other income		
Interest income on deposits	260,239	187,008
Interest income	6,292,251	3,379,286
Profit on sale of investments, net	1,176,604	-
Foreign exchange gain, net	-	4,704,533
Miscellaneous income	704,288	10,243,674
	8,433,382	18,514,501
2.18 Cost of materials consumed		
Opening stock of raw material	42,586,936	58,316,227
Add : Purchases	623,926,888	669,245,306
	666,513,824	727,561,533
Less : Closing stock	18,062,162	42,586,936
	648,451,662	684,974,597

Notes on Accounts

	For the year ended 30 June 2012	For the year ended 30 June 2011
	₹	₹
2.19 Changes in inventories of finished goods and work-in-progress		
Opening work-in-progress	5,997,798	12,031,008
Opening finished goods	2,784,965	2,261,985
	<u>8,782,763</u>	<u>14,292,993</u>
Closing work-in-progress	9,648,345	5,997,798
Closing finished goods	16,084,695	2,784,965
	<u>25,733,040</u>	<u>8,782,763</u>
Adjustment for excise duty on stock	1,221,194	237,827
Net increase / (decrease) in stock	<u>(15,729,083)</u>	<u>5,748,057</u>
2.20 Manufacturing expenses		
Stores, spares and consumables consumed	14,982,763	17,124,930
Power and fuel	33,745,891	36,102,883
Repairs and maintenance		
- Buildings	248,894	12,275
- Plant and machinery	606,024	327,400
- Others	682,653	807,517
Loss on fixed assets discarded/disposed, net	1,496,761	1,794,056
Other manufacturing expenses	354,202	291,888
	<u>52,117,188</u>	<u>56,460,949</u>
2.21 Employee benefits expense		
Salaries, wages and bonus	37,846,990	37,018,816
Contribution to provident and other funds	3,432,118	3,590,237
Retirement benefits	855,607	3,193,052
Staff welfare	844,606	835,277
	<u>42,979,321</u>	<u>44,637,382</u>
2.22 Finance costs		
Interest on term loans	232,080	300,537
Interest - others	4,140,532	1,191,197
Bank charges	305,951	348,896
	<u>4,678,563</u>	<u>1,840,630</u>
2.23 Other expenses		
Freight	9,729,382	20,992,277
Travelling and conveyance	7,207,508	7,000,809
Legal and professional	5,637,047	5,068,676
Discount allowed	1,063,869	2,082,530
Insurance	1,050,998	1,149,008
Communication	867,244	960,636
Directors' sitting fees	600,000	540,000
Technical and other consultancy charges	540,000	890,000
Rent	396,000	396,000
Rates and taxes	344,863	226,658
Printing and stationery	175,435	168,911
Claims paid against supplies	17,564	1,082,356
Miscellaneous expenses	3,381,430	3,096,924
	<u>31,011,340</u>	<u>43,654,785</u>

Significant accounting policies

Background

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

Note 1: Significant accounting policies

1. Basis of preparation

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956, and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees.

This is the first year of application of revised Schedule VI to the Companies Act, 1956 for the preparation of financial statements of the company. The revised schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised schedule VI.

2. Use of estimates

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

3. Current-non-current classification

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

Assets

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

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

Current assets include the current portion of non-current.

All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Significant accounting policies

4. Inventories

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

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

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

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

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

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

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

5. Cash flow statement

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

6. Cash and cash equivalents

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

7. Revenue recognition

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

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

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

8. Fixed assets

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

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

Significant accounting policies

9. Depreciation

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

	Rates (SLM)
Certain items of plant and machinery	5.56%
Dies	20%
Computer software	20%

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

10. 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.

11. Foreign currency translation

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

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

12. Investments

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

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

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

Any reductions in the carrying amount and any reversal of such reductions are charged or credited to the Statement of Profit and Loss.

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

13. Retirement and other employee benefits

- (i). Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the provident fund.
- (ii). Gratuity liability and compensated absences are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year by an independent actuary.

Significant accounting policies

- (iii). Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv). Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

14. Leases

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

15. Taxes on income

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

Deferred tax is measured based on the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation or carried forwards losses deferred tax assets are 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.

16. Earnings per share

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

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

17. Impairment of assets

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

18. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possibility of an obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Notes on accounts

Note 2 : Notes on accounts

2.24 Going concern assumption

The Company has incurred a net loss of ₹ 27,443,738 (30 June 2011: net profit ₹ 10,409,377) for the year ended 30 June 2012. It also has accumulated losses of ₹ 197,852,028 (30 June 2011: ₹ 170,408,290) as on that date compared to the shareholder's funds of ₹ 160,522,805 (30 June 2011: ₹ 160,522,805). During the year 2009-10, the Company was declared as a sick industrial company by the Board for Industrial and Financial Reconstruction (BIFR) and Industrial Development Bank of India 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. Accordingly, these financial statements have been prepared under the going concern assumption.

2.25 Capital commitments and contingent liabilities

₹

Particulars	As at 30 June 2012	As at 30 June 2011
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-
(b) Preference share dividend	23,684,230	20,260,230
(c) Tax on preference dividend not provided for	3,842,192	3,286,716
(d) Excise matters under dispute	2,769,748	2,245,401
(e) Sales tax matters under dispute	8,685,252	-

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

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

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

For the A.Y. 2007-08, TPO has added back income of ₹ 146,108,591 on account of differential in arms length prices in international transactions, against which the Company has gone into appeal before the Dispute Resolution Panel (DRP). The DRP has passed the order against the Company and the Company against its order has gone into appeal before ITAT.

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

The 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.

Notes on Accounts

- (g) Further, ₹ 20,359,259 and ₹ 5,172,082 are under dispute on account of disallowance of interest on term loan, for the assessment years 1994-95 and 1995-96 respectively. The cases are lying for hearing before the Honorable High Court of Andhra Pradesh.
- (h) For the fiscal year 2009-2010 to 2012-2013, 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 2012, the aggregate amount of 'C' forms to be collected is ₹ 587,583,726. 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 ₹ 12,981,201.

2.26 Auditors' remuneration (excluding service tax)

₹

	For the year ended 30 June 2012	For the year ended 30 June 2011
Statutory audit fees	591,250	550,000
Tax audit fees	75,250	70,000
Other services	857,500	775,000
Out-of-pocket expenses	22,682	21,517
Total	1,546,682	1,416,517

2.27 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 till 11 March 2011
Alumeco A/S	Denmark	Holding Company of OSI from 11 March 2011
H S Metalservice nr 2 ApS (HSM)	Denmark	Holding Company of Alumeco A/S
H S Metalservice ApS	Denmark	Holding Company of HSM
Alumeco Handlerservices GmbH	Germany	Subsidiary of Alumeco A/S
IFU	Denmark	Entity having significant influence over the Company till 31 December 2011 (refer note 2.1)
Mr. Wolfgang Ormeloh	Germany	Key Management Personnel
Mr. M. Ratnakar	India	Key Management Personnel (resigned with effect from 23 July 2012)
Mr. N.K. Khandelwal	India	Key Management Personnel

Notes on Accounts

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

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Holding Company		
O&S Metallimport GmbH ('OSM')		
• Interest on loan taken	-	14,291
• Repayment of unsecured loan	-	819,367
Alumeco Handlerservices GmbH		
• Purchase of material	324,207,304	343,800,199
• Sale of material	125,537,963	284,278,277
• Claims paid against supplies	17,564	353,268
• Interest provided on overdue bills	4,078,357	1,146,869
• Die cost collected	72,330	162,648
• Clearing house expenses reimbursed	25,318	-
Alumeco A/S		
• Sale of material	31,116,188	62,030,930
• Claims paid against supplies	-	729,088
Associate Company		
IFU*		
• Repayment of unsecured loan	1,378,496	2,185,203
• Interest on loan taken	135,391	286,246

Balance with Related Parties: ₹

Particulars	Receivable / (Payables) as at 30 June 2012	Receivable / (Payables) as at 30 June 2011
Alumeco Handlerservices GmbH	(220,552,867)	(204,607,182)
IFU*	-	(6,063,696)
Mr. Wolfgang Ormeloh	(112,950)	-
Mr. M. Ratnakar	(417,380)	(345,078)
Mr. N.K. Khandelwal	(635,242)	(209,225)

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

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Key Management Personnel		
Remuneration to Key Management Personnel		
Mr. Wolfgang Ormeloh	1,173,289	-
Mr. M. Ratnakar	2,044,837	1,796,718
Mr. N.K. Khandelwal	2,444,837	1,943,856

Notes on Accounts

2.28 Unhedged foreign currency

(a) 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 2012	For the year ended 30 June 2011
Sundry creditors	US \$3,917,458	US \$ 4,562,865
Sundry creditors	INR 220,552,867	INR 204,051,320
Unsecured loans	€ 51,000	€ 93,590
Unsecured loans	INR 3,615,900	INR 6,063,693

2.29 Employee benefit plans

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

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans.

a. The following table sets forth the amount recognised in the Company's Statement of Profit and Loss for the year ended 30 June 2012 under gratuity cost: ₹

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Interest cost	497,000	405,000
Past service cost	-	-
Current service cost	(825,000)	101,000
Benefits paid	(395,000)	(487,442)
Actuarial (gain) / loss	(55,000)	1,135,000
Net benefit expense	(778,000)	1,153,558

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

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Opening defined benefit obligation	6,219,000	5,065,442
Interest cost	497,000	405,000
Current service cost	(825,000)	101,000
Actuarial (gain) / loss	(55,000)	1,135,000
Benefit paid	(395,000)	(487,442)
Closing defined benefit obligation	5,441,000	6,219,000

Notes on Accounts

Amount recognized in balance sheet

₹

Particulars	As at 30 June 2012	As at 30 June 2011	As at 30 June 2010	As at 30 June 2009	As at 30 June 2008
Present value of funded obligations	5,441,000	6,219,000	5,065,442	5,879,821	5,118,237
Fair value of plan assets	-	-	-	-	-
Net Liability	5,441,000	6,219,000	5,065,442	5,879,821	5,118,237
Amounts in the balance sheet					
Provision for gratuity	5,441,000	6,219,000	5,065,442	5,879,821	5,118,237
Actuarial losses / (gain)	(55,000)	1,135,000	136,856	446,826	400,811

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

	For the year ended 30 June 2012	For the year ended 30 June 2011
Discount rate	8% p.a	8% p.a
Attrition rate	4% p.a	5% p.a

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

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

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

2.30 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of September 2012, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Notes on Accounts

2.31 Earnings per share (EPS)

	For the year ended 30 June 2012	For the year ended 30 June 2011
Earnings (₹)		
Net profit / (loss) after tax for the year	(27,443,738)	10,409,377
Less : Preference dividend including tax on dividend	3,979,476	3,979,476
Net profit for calculation of basic earnings per share (₹)	(31,423,214)	6,429,901
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)	5,792,423	5,450,023
Total weighted average number of shares in calculating diluted EPS (A+B)	18,189,536	17,847,136
Earnings per share of par value ₹ 10 – Basic	(2.53)	0.52
Earnings per share of par value ₹ 10 – Diluted	(2.53)	0.52

2.32 The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 30 June 2012 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 30 June 2012	For the year ended 30 June 2011
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

Notes on Accounts

2.33. Deferred taxes

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

₹

	as at 30 June 2012	as at 30 June 2011
Deferred tax liability Excess of depreciation allowable under Income tax law over depreciation provided in accounts	3,314,454	2,305,319
Deferred tax asset Brought forward losses and unabsorbed depreciation (restricted to the amount of deferred tax liability)	(3,314,454)	(2,305,319)
Net deferred tax (asset) / liability	-	-

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

2.34. Segment reporting

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

Geographical segment:

The Company sells aluminium extrusions in both, overseas and India, geographical segments. However, majority of the revenues comes from the Indian segment [20% from the overseas segment for the year ended June 30, 2012 (41% from the overseas segment for the year ended June 30, 2011)]. The following table shows revenue of the segments for the year ended June 30, 2012 and for the year ended June 30, 2011 and assets of the segments as at June 30, 2012 and as at June 30, 2011.

₹

Particulars	India		Overseas		Total	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
Revenue (net)	632,541,922	508,133,186	156,654,152	346,309,207	789,196,074	854,442,393
Assets						
- Sundry debtors	76,521,261	93,307,521	-	-	76,521,261	93,307,521
- Other assets	185,722,877	182,902,037	-	-	185,722,877	182,902,037
Additions to fixed assets (including capital work-in-progress)	8,726,247	4,689,333	-	-	8,726,247	4,689,333

2.35. Earnings in foreign currency

₹

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
FOB value of exports	151,731,835	333,224,127

Notes on Accounts

2.36 Expenditure in foreign currency

₹

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Interest on loan from		
- IFU	232,080	286,246
- O&S Metallimport, GmbH	-	14,291
Interest on delayed payment to Alumeco Handlerservices GmbH	4,078,357	1,146,869
Claims paid against supplies	17,564	1,082,356
Travelling and conveyance	66,260	69,450

2.37 Consumption of raw materials and stores and spares

₹

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Aluminum metals	648,451,662	684,974,597
Stores and spares	14,982,763	17,124,930
	663,434,425	702,099,527

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

2.38 Value of imports calculated on CIF basis

₹

Particulars	For the year ended 30 June 2012	For the year ended 30 June 2011
Raw materials	324,207,304	349,165,677
Die steel	2,158,739	-
Spares	1,290,897	372,629

2.39 Imported and indigenous raw materials, and stores, spares and consumables consumed

Category	% of total consumption		Value in ₹	
	For the year ended 30 June 2012	For the year ended 30 June 2011	For the year ended 30 June 2012	For the year ended 30 June 2011
Imported	53.50	54.71	354,954,811	384,118,043
Indigenous	46.50	45.29	308,479,614	317,981,484
	100.00	100.00	663,434,425	702,099,527

2.40 Remuneration to key managerial personnel for the year ended 30 June 2012 and 30 June 2011, includes ₹ 9,083 and ₹ 143,856 respectively (previous year: ₹ 143,856) representing remuneration beyond the limits specified in Schedule XIII to the Companies Act, 1956.

The Company has applied to the Central Government of India for approval for the amount, which is pending. Pending receipt of the approval, the said amount has not been paid.

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

Notes on Accounts

Provisions

Particulars	₹	
	as at 30 June 2012	as at 30 June 2011
Opening balance	33,725,345	19,076,102
Add: Provision	-	14,649,243
Less: Utilisation	-	-
Less: Reversal	-	-
Closing balance	33,725,345	33,725,345

2.42 Previous year comparatives

The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI of the Companies Act, 1956 ('the Revised Schedule VI') issued by the Ministry of Corporate Affairs. Previous year's figures have been recast/ restated to conform to the classification required by the Revised Schedule VI.

As per our report of even date attached.

for **B S R & Company**

Chartered Accountants

Firm's Registration number: 128032W

Zubin Shekary

Partner

Membership number: 48814

for **Alumeco India Extrusion Limited**

Ashish Kumar Gupta

Chairman

Wolfgang Ormeloh

Managing Director

Nand Kishore Khandelwal

Chief Financial Officer

Place: Hyderabad

Date: 29th August 2012

Place: Hyderabad

Date: 29th August 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No : CIN:L74999AP1988PLC008966

State Code: 01

Balance Sheet Date : 30062012

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

262244

Total Assets

262244

Sources of Fund

Paid-up Capital

158211

Reserves & Surplus

002312

Secured Loans

NIL

Unsecured Loans

3616

Application of Funds

Net Fixed Assets

67833

Investment

19254

Net Current Assets

(71593)

Misc. Expenditure

NIL

Accumulated Losses 197852

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

Turnover

803965

Total Expenditure

831409

Profit(Loss) Before Tax

(277433)

Profit/(Loss) After Tax

(277433)

Earning per share in Rs.

(2.53)

Dividend Rate %

NIL

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

Item code No. (ITC Code) : 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: Survey. Nos. 379 - 382, Kallakal Village, Toopran Mandal,
Medak District, Andhra Pradesh – 502 336.

E-Communication Registration Form

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

Unit: Alumeco India Extrusion Limited

Green Initiative in Corporate Governance

I / We hereby exercise my/ our option to receive all communication from the Company such as Notice of Annual General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report etc., in electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs vide Circular No.17/2011 dated 21st April, 2011. Please register my Email ID as given below, in your records, for sending the Communications:

Folio No.: -----

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

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

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

No. of Shares Held: -----

Email ID: -----

Date :

Signature

Notes :

1. On registration, all communications will be sent to the e-mail ID registered.
2. The form is also available on the website of the Company www.alumecoindia.com

ALUMECO INDIA EXTRUSION LIMITED

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

PROXY FORM

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

..... being member(s) of the above named Company, hereby appoint the following as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 24th Annual General Meeting of the Company, to be held on Wednesday, 12th December, 2012 at 11.30 a.m. and at any adjournment thereof.

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

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

Number of Shares held _____

Signed & dated _____, 2012.

Folio No. / DP ID * & Client ID*



* Applicable for investors holding shares in dematerialized form

signature

NOTES:

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

ALUMECO INDIA EXTRUSION LIMITED

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

ATTENDANCE SLIP

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

DP Id *	
Clieeny Id *	

Folio No.	
No. of shares	

NAME & ADDRESS OF THE SHAREHOLDER

.....

.....

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company held on Wednesday, 12th December, 2012 at 11.30 a.m. at the Registered Office of the Company.

* Applicable for investors holding shares in dematerialized form.

SIGNATURE OF THE SHAREHOLDER/PROXY

Note : 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 10.15 a.m. Shareholders are requested to avail this facility.

Kindly do not bring non- Shareholders (children) to the meeting.

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