

**GUJARAT
FLUOROCHEMICALS
LIMITED**

16th

ANNUAL REPORT

2002-2003

AUDITORS' REPORT TO THE MEMBERS OF GUJARAT FLUOROchemicals LIMITED

1. We have audited the attached Balance Sheet of Gujarat Fluorochemicals Limited, as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Patankar & Associates
Chartered Accountants

Pune
11th June, 2003

M.Y. Kulkarni
Partner
Mem. No. 35524

Annexure referred to in Paragraph 3 of Auditor's Report of even date to the members of Gujarat Fluorochemicals Limited on the accounts for the year ended 31st March, 2003.

In terms of Manufacturing and Other Companies (Auditor's Report) Order, 1988, on the basis of information and explanations given to us and such checks as we considered appropriate, we state as under :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The Company has drawn out a regular programme of verification of fixed assets which in our opinion is reasonable, having regard to the size of the Company and the nature of the assets. We are informed that no material discrepancies were noticed on the verification conducted by the management during the year.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
4. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies were noticed by the management on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
8. The rate of interest and other terms and conditions of unsecured loans given by the Company to companies referred to in section 301 are not *prima facie* prejudicial to the interest of the Company. The Company has not granted any loans, secured or unsecured, to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
9. The parties and the employees to whom loans or advances in the nature of loans have been given by the Company, are generally repaying the principal amounts as per stipulations and are also regular in payment of interest, wherever applicable, except in some cases where, as explained to us, the Company is taking reasonable steps for recovery of the principal and interest.
10. In our opinion, generally there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials, plant and machinery, equipments and other assets, and for the sale of goods.
11. In our opinion, the transactions of purchase of goods and materials, and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to the circumstances, prevailing market prices for such goods and materials, or the prices at which transactions for similar goods have been made with other parties, where such prices are available.

Gujarat Fluorochemicals Limited

12. As explained to us, stocks were reviewed by the management with a view to determining unserviceable or damaged stores, raw materials and finished goods, and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products and scrap.
15. In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records by the Company under Section 209 (1) (d) of the Companies Act, 1956 for any of its products.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. No undisputed amounts payable in respect of income -tax, wealth-tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
19. No personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Patankar & Associates
Chartered Accountants

Pune
11th June, 2003

M.Y. Kulkarni
Partner
Mem. No. 35524

BALANCE SHEET

As at 31st March, 2003

	Schedule Number	As at 31.03.2003 Amount (Rs. in lacs)	As at 31.03.2002 Amount (Rs. in lacs)
I SOURCES OF FUNDS			
1 Shareholders' Funds			
(a) Capital	1	1157.80	1157.80
(b) Reserves and Surplus	2	28452.07	24648.25
		29609.87	25806.05
2 Loan Funds			
(a) Secured Loans	3	-	200.00
Total		29609.87	26006.05
II APPLICATION OF FUNDS			
1 Fixed Assets	4		
(a) Gross Block		5734.12	5108.28
(b) Less : Depreciation		3378.37	3126.83
(c) Net Block		2355.75	1981.45
2 Investments	5	21246.19	18857.87
3 (i) Current Assets, Loans and Advances	6		
(a) Inventories		2571.19	2726.98
(b) Sundry Debtors		2154.77	2229.52
(c) Cash and Bank Balances		1435.40	1300.53
(d) Other Current Assets		105.54	96.19
(e) Loans and Advances		1912.36	1203.80
Sub-Total (i)		8179.26	7557.02
(ii) Less : Current Liabilities and Provisions	7		
(a) Liabilities		1397.28	1696.49
(b) Provisions		591.88	641.16
Sub-Total (ii)		1989.16	2337.65
Net Current Assets (i) - (ii)		6190.10	5219.37
4 Deferred tax liability (Net)		(182.17)	(52.64)
Total		29609.87	26006.05
Notes forming part of Accounts	13		

As per our Report of even date attached

For Patankar & Associates
Chartered Accountants

Managing Director

Chairman

M.Y. Kulkarni
Partner

Vice President (Corporate Finance) Director

Pune, 11th June, 2003

Company Secretary
New Delhi, 11th June, 2003

Director

PROFIT AND LOSS ACCOUNTFor the year ended 31st March, 2003

	Schedule Number	2002-2003 Amount (Rs. in lacs)	2001-2002 Amount (Rs. in lacs)
INCOME			
1	Sales-Gross	13804.51	12508.87
	Less: Excise Duty	542.20	517.45
	Sales-Net	13262.31	11991.42
2	Other Income	2055.97	1359.94
		15318.28	13351.36
EXPENDITURE			
1	Materials	6607.62	5801.73
2	Manufacturing and other Expenses	2827.82	2747.70
3	Salaries and Benefits	590.55	517.15
4	Interest	21.96	22.80
5	Depreciation	251.33	251.03
6	Amortisation of premium on lease hold land	2.29	2.16
7	Provision for diminution in value of investments	620.67	129.75
		10922.24	9472.32
8	Profit before taxation	4396.04	3879.04
9	Provision for taxation		
	Current tax	925.00	675.00
	Deferred tax	129.52	150.05
10	Profit after taxation for the year	3341.52	3053.99
11	Taxation pertaining to earlier years	4.32	(52.94)
		3337.20	3106.93
12	Balance brought forward from last year	44.52	87.53
13	Profit available for appropriation	3381.72	3194.46
14	Less:		
	Transfer to General Reserve	2900.00	2802.60
	Proposed Dividend	347.34	347.34
	Tax on Dividend	44.50	0.00
		3291.84	3149.94
15	Balance carried to Balance Sheet	89.88	44.52
	Basic and diluted Earnings Per Share	28.82	26.83
	Notes forming part of Accounts	13	

As per our Report of even date attached

For Patankar & Associates
Chartered Accountants

Managing Director

Chairman

M.Y. Kulkarni
Partner

Vice President (Corporate Finance)

Director

Pune 11th June, 2003Company Secretary
New Delhi, 11th June, 2003

Director

Gujarat Fluorochemicals Limited**SCHEDULES****Forming Part of the Accounts**

	<u>As at 31.03.2003</u>	<u>As at 31.03.2002</u>
	<u>Amount (Rs. in lacs)</u>	<u>Amount (Rs. in lacs)</u>
SCHEDULE 1 : CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs.10 each	<u>2000.00</u>	<u>2000.00</u>
Issued and Subscribed		
1,15,78,000 Equity Shares of Rs.10 each	<u>1157.80</u>	<u>1157.80</u>
Total	<u>1157.80</u>	<u>1157.80</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	<u>5199.11</u>	3492.76
Additions during the year (Refer to note no.2)	<u>858.46</u>	<u>1706.35</u>
	6057.57	5199.11
Share Premium Account		
As per last Balance Sheet	<u>4.62</u>	4.62
Investment Allowance Reserve		
As per last Balance Sheet	<u>300.00</u>	300.00
General Reserve		
As per last Balance Sheet	<u>19100.00</u>	16200.00
Add : Deferred Tax Asset as on 1 st April 2001	-	97.40
Add : Transfer from Profit and Loss Account	<u>2900.00</u>	<u>2802.60</u>
	22000.00	19100.00
Profit and Loss Account		
Balance as per Annexed Account	<u>89.88</u>	44.52
Total	<u>28452.07</u>	<u>24648.25</u>
SCHEDULE 3 : SECURED LOANS		
From Banks		
Loan against fixed deposit	-	200.00
Total	<u>-</u>	<u>200.00</u>

SCHEDULE 4 : FIXED ASSETS

Amount (Rs. in lacs)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2002	Additions	Deductions	As at 31-03-2003	As at 01-04-2002	For the year	Deductions	As at 31-03-2003	As at 31-03-2003	As at 31-03-2002
Land										
- Freehold Land	8.84	0.00	0.00	8.84	0.00	0.00	0.00	0.00	8.84	8.84
- Leasehold Land	194.70	119.98	0.00	314.68	12.83	2.29	0.00	15.12	299.56	181.87
Buildings and Roads	454.69	26.37	0.00	481.06	82.86	11.04	0.00	93.90	387.16	371.83
Plant and Machinery	3742.69	408.38	1.35	4149.72	2662.08	187.13	1.35	2847.86	1301.86	1080.61
Electrical Installations	256.36	2.18	0.00	258.54	165.07	13.61	0.00	178.68	79.86	91.29
Manufacturing and other Equipments	264.58	37.66	2.43	299.81	126.84	23.41	0.73	149.52	150.29	137.74
Furniture and Fixtures	58.36	2.40	0.00	60.76	30.23	3.86	0.00	34.09	26.67	28.13
Vehicles	128.06	32.65	0.00	160.71	46.92	12.28	0.00	59.20	101.51	81.14
Total	5108.28	629.62	3.78	5734.12	3126.83	253.62	2.08	3378.37	2355.75	1981.45
Previous year	5026.61	116.38	34.71	5108.28	2901.59	253.19	27.45	3126.83		

	Nos As at 31.03.2003	Nos As at 31.03.2002	As at 31.03.2003 Amount (Rs. in lacs)	As at 31.03.2002 Amount (Rs. in lacs)
SCHEDULE 5 : INVESTMENTS				
(Long term, non-trade, at cost, unless otherwise stated)				
A) UNQUOTED				
1 In Bonds				
10.50% Konkan Railway Corporation Limited	5000	5000	51.00	51.00
			51.00	51.00
2 In fully paid up equity shares				
a) In Subsidiary Company				
INOX Leisure Limited (of Rs. 10/- each)	45000000	34200000	4500.00	3420.00
b) In Other Companies				
Inox Global Services Limited (of Rs.10/- each)	2474930	499930	247.49	49.99
Kaleidoscope Entertainment Private Limited (of Re 1/- each)	225000	225000	60.75	60.75
			4808.24	3530.74
3 In Cumulative, Non-convertible, Redeemable Preference Shares of Rs.100 each fully paid up				
a) Current Investments				
10% Preference shares in Tata Finance Limited	0	200000	0.00	200.00
b) Long term Investments				
9% Preference Shares in Inox Global Services Limited	1883000	1612000	1883.00	1612.00
8% Preference Shares in Inox Leasing & Finance Limited	1400000	1400000	1400.00	1400.00
8% Preference Shares in Niryat Sam Apparels (India) Limited (a company under the same management)	725000	725000	725.00	725.00
			4008.00	3937.00
Less: Provision for diminution in value of investments			580.00	0.00
			3428.00	3937.00
4 In Units of Mutual Funds of Rs.10/- each fully paid-up				
Alliance Cash Manager	0.00	64	0.00	0.88
Alliance Income Fund	3567269	2834467	700.00	500.00
Alliance Cash Plus Plan B	519231	0	84.21	0.00
Birla Fixed Maturity Plan – Long Term Plan	5000000	5000000	500.00	500.00
Birla Income Plus Plan B	3736488	4602810	900.00	1000.00
Grindlays Fixed Savings Scheme (III)	0	5000000	0.00	500.00
Grindlays Cash Fund	9903971	0	1113.27	0.00
Grindlays Dynamic Bond Fund	2000000	0	200.00	0.00
Grindlays Income Fund	2935522	15953010	400.00	2000.00
HDFC Gilt Fund Long Term	1545523	0	200.00	0.00
HDFC Income Fund	2948777	8248942	400.00	1000.00
HDFC Liquid Fund – Premium Plan	7353690	0	881.58	0.00
HSBC Income Fund	2000000	0	200.00	0.00
IDBI Principal Deposit Fund (FMP-6)	3000000	0	300.00	0.00
IDBI Principal Income Fund	3708744	4228616	500.00	500.00
IL&FS Bond Fund-Bonus Plan	2413469	0	250.00	0.00
IL&FS Bond Fund-Growth Plan	3351498	0	500.00	0.00
JM Income Fund	847921	925926	200.00	100.00
JM High Liquidity Fund	668230	0	111.83	0.00
K Bond Unit Scheme 99 Wholesale Plan	3442200	5092358	500.00	700.00
K Gilt Unit Scheme '98 Investment Plan	2223207	0	400.00	0.00
Kotak Mahindra - KFMP	3000000	0	300.00	0.00
Prudential ICICI FM 1year plus Series 12	2996404	0	300.00	0.00
Prudential ICICI FMP IV	0	4990966	0.00	500.00
Prudential ICICI Gilt Fund - Investment Plan	2383336	0	400.00	0.00
Prudential ICICI Income Plan	1191895	6488570	200.00	1000.00

	Nos As at 31.03.2003	Nos As at 31.03.2002	As at 31.03.2003 Amount (Rs. in lacs)	As at 31.03.2002 Amount (Rs. in lacs)
Prudential ICICI Liquid Plan Institutional	3550981	0	525.82	0.00
Templeton Government Securities Fund	2230264	0	400.00	0.00
Templeton India IBA Plan A	1015228	2813732	200.00	500.00
Templeton India Income Fund	3459231	2732240	700.00	500.00
Templeton India Liquid Fund	8007824	0	1194.79	0.00
Zurich India HIF FMP Yearly Growth	0	5000000	0.00	500.00
Zurich India High Interest Fund	0	8182420	0.00	1500.00
			12561.50	11300.88
			0.00	115.95
Less: Provision for diminution in value of investments			12561.50	11184.93
			20848.74	18703.67

Total unquoted

B) QUOTED

**In Equity Shares of Rs.10 each,
unless otherwise stated, fully paid up**

Alstom Power India Limited	3500	0	2.09	0.00
Apollo Tyres Limited	1800	0	2.36	0.00
Asian Hotels Limited	200	0	0.17	0.00
Associated Cements Company Limited	7500	0	11.66	0.00
Balarampur Chini Mills Limited	500	0	0.61	0.00
Bank of India	8000	0	3.04	0.00
Bharat Electronics Limited	4850	0	9.35	0.00
Bharat Heavy Electricals Limited	3000	0	6.28	0.00
BSES Limited	500	0	1.19	0.00
Canara Bank	6000	0	3.42	0.00
CIPLA Limited	1000	0	9.41	0.00
Dabur India Limited	5000	0	2.37	0.00
Digital Global Software Limited	975	0	6.25	0.00
Divi's Laboratories Limited	700	0	1.56	0.00
Dr. Reddy's Laboratories Limited (of Rs. 5 each)	375	0	2.79	0.00
Eastern India Hotels Limited	400	0	0.73	0.00
Eicher Motors Limited	6308	0	5.34	0.00
Engineers India Limited	23000	0	87.62	0.00
Great Eastern Shipping Co. Limited	3500	0	1.30	0.00
HCL Technologies Limited (of Rs. 2 each)	200	0	0.33	0.00
HDFC Bank Limited	1000	0	2.36	0.00
Hindustan Lever Limited (of Re. 1 each)	3700	0	6.53	0.00
Hindustan Petroleum Company Limited	13850	0	39.76	0.00
Hughes Software System Limited (of Rs. 5 each)	400	0	0.63	0.00
I-Flex Solutions Limited (of Rs. 5 each)	350	0	3.15	0.00
ICICI Bank Limited	2500	0	3.40	0.00
Indian Petrochemicals Limited	12500	0	8.92	0.00
Indorama Synthetics (India) Limited	0	1324682	0.00	204.93
Infosys Technologies Limited (of Rs. 5 each)	220	0	9.95	0.00
Inox Leasing & Finance Limited	0	140933	0.00	10.00
ITC Hotels Limited	300	0	0.17	0.00
Jindal Steel and Power Limited	2600	0	9.42	0.00
Jindal Strips Limited	8700	0	13.08	0.00
Karur Vysya Bank Limited	1300	0	2.23	0.00

	Nos As at 31.03.2003	Nos As at 31.03.2002	As at 31.03.2003 Amount (Rs. in lacs)	As at 31.03.2002 Amount (Rs. in lacs)
Kesoram Textile Mills Limited (of Rs.2/- each) (received pursuant to a scheme of arrangement)	131893	131893	0.00	0.00
Larsen & Toubro Limited	5700	0	10.97	0.00
Mastek Limited (of Rs. 5 each)	300	0	1.64	0.00
Moser-Baer (I) Limited	2100	0	4.83	0.00
National Aluminium Company Limited	7000	0	7.01	0.00
Niryat -Sam Apparels (India) Limited (a company under the same management)	1556200	1806200	156.40	181.52
Orchid Chemicals Limited	4000	0	3.04	0.00
Polaris Software Laboratory Limited (of Rs. 5 each)	100	0	0.20	0.00
Punjab National Bank	1500	0	1.52	0.00
Ranbaxy Laboratories Limited	550	0	3.46	0.00
Reliance Industries Limited	5100	0	14.19	0.00
Satyam Computer Service Limited (of Rs. 2 each)	3800	0	8.51	0.00
Shipping Corporation of India Limited	19200	0	13.56	0.00
Siemens Limited	1000	0	2.71	0.00
Silverline Industries Limited	30000	0	12.48	0.00
State Bank of India	5000	0	14.06	0.00
Syndicate Bank	25473	0	4.43	0.00
Tata Chemicals Limited	3000	0	1.91	0.00
Tata Engineering and Locomotive Company Limited	4000	0	5.49	0.00
Tata Iron & Steel Company Limited	10000	0	12.52	0.00
Tata Power Company Limited	2500	0	3.00	0.00
The Arvind Mills Limited	40000	0	8.94	0.00
The Karnataka Bank Limited	7400	0	4.42	0.00
TVS Motor Company Limited	600	0	2.57	0.00
Vijaya Bank	50000	0	8.84	0.00
			564.17	396.45
Less: Provision for diminution in value of investments			166.72	242.25
Total quoted			397.45	154.20
Total Investments			21246.19	18857.87
Total market value of quoted Investments			346.32	156.84

Note :1 Following investments were purchased and sold during the year

	Nos.	Cost (Rs. in lacs)
a) Mutual Funds – Units of Rs.10/- each		
Alliance Cash Manager	4070768	3254.00
Birla Cash Plus – B	6537283	1033.63
Grindlays Cash Fund	14762383	1591.54
HDFC Liquid Fund	22134190	2582.00
HDFC Liquid Fund – Premium Plan	4247744	508.98
ILF&FS Bond Fund – Bonus Plan	4826937	500.00
JM Income Fund BP (Bonus Units)	95418	0.00
K Liquid	15210309	1747.68
Kotak Mahindra Liquid Scheme	2748812	331.24
Prudential ICICI Liquid Plan	3753149	541.91
Prudential ICICI Liquid Plan Institutional	2017824	298.79
Zurich India High Interest Fund	2649709	500.00
Zurich India Liquidity Fund – Savings Plan	8969983	1080.37
b) Quoted Equity Shares of Rs.10/- each, unless otherwise stated		
Apollo Tyres	21830	26.66
Asian Hotels	299	0.26
Associated Cements Limited	6500	9.53
Bajaj Auto Limited	4500	19.28
Bank of India	5500	1.93
Bayer ABS Industries Limited	11000	6.88
Bharat Heavy Eletricals Limited	4800	8.85
Bharat Electronics Limited	2150	3.79

	Nos.	Cost (Rs. In lacs)
Bharat Petroleum Company Limited	7000	19.26
Canara Bank	56100	22.15
CIPLA Limited	200	1.86
Corporation Bank Limited	5000	5.31
Digital Global Software Limited	3400	18.97
Divi's Laboratories Limited	1200	2.43
Dr. Reddy's Laboratories Limited (of Rs. 5 each)	1125	9.77
Eastern India Hotels Limited	400	0.73
Eicher Motors Limited	5692	3.78
Engineers India Limited	30000	114.68
Gas Authority of India Limited	10000	6.79
Goodlas Netolac Limited	5000	7.01
Gujarat Heavy Chemicals Limited	15000	2.41
HCL Technologies Limited (of Rs. 2 each)	3800	6.18
HEG Limited	15000	4.43
Hero Honda Motors Limited (of Rs. 2 each)	5800	15.50
Hindustan Lever Limited (of Re. 1 each)	4000	6.90
Hindustan Machine Tools Limited	14000	3.41
Hindustan Petroleum Company Limited	2500	6.74
Housing Development Finance Corporation Limited	1500	9.00
Hughes Software System Limited (of Rs. 5 each)	6000	9.39
ICICI Bank Limited	5500	7.49
Indian Petrochemicals Company Limited	141577	165.54
Indorama Synthetics Limited	447186	115.84
Infosys Technologies Limited (of Rs. 5 each)	580	19.35
ITC Hotels Limited	120	0.07
Jindal Steel and Power Limited	4250	11.94
Jindal Strips Limited	2800	3.73
Larsen & Toubro Limited	1500	2.58
Maharashtra Seamless Limited	4850	5.35
Mastek Limited (of Rs. 5 each)	4200	17.59
National Aluminium Company Limited	112701	113.78
Neyveli Lignite Corporation Limited	37000	9.85
Orchid Chemicals Limited	500	0.37
Pfizer Limited	1500	6.85
Polaris Software Laboratory Limited (of Rs. 5 each)	6250	12.16
Ranbaxy Laboratories Limited	1748	9.26
Rashtriya Chemicals & Fertilizers Company Limited	50000	16.10
Reliance Industries Limited	1200	3.22
Satyam Computers Limited (of Rs. 2 each)	6750	16.28
Shipping Corporation of India Limited	13800	10.61
Siemens Limited	1000	2.77
Silverline Industries Limited	20000	8.32
SRF Limited	46000	9.51
State Bank of India	1000	2.70
Steel Authority of India Limited	150000	13.05
Tata Engineering & Locomotive Company Limited	950	12.21
Tata Iron & Steel Company Limited	15500	18.87
The Karnataka Bank Limited	8000	8.74
TVS Motors Company Limited	1600	6.70
West Coast Paper Mills Limited	8000	8.12
c) Unquoted Equity shares of Rs.10/- each		
Inox Global Services Limited	2015000	201.50
2 Following Shares were transferred in the name of the Company after 31.03.03		
Alstom Power India Limited	100	
Digital Global Software Limited	875	
HDFC Bank Limited	1000	
Hindustan Petroleum Company Limited	1300	
I-Flex Solutions Limited	350	
Jindal Steel & Power Limited	826	
Jindal Strips Limited	256	
Karur Vyasya Bank Limited	300	
Larsen & Tubro Limited	1000	
Mastek Limited	300	
Moser Baer India Limited	600	
Punjab National Bank	1000	
Reliance Industries Limited	937	
Satyam Computer Service Limited	2500	
State Bank of India	1700	
The Karnataka Bank Limited	2400	

Gujarat Fluorochemicals Limited

	As at 31.03.2003	As at 31.03.2002
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES		
A Current Assets		
1 Inventories		
(for basis of valuation, please refer to the accounting policies)		
Stores and Spares	227.66	171.34
Packing Materials	624.23	591.66
Finished Goods		
- Manufactured Goods	404.92	888.80
- Traded Goods	75.49	46.34
	<u>480.41</u>	<u>935.14</u>
By-products	0.34	0.16
Material in process	14.19	20.31
Raw Materials	<u>1224.36</u>	<u>1008.37</u>
	2571.19	2726.98
2 Sundry Debtors (Unsecured)		
Considered good		
Exceeding 6 months	86.52	256.15
Others	2068.25	1973.37
	<u>2154.77</u>	<u>2229.52</u>
Considered doubtful		
Exceeding 6 months	49.98	42.82
	<u>2204.75</u>	<u>2272.34</u>
Less : Provision for doubtful debts	49.98	42.82
	<u>2154.77</u>	<u>2229.52</u>
3 Cash and Bank Balances		
Cash on Hand	2.68	2.68
Bank Balances with Scheduled Banks		
(a) in Current Accounts	317.20	249.49
(b) in Cash Credit Accounts	5.50	111.36
(c) Fixed Deposits	1110.02	936.56
(d) Margin Money	0.00	0.44
	<u>1435.40</u>	<u>1300.53</u>
4 Other Current Assets		
Interest accrued	105.54	89.14
Other income receivable	0.00	7.05
	<u>105.54</u>	<u>96.19</u>
	6266.90	6353.22

Gujarat Fluorochemicals Limited

	As at 31.03.2003	As at 31.03.2002
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
B Loans and Advances (Unsecured, considered good, unless otherwise stated)		
1 Advances recoverable in cash or in kind or for value to be received		
Considered Good	334.19	202.63
Considered Doubtful	1.48	1.48
	335.67	204.11
Less : Provision for Doubtful advances	1.48	1.48
	334.19	202.63
2 Deposits	80.37	301.38
3 Current Investments – Inter-corporate loans		
Considered Good	1172.40	635.05
Considered Doubtful	45.51	45.51
	1217.91	680.56
Less : Provision for doubtful Inter-corporate loans	45.51	45.51
	1172.40	635.05
4 Advance towards subscription of shares		
- In subsidiary company – Inox Leisure Limited	262.00	0.00
5 Prepaid Expenses	13.66	12.72
6 Balances in Excise Accounts	49.74	52.02
	1912.36	1203.80
Total	8179.26	7557.02
SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS		
A Current Liabilities		
1 Sundry Creditors		
- due to small scale industrial undertakings	55.85	52.95
- others	1133.73	1402.41
	1189.58	1455.36
2 Trade Deposits	122.89	125.04
3 Investor Education and Protection Fund shall be credited by the following amounts namely : - (*) Unpaid dividends	40.78	44.89
4 Advances from Customers	5.35	36.91
5 Other Liabilities	38.68	34.29
	1397.28	1696.49
(*) Refer Note No 5		
B Provisions		
1 Provision for Taxation (net of payments)	51.60	175.35
2 Proposed Dividend	347.34	347.34
3 Tax on Proposed Dividend	44.50	0.00
4 Provision for Gratuity	92.23	58.08
5 Provision for Leave Encashment	56.21	39.39
6 Provision for Expenses	0.00	21.00
	591.88	641.16
Total	1989.16	2337.65

Gujarat Fluorochemicals Limited

	2002-2003	2001-2002
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
SCHEDULE 8 : OTHER INCOME		
Interest		
-On long term investments	5.25	26.83
-On current investments (tax deducted at source Rs 17.05 lacs previous year Rs 18.65 lacs)	81.18	106.37
-From Banks (tax deducted at source Rs 18.72 lacs, previous year Rs 26.02 lacs)	88.94	125.06
-Others (tax deducted at source Rs.0.02 lacs, previous year Rs.0.02 lacs)	0.45	24.50
	175.82	282.76
Dividend on long term investments (tax deducted at source Rs 15.01 lacs, previous year Rs Nil lacs)	143.87	108.83
Profit on sale of long term investments (Net of provision for diminution made in earlier years)	1624.26	712.09
Lease rent	0.00	1.84
Insurance claims received	5.01	14.80
Export incentives	40.90	48.37
Bad debts written off recovered	14.59	0.00
Liabilities written back	31.17	24.63
Provisions written back		
- doubtful debts	0.48	34.81
- doubtful loans	0.00	1.06
- diminution in value of investments	0.00	31.79
	0.48	67.66
Foreign exchange fluctuation gain (net)	0.00	55.50
Miscellaneous Income	19.87	43.46
Total	2055.97	1359.94
SCHEDULE 9 : MATERIALS		
Opening Stock		
Finished Goods	935.14	1022.84
Material in Process	20.31	24.21
By-products	0.16	0.05
	955.61	1047.10
Raw Materials consumed		
Opening Stock	1008.37	1263.56
Add : Purchases	4392.55	3743.21
	5400.92	5006.77
Less : Sales	0.00	0.68
	5400.92	5006.09
Less : Closing Stock	1224.36	1008.37
	4176.56	3997.72
Packing Materials consumed	1750.44	1507.75
Purchase of Finished Goods	219.95	204.77
Less : Closing stock		
Finished Goods	480.41	935.14
Material in Process	14.19	20.31
By-Products	0.34	0.16
	494.94	955.61
Total	6607.62	5801.73

Gujarat Fluorochemicals Limited

	2002-2003	2001-2002
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
SCHEDULE 10 : MANUFACTURING AND OTHER EXPENSES		
Stores and Spare parts Consumed	243.54	191.44
Power and Fuel	747.45	705.73
Freight and Octroi	780.00	688.83
Insurance	61.67	55.76
Sales Tax and Excise Duty	19.19	45.29
Production Labour Charges	50.42	43.46
Factory Expenses	14.00	12.86
Repairs to		
Buildings	18.22	4.17
Machinery	106.48	71.56
Others	27.75	26.46
	152.45	102.19
Directors' Sitting Fees	0.24	0.28
Rent and Service Charges	35.23	28.48
Rates and Taxes	6.19	4.90
Travelling and Conveyance	156.55	140.78
Communication Expenses	49.57	55.41
Legal and Professional Fees and Expenses	187.03	165.86
Lease Rentals and Hire Charges	56.25	60.48
Discounts	0.00	7.88
Loss on assets sold / scrapped	0.12	1.18
Bank Charges	38.51	36.26
Foreign Exchange Fluctuation Loss	10.40	0.00
Provision for Doubtful Debts	7.65	25.62
Bad debts and remissions	0.50	33.37
Provision for doubtful advances	0.00	1.48
Commission & Brokerage	39.52	91.84
Expenses on diversification activities	0.00	52.93
Miscellaneous Expenses	171.34	195.39
Total	2827.82	2747.70
SCHEDULE 11 : SALARIES AND BENEFITS		
Salaries, Wages, Allowances and Benefits	500.74	448.44
Contributions to Provident and Other Funds	35.15	31.73
Gratuity	34.77	19.54
Staff Welfare Expenses	19.89	17.44
Total	590.55	517.15
SCHEDULE 12 : INTEREST		
Interest on fixed loans	14.97	9.26
Other Interest	6.99	13.54
Total	21.96	22.80

SCHEDULE 13 : NOTES TO THE ACCOUNTS

1. Figures of the previous year have been regrouped or rearranged, wherever necessary, to make them comparable with those of the current year.
2. During the year, the Company has received compensation of Rs.858.46 lacs, (pre vious year Rs 1,706.35 lacs) equivalent to US \$ 1.76 million (previous year US\$ 3.60 million), for phased reduction and cessation of CFC production and dismantling of plant, unless otherwise used, as stipulated. The Company has been advised that the compensation is a capital receipt and hence this amount is directly credited to Capital Reserve.
3. Cash credit limits from Banks are secured by hypothecation of stocks and book debts and also by way of mortgage created in favour of Banks by deposit of title deeds in respect of the immovable properties of the Company situated at S. No. 16/3, 26 and 27 at Village Ranjitnagar, Taluka Ghogamba, District Panchmahals, Gujarat.
4. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and the provisions for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.
5. Amount shown against Unpaid dividends Account is the position as at 31st March, 2003. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.
6. The Company's significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations). Generally, these lease arrangements are non-cancellable, range between 11 months to 3 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals are charged as "Rent" in Schedule 10 to the Profit and Loss Account.
7. Particulars of Capacity, Production, Sales and Stocks of Finished Goods :

A Manufactured products

	Products	Quantity in MT		Value (Rs in lacs)	
		2002-2003	2001-2002	2002-2003	2001-2002
I	Chlorofluorocarbons (CFCs and HCFCs)				
	- installed capacity	19000	19000		
	- opening stock	1614	1545	864.59	928.79
	- production	12458	11981		
	- purchases	40	25	77.83	68.28
	- sales	13356	11937	12597.89	11561.75
	- closing stock	756	1614	410.90	864.59
II	Hydrofluoric acid				
	- installed capacity	9000	4600		
	- opening stock	79	107	30.55	39.40
	- production	5734	5233		
	- closing stock	107	79	42.35	30.55
III	By-products and other sales			511.87	283.65

- i Vide notification No SO 477(E) dated 25th July, 1991, issued by the Ministry of Industry, the Company's products are exempted from licensing provisions under the Industries (Development and Regulation) Act, 1951.
- ii Installed capacities are as certified by the management on which the Auditors have relied, being a technical matter.
- iii Production is net of filling and other losses.
- iv .Production of Hydrofluoric Acid is for captive consumption.

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B Traded Goods

	Products	Quantity in MT		Value (Rs in lacs)	
		2002-2003	2001-2002	2002-2003	2001-2002
	Hydrofluorocarbons				
	- opening stock	14	17	40.00	54.65
	- purchases	81	52	142.12	136.49
	- sales	66	55	152.57	146.02
	- closing stock	29	14	27.16	40.00

8.	Raw Materials consumed :	Quantity in MT		Value (Rs in lacs)	
		2002-2003	2001-2002	2002-2003	2001-2002
	Fluorspar	13805	12146	1049.77	944.85
	Chloromethanes	17542	16639	2746.61	2754.79
	Others			380.18	298.08
	Total			4176.56	3997.72

9.	Imported and indigenous raw material consumed	Percentage		Value (Rs in lacs)	
		2002-2003	2001-2002	2002-2003	2001-2002
	Imported	74	68	3088.10	2737.46
	Indigenous	26	32	1088.47	1260.26
	Total			4176.57	3997.72

10.	Imported and indigenous Stores and spares consumed	Percentage		Value (Rs in lacs)	
		2002-2003	2001-2002	2002-2003	2001-2002
	Imported	8	5	19.43	8.71
	Indigenous	92	95	224.11	182.73
	Total			243.54	191.44

11 (a)	Remuneration to Managing Director and Wholetime Director :	Amount (Rs in lacs)	
		2002-2003	2001-2002
	Salary and allowances	20.64	18.07
	Commission to Managing Director	70.15	67.12
	Perquisites	10.76	9.88
	Contribution to Provident Fund	2.33	2.05
	Total	103.88	97.12

Note: Remuneration of whole time director is subject to approval of the shareholders at the ensuing annual general meeting.

11 (b)	Computation of Net Profit for Commission to Managing Director		
	Profit as per Profit & Loss Account	3337.20	3106.93
Add :	Directors' Sitting Fees	0.24	0.28
	Managing Director's and Wholetime Director's Remuneration	103.88	97.12
	Provision for doubtful debts/advances	7.65	27.09
	Provision for Diminution in value of Investments	620.67	129.75
	Wealth Tax (net)	3.73	2.36
	Taxation (net)	1058.84	772.11
	Sub-total	5132.21	4135.64
Less :	Provision for doubtful debts written back/adjusted	0.48	35.86
	Provision for Diminution in value of Investment written back	0.00	31.79
	Profit on Sale of Investments	1624.26	712.09
	Sub-total	1624.73	779.74
	Net Profit for Managing Director's Commission	3507.47	3355.90

Gujarat Fluorochemicals Limited

	Commission payable to Managing Director for the year at 2%	70.15	67.12
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12. Payments to Auditors (included in Legal and Professional Fees and Expenses)

	Amount (Rs in lacs)	
	2002-2003	2001-2002
Audit Fees	1.25	1.20
Tax Audit Fees	0.75	0.70
Fees for taxation matters	0.37	0.35
Fees for other matters	0.50	0.08
Out of pocket expenses	0.05	0.11
Service Tax	0.20	0.11
Total	3.12	2.55

13. Contingent liabilities not provided for in respect of:

Central Excise Duty	4.85	4.85
Sales Tax	80.09	77.31
Income Tax	62.59	26.76
Bills discounted	111.83	252.48
Guarantee given in respect of loans availed by subsidiary company	1002.55	975.00
Claims against the Company not acknowledged as debts	22.52	29.32

Note : Amount of Rs 69.24 lacs (previous year Rs 18.17 lacs) has been paid in respect of above Central Excise Duty, Sales Tax and Income Tax demands and not charged to the Profit and Loss Account.

14. CIF value of imports of:

Raw materials	2838.86	2352.99
Finished Goods	111.27	92.40
Stores and spares	18.19	4.78
Packing materials	114.11	74.32
Capital Goods	3.80	0.00

15. Expenditure in foreign currency :

Lease rentals, Sales commission, Travelling etc.	105.92	164.91
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16. Earnings in foreign exchange :

FOB value of exports	9421.19	8233.96
Other recoveries on exports	359.05	309.34

17. Name of Small Scale Industrial Undertakings, on the basis of information received by the Company, to whom the Company owes a sum which is outstanding for more than 30 days as on 31.03.2003:

Altop Industries, K.S. Industries, Manish Art, Techpoly, V. C. Patel & Co., Waaree Instruments P Ltd.

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

Gujarat Fluorochemicals Limited

Sr.No	Account Head	2002-2003	2001-2002
1	Freight and Octroi	1.41	8.87
2	Production labour charges	1.33	0.00
3	Selling commission	0.27	0.54
4	Repairs to Machinery	0.00	3.83
5	Rent and Service charges	0.00	1.51
6	Lease Rentals and Hire Charges	0.00	3.84
7	Others	1.23	2.78
	Total	4.24	21.37

Cost of packing materials consumed includes Rs Nil (previous year Rs 47.20 lacs) paid during the year as additional duty in respect of materials consumed in earlier years.

19. The major components of the net deferred tax liability as on 31st March 2003 are as under :

Amount (Rs in lacs)

Deferred Tax Liabilities

		2002-2003	2001-2002
(i)	Depreciation	234.68	145.55
(ii)	Others	25.63	21.00
	Total	260.31	166.55

Deferred Tax Assets

(i)	Provision for diminution in value of investment	17.09	75.22
(ii)	Retirement benefits	44.07	18.75
(iii)	Doubtful debts and advances	16.98	10.56
(iv)	Others	0.00	9.38
	Total	78.14	113.91

20. Calculation of Earnings Per Share (EPS) :

		<u>2002-2003</u>	<u>2001-2002</u>
a)	Amount used as the numerator - Profit after taxation (Rs. in lacs)	3337.20	3106.93
b)	Number of equity shares outstanding at the beginning and at the end of the year – (Nos.)	11578000	11578000
c)	Nominal value of each share – (Rs.)	10	10
d)	Basic & Diluted Earnings per share (Rs.)	28.82	26.83

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

- (i) Names of the related parties with whom transactions have taken place during the year :

- (a) Subsidiary Companies:

Inox Leisure Limited

Inox Global Services Limited (subsidiary during the previous year from 16.4.2001 to 27.3.2002 and in current year from 31.08.2002 to 28.03.2003)

- (b) Key Management Personnel

Shri V K Jain (Managing Director)

Gujarat Fluorochemicals Limited

Shri D K Sachdeva (Whole -time Director)

- (c) Relative of Key -management Personnel
Shri D K Jain (Father of Shri V K Jain)
- (d) Enterprises over which Key Management Personnel, or his relative, has significant influence
Inox India Limited
Inox Air Products Limited
Inox Leasing & Finance Limited
Niryat Sam Apparels (I) Limited
Inox Global Services Limited (during the period in which the company was not a subsidiary company)
Ritspin Synthetics Limited
Chandra Finance

(ii) **Particulars of transactions**

	Nature of transaction	Volume of transaction (amount in Rs. Lacs)				
		With parties referred to above, in				
		(i) (a)	(i) (b)	(i) (c)	(i) (d)	Total
i)	Transactions during the year					
a)	Investment in					
	- Equity shares	1479.00 (970.06)				1479.00 (970.06)
	- Preference shares	271.00 (1612.00)			0.00 (2125.00)	271.00 (3737.00)
b)	Share application money paid (excluding amount of shares allotted)	262.00 (390.00)				262.00 (390.00)
c)	Share application money received back	0.00 (650.07)				0.00 (650.07)
d)	Inter-corporate loans given	379.00 (370.00)			650.00 (50.00)	1029.00 (420.00)
e)	Inter-corporate loans received back	294.00 (370.00)			150.00 (50.00)	444.00 (420.00)
f)	Interest received	21.78 (0.61)			1.99 (0.32)	23.77 (0.93)
g)	Lease charges received				0.00 (1.84)	0.00 (1.84)
h)	Sale of goods				3.18 (6.64)	3.18 (6.64)
i)	Reimbursement of expenses (received)	0.00 (0.06)				0.00 (0.06)
j)	Sale of fixed asset				0.00 (1.36)	0.00 (1.36)
k)	Purchase of goods				1329.96 (1234.72)	1329.96 (1234.72)
l)	Purchase of Fixed Asset				109.50 (0.00)	109.50 (0.00)
m)	Sitting Fees paid			0.08 (0.08)		0.08 (0.08)
n)	Remuneration paid		103.89 (97.12)			103.89 (97.12)
o)	Reimbursement of expenses (paid)				2.99 (4.64)	2.99 (4.64)
p)	Rent paid		1.20 (1.16)		8.61 (6.30)	9.81 (7.46)
q)	Dividend received				138.50 (0.00)	138.50 (0.00)
r)	Sale of shares				201.50	201.50

Gujarat Fluorochemicals Limited

				(0.00)	(0.00)
ii) Balance at the end of year					
a) Investment in					
- Equity shares (net of provision)	4500.00 (3420.00)			247.49 (92.25)	4747.49 (3512.25)
- Preference shares (net of provision)				3428.00 (3737.00)	3428.00 (3737.00)
b) Amount payable				133.13 (0.00)	133.13 (0.00)
c) Amount receivable				803.74 (118.06)	803.74 (118.06)
d) Outstanding deposit, in respect of premises, receivable				0.00 (225.00)	0.00 (225.00)
e) Remuneration payable		51.24 (44.23)			51.24 (44.23)
f) Guarantees given	1002.55 (975.00)				1002.55 (975.00)
g) Share Application Money	262.00 (0.00)				262.00 (0.00)

Note : Figures for previous year are given in brackets.

22. The Company is primarily engaged in the business of manufacture and sale of refrigerant gases, and hence, it is operating in a single business segment. The products of the company are sold both in the domestic and export markets, which are considered different geographical segments.

Segment-wise revenues are as under:

(Amount Rs. in lacs)		
Particulars	2002-2003	2001-2002
Domestic	3482.07	3450.04
Exports	9780.24	8541.38
Total	13262.31	11991.42

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

23. Amount due to/from Inox India Limited, a company under the same management -

(Amount Rs. in lacs)		
Particulars	2002-2003	2001-2002
Amount payable as at 31 st March – credit balance	58.17	Nil
Maximum amount due during the year – debit balance	48.57	116.42

24. Significant accounting policies are as per Annexure – I
25. Cash Flow Statement is enclosed vide Annexure II.
26. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956, is enclosed vide Annexure III.

As per our Report of even date attached

For Patankar & Associates
Chartered Accountants

Managing Director

Chairman

Gujarat Fluorochemicals Limited

M.Y.Kulkarni
Partner

Pune, 11th June, 2003

Vice President (Corporate Finance)

Company Secretary
New Delhi, , 11th June, 2003

Director

Director

ANNEXURE I: SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

2. FIXED ASSETS

Fixed Assets are carried at cost of acquisition, net of modvat/cenvat credit, or cost of construction, including erection expenses, and variations arising due to subsequent fluctuations in foreign exchange rates, as reduced by accumulated depreciation. Lease hold Land is carried at cost, comprising of Lease premium and expenses on acquisition thereof, as reduced by accumulated amortisation.

3. DEPRECIATION

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

4. INVESTMENTS

Long Term Investments are carried at cost. Provision for diminution is made to recognise the decline, other than temporary, in the values of these investments. Current Investments are carried at lower of cost and fair value. Income from investments is accounted for on accrual basis.

5. INVENTORIES

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

6. SALES

Sales value is exclusive of excise duty and sales tax, and net of trade discounts.

7. CENVAT CREDIT

Excise duty on inputs is carried forward in current assets and is included in 'Balances in Excise Accounts', till it is utilised while effecting dispatches. Consequently, such inputs are accounted for exclusive of excise duty.

8. FOREIGN CURRENCY TRANSACTIONS

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

In respect of foreign currency liabilities incurred for the acquisition of fixed assets, such differences are adjusted in the carrying amount of the fixed assets.

9. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development incurred during the year is charged to Profit and Loss Account under the respective heads.

10. RETIREMENT BENEFITS

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

11. BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset is charged to Profit and Loss Account.

12. TAXES ON INCOME

Income tax expense comprises current tax and deferred tax charge or release. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Gujarat Fluorochemicals Limited

ANNEXURE II

Cash Flow Statement for Gujarat Fluorochemicals Limited

		Rs in lacs	
		<u>2002-2003</u>	<u>2001-2002</u>
A	Cash flow from operating activities		
	Net Profit before tax and extraordinary items	4396.04	3879.04
	<u>Adjustments for :</u>		
	Depreciation and Amortisation	253.62	253.19
	Income/Expenditure in respect of Investments	(1271.54)	(922.27)
	Interest	21.96	22.80
		(995.96)	(646.28)
	Operating Profit before working capital changes	3400.08	3232.75
	Adjustments for :		
	Trade and other receivables	373.75	150.98
	Inventories	155.80	341.67
	Trade payables	(265.15)	287.01
		264.40	779.66
	Cash generated from operations	3664.48	4012.41
	Direct taxes paid	(1053.05)	(715.31)
	Net Cash from operating activities	2611.43	3297.10
B	Cash flow from investing activities		
	Purchase of fixed assets	(629.63)	(116.36)
	Sale of fixed assets	1.58	6.07
	Purchase of investments	(29182.27)	(35730.34)
	Sale of investments	27797.54	28281.46
	Investment in intercorporate and other loans (Net)	(537.35)	1669.51
	Interest received	124.19	197.58
	Lease rent received	0.00	1.84
	Dividend received	143.87	108.83
	Adjustment for receivables on investment account	(479.55)	392.51
	Net Cash used in investment activities	(2761.62)	(5188.90)
C	Cash flow from financing activities		
	Short term borrowings (net)	(200.00)	200.00
	Interest paid	(21.96)	(22.80)
	Dividend paid (Including Tax on Dividend)	(351.44)	(379.30)
	Net Cash used in financing activities	(573.40)	(202.10)
D	Capital receipts	858.46	1706.35
	(Please refer to Note no. 2 of Notes to the Accounts)		
	Net increase in cash and cash equivalents	134.87	(387.55)
	Cash and cash equivalents at the beginning of the year	1300.53	1688.08
	Cash and cash equivalents at the end of the year	1435.40	1300.53

As per our Report of even date attached

For Patankar & Associates
Chartered Accountants

Managing Director
Vice President (Corporate Finance)

Chairman
Director

M.Y.Kulkarni
Partner

Company Secretary
New Delhi, , 11th June, 2003

Director

Pune, 11th June, 2003

