



FUTURA  
POLYESTERS  
LIMITED

**48TH ANNUAL REPORT 2007-2008**

**“Request to the Shareholders”**

Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to address their queries to the Secretary of the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.

Members are requested to bring this copy of the Annual Report to the meeting.

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## 48TH ANNUAL REPORT 2007-2008

### Board of Directors

S. B. Ghia  
M. D. Dalal  
S. S. Marathe  
R. B. Raheja  
P. Abraham, IAS (Retd.)  
Vispi Patel  
Shyam Sunder Sami  
Viren Raheja  
N.S..Ghia  
K. Ramasubramanian

Chairman & Managing Director  
Jt. Managing Director

Up to 15/04/2008  
Nominee of IDBI

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### Company Secretary

S. Ramachandran

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### Bankers

Bank of India  
State Bank of India  
Union Bank of India  
Indian Bank  
UCO Bank  
Canara Bank  
State Bank of Hyderabad

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### Auditors

Messrs. N. M. Rajji & Co.

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### Registrar and Share Transfer Agents

Satellite Corporate Services Pvt. Ltd.  
301, Sony Apartments  
Opp. St. Jude High School  
Off. Andheri-Kurla Road, Jarimari  
Mumbai-400 072.  
Phone: 28520461, 28520462  
Fax: 28511809  
E-mail:service@scspl.net

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### Registered Office

Paragon Condominium,  
3<sup>rd</sup> Floor, Pandurang Budhkar Marg,  
Mumbai - 400 013.  
Phone : 24922999 Fax : 24923142  
E-mail: futuraho@futurapolyesters.com  
Website: www.futurapolyesters.com

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## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the 48<sup>th</sup> ANNUAL GENERAL MEETING of the Members of FUTURA POLYESTERS LIMITED will be held at **S.N.D.T Patkar Convocation Hall of S.N.D.T. Women's University, 1 Nathibai Thackersay Road, Mumbai – 400 020, on Wednesday, 20<sup>th</sup> day of August, 2008 at 2.30 p.m.**, to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31<sup>st</sup> March 2008 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vispi Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.S. Marathe, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS :

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

**“RESOLVED THAT** Mr. Viren Rajan Raheja, an Additional Director of the Company who, under Section 260 of the Companies Act, 1956, (“the Act”) holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 and other applicable provisions, if any, of the Act, proposing his candidature for the office of a Director be and is hereby appointed a Director of the Company.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Nikhil Shyam Ghia, an Additional Director of the Company who, under Section 260 of the Companies Act, 1956, (“the Act”) holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 and other applicable provisions, if any, of the Act, proposing his candidature for the office of a Director be and is hereby appointed a Director of the Company.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Mr. K. Ramasubramanian, an Additional Director of the Company who, under Section 260 of the Companies Act, 1956, (“the Act”) holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 and other applicable provisions, if any, of the Act, proposing his candidature for the office of a Director be and is hereby appointed a Director of the Company.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

- (a) **“RESOLVED THAT** consent of the Company be and is hereby, accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and/or charging the fixed assets of the Company, both present and/or future, situate at the Company's Works at Manali, Chennai, Tamil Nadu in favour of State Bank of Patiala, (subject to exclusive charge of Canara Bank Chennai on specified movables) for securing Term Loan granted/disbursed by State Bank of Patiala, of Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) together with interest, compound interest, commitment charges, up front charges, premium on repayment by the Company to State Bank of Patiala as and by way of first mortgage/charge ranking pari passu with the existing mortgages/charges created by the Company in favour of IDBI Bank Ltd and Axis Bank Ltd.

- (b) **THAT** the Board of Directors of the Company be and is hereby authorized to finalise such documents for creating the aforesaid mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution.”

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

- 1) **Name of Director:** Mr. Vispi Patel **Age:** 46 years  
**Qualification & Expertise:** Master of Management Studies (M.M.S.)- Mumbai University-First Class. Experience in finance and administration, corporate banking etc. Director of the Company since

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27.07.2001 **Directorship on the Board and Chairmanship/Membership in Committees:** Futura Polyesters Limited (Audit Committee Member)

- 2) **Name:** Mr. Sharad Shripad Marathe **Age:** 85 years  
**Qualification & Expertise:** M.A., B.Sc.(Hons), London School of Economics & Political Science He has obtained his education from London School of Economics and Political Science. He was an Economist by profession and Administrator in the Central Government. He was a member of the Indian Economic Service since its inception and retired as Secretary to the Government of India, Ministry of Industry (Department of Industrial Development). He has chaired the Bureau of Industrial Costs and Prices, Government of India. He was an Alternate Executive Director for India on 'International Monetary Fund' and has concurrently served the Ministry for Economics and Commercial Affairs, Embassy of India, Washington. He was also an Economic Advisor to the Government of India. He is well experienced in the fields of Finance and Industry. He was a Director on the Central Board of the Reserve Bank of India for ten years. He was a Director on the Industrial Development Bank of India and Chairman of the National Productivity Council, New Delhi. He was the first Chairman of IDBI Bank and also Chairman of SICOM. He was the Chairman/Member of several committees including Committee on Indirect Taxation, Fertilizers Price Committee and National Committee on Science and Technology. He is a visiting Professor at the Center for Policy Research, New Delhi and a Member of the Investment Advisory Board for Army Group Insurance.

### **Directorship on the Board and Chairmanship/Membership in Committees:**

Automotive Axles Ltd.(Audit Committee-Member, Shareholder's/investor's Grievance Committee-Member), Bharat Forge Ltd.(Audit Committee-Chairman), Deepak Fertilisers & Petro Chemicals Corporation Ltd.(Audit Committee-Chairman), Finolex Industries Ltd.(Audit Committee-Member, Shareholder's/Investor's Grievance Committee-Member), Force Motors Ltd., Kinetic Motor Ltd., Kirloskar Brothers Ltd.(Audit Committee-Member, Remuneration Committee-Member), Sandvik Asia Ltd. (Audit Committee-Member), Synrise Technologies Ltd.,

GDA Trustee & Consultancy Pvt. Ltd., Life & General Associates (Pvt) Limited, Tata Asset

Management Pvt. Ltd., Pan Gulf Group Ltd. St. Peter Port Guernsey, Channel Islands.

3. **Name:** Mr. Viren Rajan Raheja **Age:** 24 years  
**Qualifications & Expertise:** B.Com, MBA from London Business School. Director of the Company since 15.04.2008 **Directorship on the Board:** Sonata Software Limited. Supreme Petrochem Limited, Innovassynth Technologies (India) Limited.Abu Developers Pvt. Ltd, Akalpitam Land Developers Pvt Ltd, Ala-ona Inv. & Fin. Pvt Ltd, Ameeta Grahnrman Pvt Ltd, Anaya Construction Pvt Ltd, Arko Dealer Pvt Ltd, Arko Enterprises Pvt Ltd, Arjun Housing Pvt. Ltd, Bay-Side Construction Pvt Ltd, Bay-Side Contractors & Developers Pvt Ltd., Bay-Side Exports Pvt Ltd, Beach Plaza Contractors & Developers Pvt Ltd, Bellvne Contractors & Developers Pvt Ltd, Bellvne Construction Pvt Ltd, Bestow Contractors Developers Pvt Ltd, Bloomingdale Investment Finance Pvt Ltd, Bloomingdale Trading Pvt Ltd, Brindaban Agro Industries Pvt Ltd, Brindaban Land Development Pvt Ltd, Chandramouli Fin. & Estates Pvt Ltd, Chevy Trading Pvt Ltd, Colonnade Housing Pvt Ltd, Colonnade Contractors & Developers Pvt Ltd, Colonnade Inv.& Fin. Pvt Ltd, Cresnet Property and Developer Pvt Ltd, Excelsior Construction Pvt Ltd, Fortune Films Pvt Ltd, Globus Stores Pvt Ltd, Gstaad Estates Pvt Ltd, Gstaad Inv.& Fin. Pvt Ltd, Gstaad Trading Co Pvt Ltd,Kalpitam Premises Pvt Ltd, Kanyakumari Inv.& Fin. Pvt Ltd, Kaunteya Builders Pvt Ltd., Kaunteya Contractors & Developers Pvt Ltd, Kuntinandan Contractors & Developers Pvt Ltd, Kuntiputra Properties Pvt. Ltd, Lavina Contractors & Developers Pvt Ltd, Manali Builders Pvt Ltd., Manali Estates Pvt Ltd, Manali Inv.& Fin Pvt Ltd, Matsyagandha Estates Pvt Ltd, Matsyagandha Inv.& Fin. Pvt Ltd, Meenakshi Builders Pvt Ltd, Outlook Publishing (India) Pvt Ltd, Peninsula Estates Pvt Ltd, Panchali Builders Pvt. Ltd., Prerna Builders Pvt. Ltd, R. Raheja Investment Pvt. Ltd, R. Raheja Properties Pvt. Ltd,R.B.R. Construction. Pvt. Ltd.,R.B.R. Estates & Fin. Pvt. Ltd, Rajan Estates And Finance Pvt Ltd., Raghukul Developers Pvt. Ltd.,Sea side Exports Pvt Ltd, Shalini Construction. Pvt. Ltd, Shalini Developers Pvt. Ltd,Shiraz Relators Pvt. Ltd., Shoreline Construction Co. Pvt. Ltd,Shoreline Exports Pvt Ltd, Spur Cable and Data Sonal Properties Pvt. Ltd, Suchetan Construction Co. Pvt Ltd, Trophy Inv. & Fin. Pvt. Ltd, Varahagiri Investments & Finance Pvt Ltd, Vidhur Construction Pvt. Ltd, Villa Capri Estates

# **FUTURA** FUTURA POLYESTERS LIMITED

Pvt. Ltd, Villa Capri Developers Pvt. Ltd, Wren Contractors & Developers Pvt Ltd, Whitsun Contractors & Developers Pvt Ltd, Windsor Realty Pvt Ltd, Zillion Contractors & Developers Pvt Ltd, Zircon Consultants Private Ltd.

4. **Name:** Mr. Nikhil. S. Ghia **Age:** 35 years  
**Qualification & Expertise:** Bachelor's Degree in Arts in Economics and Management from Ohio Wesleyan University, Delaware, Ohio in June 1997. He has also completed his Masters in Business Administration in General Business from Bryant College, Smithfield, Rhode Island, in May 1999. He was inducted into Beta Gamma Sigma National Honor Society and Who's Who in America.  
**Directorship on the Board and Chairmanship/ Membership in Committees:** M/s. Chika Pvt Ltd, M/s. Chika Overseas Pvt Ltd, Meridion Overseas Pvt Ltd, M/s. Viraj Investment Pvt Ltd, M/s. Brahmasonic

Sound Production Pvt Ltd, M/s. Kika Investments & Finance Pvt Ltd.

5. **Name:** Mr. K Ramasubramanian **Age:** 68 years  
**Qualifications & Expertise:** M Sc, Post Graduate Diploma in Management and Diploma in Computer Science. Retired RBI General Manager. Member of Banking Group for Indo Russian Trade.  
**Directorship on the Board** M/s. Mirae Asset Trust Company Ltd, M/s. Pimer Medical Corporation Ltd.

Registered Office:  
Paragon Condominium,  
3<sup>rd</sup> Floor,  
Pandurang Budhkar Marg,  
Mumbai- 400 013.

Place: Mumbai  
Dated: 30<sup>th</sup> May 2008

By Order of the Board

**S. Ramachandran**  
Company Secretary

## **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies should be lodged at the Company's registered office atleast 48 hours before the commencement of the meeting.
3. The relevant Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of items 5 to 8 of the Notice are annexed hereto.

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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

#### Item No 5

Mr. Viren Raheja was appointed with effect from 15<sup>th</sup> April 2008 by the Board of Directors as Additional Director. Pursuant to Section 260 of the Companies Act, 1956 ("the Act") and Article 114 of the Articles of Association of the Company, Mr. Viren Raheja will hold office as Additional Director up to this Annual General Meeting. The Company has received a notice in writing along with deposit of Rs. 500/- from a member under section 257 and other applicable provisions of the Act proposing Mr. Viren Raheja's candidature as Director of the Company. The Board recommends his appointment as Director.

Mr. Viren Raheja aged 24 yrs holds Bachelor's degree in Commerce and also MBA from London Business School.

Mr. Viren Raheja is deemed to be interested or concerned in the passing of this resolution.

#### Item No 6

Mr. Nikhil S. Ghia was appointed with effect from 30<sup>th</sup> May 2008 by the Board of Directors as Additional Director. Pursuant to Section 260 of the Companies Act, 1956 ("the Act") and Article 114 of the Articles of Association of the Company, Mr. Nikhil S. Ghia will hold office as additional Director up to this Annual General Meeting. The Company has received a notice in writing along with deposit of RS. 500/- from a member under section 257 and other applicable provisions of the Act proposing Mr. Nikhil S. Ghia's candidature as Director of the Company.

Mr. Nikhil S. Ghia aged 35 yrs is graduate from Ohio Wesleyan University Delaware, Ohio in Economics & Management and MBA in General Business from Bryant College from Smithfield, Rhode Island. The Board recommends his appointment as Director

Mr. Nikhil S. Ghia and Mr. Shyam B. Ghia Chairman & Managing Director (relative of Mr. Nikhil S. Ghia) are deemed to be interested or concerned in the passing of this resolution.

#### Item No 7

Mr. K. Ramasubramanian was appointed with effect from 30<sup>th</sup> May 2008 by the Board of Directors as Additional Director. Pursuant to Section 260 of the Companies Act, 1956 ("the Act") and Article 114 of the Articles of Association of the Company, Mr. K. Ramasubramanian

will hold office as additional Director up to this Annual General Meeting. The Company has received a notice in writing along with deposit of RS. 500/- from a member under section 257 and other applicable provisions of the Act proposing Mr. K. Ramasubramanian's candidature as Director of the Company. The Board recommends his appointment as Director.

Mr. K. Ramasubramanian aged 68 yrs holds Masters degree in Science and Post Graduate Diploma in Management and in Computer Science.

Mr. K. Ramasubramanian is deemed to be interested or concerned in the passing of this resolution.

#### ITEM NO. 8

At the request of the company, State Bank of Patiala Mumbai has sanctioned a term loan of Rs 25 Crores. This Loan is to be secured, inter alia by first charge on the fixed assets of the company, both present and future ranking pari passu with the charge created in favour of IDBI Bank Ltd and Axis Bank Ltd.

Section 293(1)(a) of the Companies Act, 1956 requires that the Board of Directors of the Company, shall not except with the consent of the Company at the General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. The Mortgage/ Charge on all or any of the assets of the Company does not amount to sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company. However, as required by the lead Bank your approval in terms of the provisions of Section 293(1) (a) of the Companies Act, 1956 is sought as a matter of abundant caution.

The Directors, therefore, recommend the passing of the Special Resolutions as set out in the Notice.

None of the Directors may be considered as concerned or interested in this Resolution.

Registered Office:  
Paragon Condominium,  
3<sup>rd</sup> Floor,  
Pandurang Budhkar Marg,  
Mumbai- 400 013.

Place: Mumbai  
Dated: 30<sup>th</sup> May 2008

By Order of the Board

**S. Ramachandran**  
Company Secretary

## DIRECTORS' REPORT

To

The Members,

Yours Directors submit the 48th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2008.

### 1. FINANCIAL RESULTS :

	(Rupees in Lacs)	
	<u>2007-2008</u>	<u>2006-2007</u>
Gross Profit/(Loss) before interest & depreciation	<b>5,655.52</b>	5,105.76
Interest	<b>2,126.66</b>	1,764.13
Depreciation	<b>1,693.42</b>	1,570.98
Operating Profit	<b>1,835.44</b>	1,770.65
Profit before tax	<b>1,827.05</b>	1,713.75
Excess Provision of earlier years	<b>(1.17)</b>	—
Provision for Fringe benefit tax	<b>28.00</b>	23.00
Provision for wealth-tax	<b>2.00</b>	2.00
Deferred Tax Adjustment	<b>466.61</b>	433.94
Provision for taxation	<b>203.83</b>	192.28
Profit after tax	<b>1,127.78</b>	1,062.53
Balance of Profit brought forward from previous year	<b>1,064.57</b>	2.04
Balance carried to Balance Sheet	<b>2,192.35</b>	1,064.57

### 2. DIVIDEND:

Your Directors do not recommend any dividend for the year under review due to critical cash flow situation.

### 3. OPERATIONS:

The turnover of the Company during the financial year ended 31<sup>st</sup> March 2008 was Rs.458.27 crores compared with Rs.563.28 crores during the previous year. This fall in the turnover was mainly due to suspension of exports to US at unviable price involving higher logistics cost and the consequent need to accelerate the pace to change over to speciality Products through debottlenecking of the plant in order improve profitability. Further, in respect of some products, the Company has shifted to toll manufacturing for some customers, though with the same profit margins. Besides the above, the speciality chemicals of Innovassynth Technologies (India) Ltd which were partly done by the Company have now

been fully shifted to Innovassynth. Even-though there had been a fall in turnover the Operating profit for the year ended 31<sup>st</sup> March 2008 had improved to Rs. 1,835.44 Lakhs compared with Rs.1,770.65 Lakhs during the last year. Interest burden continues to be a source of concern which has surged to Rs. 2,126 Lakhs compared with Rs.1,764 Lakhs during the last year. The proposed Rights Issue of equity shares announced by the Company, once implemented, would give some relief in the interest burden during the current year. The net profit after tax stood at Rs.1,128 Lakhs compared with Rs.1,062 Lakhs during the last year.

Polyester Fibre business has been growing consistently and the Company services mainly the speciality segment. It has now in its range a wider collection of specialty fibres to cater to different customers in India and abroad. There is substantial increase in the domestic demand for polyester fibre from the textiles sector.



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The Polyester Resin is, however, facing pressure on margins due to increase in capacities in India and abroad and lower capacity utilization. However, the Company has accelerated the specialties product mix such as Barrier PET, Napthalate PET and other polyesters and hopes to meet the challenges of competition from commodity / speciality players.

There has been a robust growth in demand for Preforms and the Company's capacity is being better utilized. Here again the Company is focusing on modernizing the facilities and relocation to different regions to maximize market share. The dependence on commodity performs is poised to come down thanks to the thrust on specialty performs such as Barrier PET, Hot fill.

The Company's R&D team has taken various steps to transform and upgrade the product profile by continuously introducing new products. Bio Mass Boiler capacity of 24 MT/hour and Bio Mass Heater of capacity of 13 Million Kcal per hour have been commissioned which would help to reduce energy cost substantially. Company's programmes on cost reduction of utilities and other expenses as well as Safety, Health, Environment and Human Resource Development/Training are on track.

## 4. SUBSIDIARY COMPANY

Your Company has been exempted by the Ministry of Company Affairs, Government of India vide letter No. 47/224/2008-CL-III dated 9<sup>th</sup> April, 2008 from attaching the audited accounts of subsidiary, Innovassynth Investments Limited (IIL). The Company will make available the Annual Accounts of the subsidiary company to any member of the Company who may be interested in obtaining the same. IIL was incorporated on 15<sup>th</sup> February 2008 and obtained Certificate of Commencement of Business on 4<sup>th</sup> March, 2008. It has not carried on any business and was incorporated for the purpose of taking over the investments of the Company in Innovassynth Technologies (India) Ltd pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act filed and pending in the High Court at Mumbai. Upon the sanctioning of the Scheme and implementation thereof, IIL will cease to be a subsidiary of the Company.

## 5. SCHEME OF ARRANGEMENT:

The Scheme of Arrangement filed by the Company in the High Court, Mumbai, under Sections 391 to 394 of the Companies Act, whereby the Company

proposes to transfer its investments in Innovassynth Technologies (India) Limited to Innovassynth Investments Limited (IIL) and in consideration thereof IIL will allot its equity shares to the shareholders of the Company in the ratio of 5 equity shares of IIL against every 11 shares held in the Company, was approved by the requisite majority of the shareholders of the Company at the Court convened Meeting held on 15<sup>th</sup> April 2008. Petitions seeking sanction of the Court to the Scheme have been filed in the High Court, Mumbai.

## 6. PROPOSED RIGHTS ISSUE OF EQUITY SHARES

The Board of Directors of the Company have approved, subject to required approvals, issue of 2,62,10,839 equity shares of Rs. 10/- each at par aggregating in value to Rs.26,21,08,390/- to the shareholders of the Company in the ratio of one rights share against every two shares held in the Company as on the Record Date to be decided in consultation with the Bombay Stock Exchange Limited Since the proposed rights issue is post the Scheme of Arrangement mentioned in para 3 above, the Rights shares will not be entitled to the allotment of shares of Innovassynth Investments Limited. The draft Letter of Offer is under preparation and will be filed with SEBI and BSE shortly.

## 7. FIXED DEPOSITS / LOANS:

As on 31st March 2008, the Company had an aggregate sum of Rs. 500.06 lacs as fixed deposits from public / shareholders. The total number of depositors who have not claimed / renewed their deposits on maturity was 122 and the amount that remained unclaimed/not renewed as on 31st March, 2008 was Rs.24.73 lacs; of these, deposits amounting to Rs.2.59 lacs have since been either repaid or / renewed.

## 8. INSURANCE:

Adequate insurance cover has been provided for the buildings, plant and machinery and Inventories at the factory of the Company.

## 9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to this report.

**10. PERSONNEL:**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

**11. INDUSTRIAL RELATIONS:**

Industrial relations remained by and large cordial throughout the year. The Directors wish to place on record their appreciation for the co-operation extended by the workmen, staff and officers at all levels.

**12. DIRECTORS:**

Since the last AGM, Mr. R.B.Raheja resigned from the Board as Director. The Board places on records its appreciation and gratitude on the contribution made by Mr. Raheja during his long tenure as Director. Mr. Viren Raheja, Mr. Nikhil S Ghia and Mr. K.Ramasubramanian were appointed as Additional Directors on the Board and will hold office until the forthcoming Annual General Meeting and being eligible offer themselves for appointment.

Mr. S. S. Marathe and Mr. Vispi Patel, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

A brief profile of the above Directors are given in the notes of the Notice to the ensuing Annual General Meeting.

**13. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to requirements under Section 217(2AA) of the Companies Act, 1956 ("the Act") with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

1. In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. the Directors had selected such accounting policies and applied them consistently and made judgements 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 31<sup>st</sup> March, 2008 and of the profit of the Company for the year ended on that date.

3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the annual accounts on a 'going-concern' basis.

**14. AUDITORS :**

You are requested to appoint auditors for the current year. M/s. N.M. Raiji & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting, are eligible for reappointment.

**15. COST AUDITOR :**

The Central Government had directed that audit be carried out of the Cost Accounts maintained by the Company in respect of Polyesters by a qualified Cost Accountant. The Directors, subject to the approval of the Central Government, have appointed Mr. M. Krishnaswamy as Cost Auditor.

**16. CORPORATE GOVERNANCE:**

As required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd., Mumbai, Corporate Governance and Management Discussion and Analysis Report annexed to this report, form part of this Annual Report.

**17. COMPLIANCE CERTIFICATE:**

A Certificate from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

**18. ACKNOWLEDGEMENTS:**

Your Directors place on record their appreciation for the continuous support received from the Shareholders. Your Directors also express their appreciation for the assistance and co-operation received from the Governments at the Centre as well as the States, local authorities, Financial Institutions and Banks and employees of the Company during the period under review.

For and on behalf of the Board

Place: Mumbai  
Dated: 30<sup>th</sup> May, 2008

**S. B. GHIA**  
CHAIRMAN

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## ANNEXURE TO DIRECTORS' REPORT

### INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR 2007-08

#### A. CONSERVATION OF ENERGY

##### 1. Actions taken

- a) Biomass Steam Boiler project is commissioned and it is meeting the entire plant steam requirement.
- b) Steam generation cost is reduced significantly.

##### 2. Additional Investment under implementation

- a) Commission Biomass heater during I st half of 2008-09.
- b) Commission Biomass Drier in the II nd half of 2008-09.
- c) Providing waste heat recovery system, strengthening internal logistics and storm water drain improvement.

##### 3. Energy saving activities Plan 2008-09

- a) Reduce heat energy cost by commissioning Biomass based dowtherm heaters in place of furnace oil based dowtherm heaters.
- b) Commission waste heat recovery VAM 160TR and reduce the refrigeration cost for Resin (EOU) plant.
- c) Augment off-site power procurement from PPM.

#### Form A

#### B. FORM OF DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY

##### I POWER AND FUEL CONSUMPTION

	Current Year 2007-08	Previous Year 2006-07
<b>1) Electricity:</b>		
- Unit [Kwh] in lacs	756.57	744.34
- Total amount [Rs. In lacs]	3119.38	3159.58
- Rate per unit - Rupees	4.12	4.24

##### 2) Furnace Oil

- Quantity [MT/MT]	8839.20	12842.00
- Total amount [Rs. In lacs]	1646.81	2151.85
- Average rate [Rs. Per Kg]	18.63	16.76

##### II CONSUMPTION PER UNIT OF PRODUCTION

Name of product	Current Year 2007-08	Previous Year 2006-07
	<b>Electricity kwh/kg</b>	
i) Polyester Staple Fibre	1.17	1.15
ii) Resin	0.63	0.56
iii) Preforms	1.40	1.45
Average	1.07	0.90
<b>Furnace Oil [KL/MT]</b>		
i) Polyester Staple Fibre	0.15	0.24
ii) Resin	0.14	0.11
Average	0.14	0.16
<b>BIOMASS</b>		
	Current Year	Previous Year
	MT	MT
	Spec. Cons	Spec. Cons
i) Polyester Staple Fibre	18810	—
ii) Resin	946	—
iii) Preforms	—	—
Average	0.36	—

#### Form B (See Rule-2)

#### FORM FOR DISCLOSURE ON PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

##### 1) RESEARCH & DEVELOPMENT (R&D)

- a) Received two US Patents for Futura EcoPET and Green BPT Polymers
- b) Developed new applications for modified PTT / VFlex Staple Fibre
- c) Process improvement and optimization in Fibre manufacture

- d) Developed WeldPET – PETG substitute for retail packaging and qualified by global customers.
- e) Developed PastPET for packaging of juices to retain vitamins.
- f) Developed 250 ml CSD container for 12 weeks shelf life.

**1) Benefits Derived as a result of the above**

- a) Company's IPR valuation is enhanced.
- b) Wider market opportunities for Staple Fibre.
- c) Improved quality and productivity / lower cost.
- d) Wider product mix for Polymers.
- e) Additional line of supply for Preforms.

**2) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

**a) Technology Upgradation**

- 1. Intermediate rotary filtration technology established.
- 2. Spinning and Drawline process standards optimized further.
- 3. Commissioned Glycolysis facility for handling all Polyesters.
- 4. Improved handling of process effluents for reduction of load on ET Plant.

**Adaptation**

Company continues to adapt new process and product technologies through a system of training and development.

- b) Benefits derived as a result of the above**  
Improved product quality.  
Better capability for speciality products.  
Better compliance with environment.

**3) IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST 5 YEARS RECKONED FROM THE BEGINNING OF THE FINANCIAL YEAR) FOLLOWING INFORMATION MAY BE FURNISHED:**

- a) Technology imported : NIL
- b) Year of Import : Not Applicable
- c) Has technology been fully absorbed : Not Applicable
- d) If not fully absorbed, areas where this has taken place, reason therefore & future plans of action : Not Applicable

**EXPENDITURE ON R & D**

	(Rupees in Lacs)
Capital	Nil
Recurring	35.95
Total	35.95
Percentage of Turnover	0.08

**FOREIGN EXCHANGE EARNING & OUTGO:**

	(Rupees in Lacs)
Foreign Exchange Earning	16,822.80
Foreign Exchange Outgo	17,534.63

# 48TH ANNUAL REPORT 2007-2008

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT : 2007-08

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in the manufacture and marketing of Polyester Products, namely, Polymers, Preforms and Polyester Staple Fibre. The market focus is on Specialty Products covering the entire product range of the Company.

Use of Man-made fibre including Polyester Staple Fibre (PSF) for various applications is on the increase worldwide, due to increased per capita consumption of fabrics in developing countries and higher price of cotton. Global demand for PSF showed an increase of about 6% during the year under review. With the firming up of the price of cotton fibre and reduced acreage under cultivation, the demand for PSF is likely to go up further. Large additional capacities have been set up in the domestic market increasing competition. However, domestic demand has shown vibrant growth of about 12%. Improvement in the domestic textile growth augurs well for PSF consumption in the current year. The situation in respect of Specialty Fibres is even better in view of greater rate of growth in demand.

Polyester Resin's (PET Resin) growth on the global scale is about 6% to 8%. Here again, large capacities have been created, resulting in severe competition particularly in the US and European Markets. Due to steep increase in the price of Crude oil and consequent increase in the price of intermediates like Paraxylene, PTA and MEG, the raw material cost of PET Resin has gone up steeply while the PET resin price has increased less than proportionately, thereby affecting the margins. Consequently PET Resin business in most countries is suffering a decline in margins.

Preforms business is showing appreciable growth and this trend is expected to continue beyond 2008, thanks to recovery of Pepsi and Coke brands from the shock of the pesticide residue campaign and the improved shift from glass to PET. The growth is significant in fruit juice and water segments both for Multi National companies and Indian Companies.

### 2. OPPORTUNITIES AND THREATS

The Company's continued focus on specialty products gives excellent opportunities for the Company to retain the niche in the highly

competitive market for Polyester products. This applies for all three products groups. Barrier technology, high-heat applications, coloured fibre, container packaging, thermoforming, engineering thermoplastics are some of the areas which provide good opportunities. The increasing application of recycled raw materials for food grade (FDA approved) PET Resin has wide acceptance in the world market and Company's specialty products using recycled materials are attracting significant demand from customers abroad. Some of the new virgin specialty products in PSF and PET Resin are now set to be produced on commercial scale. High growth in Polyester demand worldwide affords good opportunity for the Company to expand its market share both in Fibre and Polymer. Similarly the Preform business is showing continuous growth in the domestic market, in line with the demand growth in beverages and shift in favour of PET packaging. The spiralling logistics cost due to the volatile oil market is a major threat for exports of Polymers and Fibres to USA. Creation of small Preform units at regional centres may also emerge as a threat for Preform business.

### 3. PERFORMANCE

Polyester Fibre sales during the year decreased marginally by 7%; However, coupled with higher unit price realisation, lower input cost and the robust growth in share of specialties, particularly Colour Fibre and exports, the profitability improved significantly.

Polyester Resin turnover decreased by about 36% over the previous year mainly due to suspension of commodity exports to US at unviable prices. Company had to accelerate the pace of change over from large volume/low margin commodity products to low volume/high margin specialty products through debottlenecking of the plant in order to improve profitability. Though the capacity of the plant could not be utilised fully due to disproportionate price increase in raw-materials vis-a-vis finished products, the overall sales performance was satisfactory thanks to significant contributions from Specialty Resins during 2007-08... PET Preforms sales increased by 7.71% during the current year, thanks to a significant improvement in market demand during the period.

The turnover of the Company during the financial year ended 31<sup>st</sup> March 2008 was Rs.458.27crores, compared with Rs.563.28 Crores during the previous year. This fall in the turnover was mainly due to lower capacity utilization in PET Resin and change over to low volume/high margin specialty products, as mentioned above. Further, in respect of some products, instead of normal manufacture and sale, the Company had shifted to toll manufacturing. This resulted in lower top line, without affecting the profit margin. Besides the above, the specialty chemicals of Innovassynth Technologies (India) Ltd., which were partly done by the Company have now been fully shifted to Innovassynth. Even-though there had been a fall in turnover, the Operating profit for the year ended 31<sup>st</sup> March 2008 had improved to Rs. 1,834.44 Lakhs compared with Rs.1,770.65 Lakhs during the last year. Interest burden continues to be a major source of concern which has surged to Rs. 21.26 crores compared with Rs.17.64 crores during the last year. The proposed rights issue of equity shares announced by the Company, once implemented, would give some relief in the interest burden during the current year. The net profit after tax stood at Rs.11.28 crores compared with Rs.10.62 crores during the last year.

#### **4. OUTLOOK**

The outlook for Polyester Resin Business in the specialty segment continues to be buoyant and positive. With success already achieved in the areas of Barrier PET and High-heat Resins, the future does indeed look bright and the Company hopes to increase the capacity utilization further during the financial year.

PET Preform business is on a faster growth path. This has been mainly due to increase in capacity by MNC Companies, which is to meet the higher rate of demand and switch from glass to PET. The Company plans to focus more on new products, such as a Barrier PET, Hot Fill PET, Jar PET and Beer PET. The Company is also considering the setting up of regional manufacturing centres at bottling plants to save cost and be competitive with small manufacturers.

The outlook for the Polyester Fibre business is quite positive, in view of the specialty focus and in the light of the Company's launch of more than 300 shades of Colour Fibre, apart from a new line-up

of specialties, such as V-Flex, Anti Microbial, Flame Retardant, High Shrink fibres, etc. Reduced availability of cotton and higher price realization will help improve margins too.

#### **5. RISKS & CONCERNS**

There is acute competition in the market for Commodity Polymers, Commodity Preforms and Commodity Fibres. The prices of specialties are indeed linked to the price of commodities. The burden of interest on past debts certainly is another major pressure point. This does create a negative impact even though the manufacturing operations are currently viable and adequately profitable. The Company is taking steps to strengthen the competitive position through appropriate restructuring of plant configuration and product mix to optimize unit price realization. Bio Mass Boiler capacity of 24 MT / hour and Bio Mass Heater of capacity of 13 Million Kcal per hour have been installed / commissioned which would help to reduce energy cost substantially. The proposed Rights Issue of equity shares would bring in additional funds of about Rs.26 crores which will help to reduce the interest burden.

#### **6. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Audit Committee set up by the Board reviews periodically the internal audit reports submitted by the internal auditors. The internal auditors, cost auditor and statutory auditors are invited to the Audit Committee Meetings to interact directly with Audit Committee Members. The Company has adequate internal control systems commensurate with its size and operations.

#### **7. DISCUSSION ON FINANCIAL PERFORMANCE**

The year 2007-08 ended with an operating profit of Rs.18.35 crores (as compared with operating profit of Rs.17.71 crores incurred during the last year). The net turnover (including other income) during the year was Rs.426.58 crores (compared with Rs.522.27 crores during the previous year). The current ratio is 1.26 compared with 1.39 last year.

#### **8. HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Industrial Relations remained cordial throughout the year. The number of permanent employees on roll of the Company is 827.

# 48TH ANNUAL REPORT 2007-2008

## CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, the report on Corporate Governance is given below:

### 1. Company's philosophy on Code of Corporate Governance:

Our Company is committed to achieving high standards of corporate governance recognising the fact that management is accountable to all stakeholders for good governance. Some of the essential elements of good governance are fairness, ethics, transparency, accountability and responsibility.

Consistent with this commitment, our Company's practices and policies continue to meet the above attributes in all spheres of production, operations and services.

World over corporate governance structures are dynamic, evolve over a period of time and keep changing in the light of new developments. Ours too is an ever-evolving process. We will make every effort in raising the standards of corporate governance and will constantly review systems and procedures in order to keep pace with the changing economic environment.

### 2. Board of Directors:

#### (a) Composition of Board:

The Board of Directors comprises of 9 Directors of which 2 are Executive and 7 are non-executive Directors. Directors include Chairman & Managing Director and a Nominee Director from IDBI.

The Directors are eminent industrialists / professionals with experience in industry / business / finance and bring with them the reputation of independent judgment and experience, which they exercise, and also satisfy the criteria of independence. However, the Board of Directors, adopting a more exact view, has decided to treat only the directors, as indicated in para 2(b) below as independent directors.

#### (b) Number of Board Meetings:

Six Board Meetings were held during the year on 25<sup>th</sup> April, 2007, 21<sup>st</sup> June 2007, 25<sup>th</sup> July 2007, 19<sup>th</sup> September 2007, 31<sup>st</sup> October 2007 and 29<sup>th</sup> January 2008.

#### Details of Directors of the Company as on the date of this report.

Name of the Director	Category of Director	No. of other Directorship in other Boards	No. of membership of other Board Committees	No. of Chairmanship of other Committees	No. of Board Meetings Attended	Attendance at last AGM
Mr. S. B. Ghia	EP	5	5	3	6	Present
Mr. M. D. Dalal	EP	1	1	Nil	6	Present
Mr. Shyam Sunder Sami	NEI	1	Nil	Nil	4	Present
Mr.S. S. Marathe	NEI	9	8	2	3	Absent
Mr Prathipati Abraham	NEI	9	Nil	1	4	Present
Mr. Vispi Patel	NEI	Nil	Nil	Nil	4	Absent
Mr Viren Raheja	NE	7	NA	NA	NA	NA
Mr N. S Ghia	NE	Nil	NA	NA	NA	NA
Mr K Ramasubramaniun	NEI	2	NA	NA	NA	NA
Mr Rajan B Raheja*	NE	11	4	2	Nil	Absent

E-Executive, NE-Non-executive, P-Promoter, I-Independent

Note: Mr S.B. Ghia and Mr N.S. Ghia are related to each other being father and son respectively.

\*Ceased as Director from 15th April, 2008

**c) Details of Directors seeking Re-appointment as required under clause 49 IV(G)(i) of the Listing Agreement entered into with the Stock Exchange:**

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed / reappointed are given in the Notes to the Notice on page **no. 4**.

**d) Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company which is posted on the website of the Company.

All Board members and senior management personnel have affirmed compliance with the code on an annual basis. A declaration to this effect signed by the CEO forms part of this Annual Report.

**3. Committees of the Board**

**3.1 Audit Committee:**

The Audit Committee constituted in accordance with the Listing Agreement comprised of Mr. S. S. Marathe, Mr. Vispi Patel, Mr. F.A.A Jasdanwalla (since resigned from 25<sup>th</sup> July 2007) , Mr. P.Abraham, Mr Viren Raheja (w.e.f. 15<sup>th</sup> April 2008) and Mr. Shyam Sundar Sami, who is Chairman of the Committee. All are independent directors except Mr Viren Raheja.

**a) The Terms of reference:**

The terms of reference of the Audit Committee include the matters specified under Clause 49 (II) (D) of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

**b) Composition and Category:**

The Company has complied with the requirements of Clause 49 (II) (A) as regards the composition of the Audit Committee.

The Audit Committee is in existence since 1986 and presently comprises of 5 Directors. Mr. F.A.A Jasdanwalla was a member of the committee up to the date of his directorship i.e 25<sup>th</sup> July 2007. All its present members are Non-executive directors and amongst them Mr. Vispi Patel has financial and accounting background. Mr. S. B. Chatterjee, Executive Director & President Finance of the Company, a representative of Statutory Auditors and Cost Auditors are invited to attend its meetings. Mr. S. Ramachandran, Executive Director & President (Legal) & Company Secretary acts as the Secretary of the Committee.

**c) Number and attendance at each Audit Committee Meetings:**

During the financial year 2007-2008 Six Audit Committee Meetings were held; the dates of the meetings were 25<sup>th</sup> April 2007, 21<sup>st</sup> June 2007, 25<sup>th</sup> July 2007, 19<sup>th</sup> September, 2007, 31<sup>st</sup> October, 2007 and 29<sup>th</sup> January, 2008. The attendance of members at the meetings was as follows:

Name of Member	Status	No. of meetings attended
Mr. S. S. Sami	Chairman	4
Mr. Vispi Patel	Member	4
Mr. S. S. Marathe	Member	3
Mr. P.Abraham	Member	4
Mr Viren Raheja*	Member	NA
Mr. F.A.A Jasdanwalla**	Member	Nil

\* Appointed w.e.f. 30<sup>th</sup> May 2008

\*\* Resigned w.e.f. 25<sup>th</sup> July 2007

**3.2 Remuneration Committee:**

**a) Terms of reference:**

To periodically review the remuneration packages of executive whole-time directors and recommend suitable revision to the Board.



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**b) Composition and Category:**

The remuneration committee has Three directors, all are non-executive viz; Mr. Shyam Sunder Sami (Chairman), Mr. Vispi Patel and Mr.P Abraham (members),.

**c) Number and attendance at each Remuneration Committee Meetings:**

No meeting was held during the year, as no revision is made in Managerial Remuneration during the year.

**d) Remuneration policy:**

The remuneration policy is directed towards rewarding performance. It takes into account Company's results, the grade and the position held by the incumbent concerned and his overall performance.

**Remuneration of Executive Directors as per Accounts for the financial year ended 31<sup>st</sup> March 2008.**

Executive Directors	All elements of remuneration package i.e. salary, benefits, bonuses, pension etc. (in Rupees)	Fixed component and performance linked incentives along with the performance criteria (in Rupees)	Service contracts notice period, severance fees	Stock option details, if any, and whether issued at discount as well as the period over which accrued and exercisable
S. B. Ghia	10,92,012	1% commission of net profits *	Please see Note 'a' and 'c'	Please see Note 'b'
M.D.Dalal	12,21,092	1% commission of net profits *	Please see Note 'a' and 'c'	Please see Note 'b'

**Notes:**

(a) The Service contracts in case of Mr. S. B. Ghia & Mr. M. D. Dalal is for a period of 5 years from 01.04.2004 to 31.03.2009.

(b) Presently the Company does not have any Stock Option Scheme.

(c) In the case of Mr. S. B. Ghia & Mr. M. D. Dalal, if before the expiry of their respective Agreements, the tenure of office shall be determined for any reason other than those provided in subsection (3) of section 318 of the Companies Act, 1956, they shall be entitled to remuneration for the unexpired residue of their term or three years whichever is shorter, by way of compensation for loss of office.

\*(d) No Commission is paid for the year under review.

(e) Interest credited to Mr. M. D. Dalal Account Rs.2.60 Lacs on Fixed Deposits kept by Mr. M. D. Dalal with the Company.

**Remuneration of Non-executive Directors as per Accounts for the financial year ended 31<sup>st</sup> March 2008.**

Name of Directors	Relationship with other Directors	Sitting fees of Board/ Committee meetings (Rs.)
Mr. S. S. Marathe	—	30,000
Mr. Prathipati Abraham	—	40,000
Mr. Vispi Patel	—	40,000
Mr. S. S. Sami	—	40,000

Company has provided for the year Rs.156.49 lacs as interest on Fixed deposits kept by one past Director with the Company.

The shares held by Non-Executive Directors in the Company as on 31<sup>st</sup> March 2008 are as follows.

Names	No of shares
Mr. Vispi Patel	1806
Mr. S S Marathe	723
Mr N S. Ghia *	70623

\* Appointed w.e.f. 30<sup>th</sup> May 2008

**3.3. Shareholder's Investor's Grievances Committee:**

**a) Composition and Category:**

The shareholder's **Investor's Grievances** Committee consisting of 4 members has been formed to specifically look into the redressal of shareholder's and investor's complaints like transfer of shares, non-receipt of balance sheet etc. under the chairmanship of Non Executive Director, Mr. Shyam Sunder Sami. Mr S B Ghia , Mr. M. D. Dalal. and Mr. F.A.A Jasdanwalla were Members. Mr. F.A.A Jasdanwalla ceased to be a member of the Committee on resignation as Director on 25<sup>th</sup> July 2007. The Board has appointed Mr. S. Ramachandran, Company Secretary as the compliance officer. Satellite Corporate Services Pvt. Ltd. is our Registrar and Share Transfer Agents.

**b) Number of complaints received / solved / pending:**

During the year ended 31.03.2008, 14 complaints were received for non-receipt of annual accounts, interest, share certificates after transfer/consolidation/transmission etc. All the complaints were resolved/ replied to the satisfaction of the shareholders.

**4. General Body Meetings:**

**Location and time of last three Annual General Meetings and Extraordinary General Meetings of the Company:**

Financial year	Date	Location of the meeting	Time
<b>Annual General Meetings</b>			
2004-2005	31 <sup>st</sup> August 2005.	Patkar Hall, S. N. D. T. University, 1 Nathibai Thackersey Road, Mumbai 400 020	3.30 p.m.
2005-2006	20 <sup>th</sup> September, 2006	Patkar Hall, S. N. D. T. University, 1 Nathibai Thackersey Road, Mumbai 400 020	3.30 p.m
2006-2007	19 <sup>th</sup> September, 2007	Jaihind College Auditorium "A" road, Churchgate, Mumbai 400020	3.00 p.m
<b>Extraordinary General Meetings</b>			
2005-2006	8 <sup>th</sup> April, 2005	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 2 <sup>nd</sup> Floor 18/20 K.Dubash Marg, Mumbai - 400001	2.30 p.m.
Court Convened General Meeting	15 <sup>th</sup> April 2008	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 2 <sup>nd</sup> Floor 18/20 K.Dubash Marg, Mumbai - 400001	11.00 a.m.

**5. Disclosures:**

Disclosure on Materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have material conflict with the interest of the Company at large.	Details are provided in Note no.21 under Schedule 18 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.
Details of non-compliance by the Company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authorities on any matter related to capital markets during the last 3 years.	None in last three years

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### 6. CEO / CFO Certification:

Certificate from Mr. S. B. Ghia, Chairman & Managing Director ( CEO) and Mr. S. B. Chatterjee, Executive Director & President Finance (Chief Financial Officer) in terms of Clause 49 (V) of the Listing Agreement with the Bombay Stock Exchange Ltd. for the financial year ended 31<sup>st</sup> March, 2008 was placed before the Board of Directors of the Company in its meeting held on 30<sup>th</sup> May 2008.

### 7. Means of Communication:

Quarterly Results whether sent to members	No. The results of the Company are published in newspapers as per the Listing Agreement as well as on Company's website.
Any website, where displayed.	<a href="http://www.futurapolyesters.com">www.futurapolyesters.com</a>
Whether it also displays official news releases.	No
The presentations made to Institutional Investors or to the analysts.	No presentations were made to institutional investors or to the analysts during the year under review.
Newspapers in which results are normally published in.	Free Press Journal/Asian Age, Navshakti
Whether MD&A is a part of Annual Report or not.	Management Discussion and Analysis Report forms part of this Annual Report.

### 8. General Shareholder Information:

AGM: Date, Time and Venue	Wednesday 20 <sup>th</sup> August 2008 at 2.30 P.M. at Patkar Hall, SNDT University, 1, Nathibai Thackersey Road, Mumbai 400020.
Financial Calendar	<ol style="list-style-type: none"> <li>1. April to March.</li> <li>2. First Quarterly Result – Last week of July</li> <li>3. Half yearly Result – Last week of October</li> <li>4. Third Quarterly Result – Last week of January</li> <li>5. Fourth Quarterly Result – Last week of June (Audited).</li> </ol>
Date of Book Closure	Tuesday, 5 <sup>th</sup> August, 2008 to Wednesday, 6 <sup>th</sup> August, 2008. (both days inclusive)
Dividend payment date	N.A.
Listing on Stock Exchange	Bombay Stock Exchange Limited.
Stock Code (Physical & Demat)	500720

#### Monthly Highest & Lowest Closing quotations of the Equity shares for the year 2007- 2008.

Year	Month	High		Low		
		Rate (Rs.)	Date	Rate (Rs.)	Date	
2007	April	23.45	23/04/2007	16.30	03/04/2007	
	May	20.45	03/05/2007	17.70	22/05/2007	
	June	22.40	04/06/2007	18.40	12/06/2007	
	July	24.70	13/07/2007	19.00	02/07/2007	
	August	30.90	16/08/2007	20.00	01/08/2007	
	September	32.90	28/09/2007	24.50	03/09/2007	
	October	39.00	08/10/2007	27.75	22/10/2007	
	November	34.50	23/11/2007	26.10	13/11/2007	
	December	46.10	13/12/2007	30.20	04/12/2007	
	2008	January	46.35	02/01/2008	24.35	23/01/2008
		February	29.95	04/02/2008	22.00	29/02/2008
		March	25.25	31/03/2008	13.55	24/03/2008

**SENSEX information for the period April 2007 to March 2008.**

Month	SENSEX			
	Open	High	Low	Close
April, 2007	12811.93	14383.72	12425.52	13872.37
May, 2007	13987.77	14576.37	13554.34	14544.46
June, 2007	14610.28	14683.36	13946.99	14650.51
July, 2007	14685.16	15868.85	14638.88	15550.99
August, 2007	15344.02	15542.40	13779.88	15318.60
September, 2007	15401.99	17361.47	15323.05	17291.10
October, 2007	17356.99	20238.16	17144.58	19837.99
November, 2007	20130.23	20204.21	18182.83	19363.19
December, 2007	19547.09	20498.11	18886.40	20286.99
January, 2008	20325.27	21206.77	15332.42	17648.71
February, 2008	17820.67	18895.34	16457.74	17578.72
March, 2008	17227.56	17227.56	14677.24	15644.44

**Registrar and Transfer Agents**
**Satellite Corporate Services Pvt. Ltd.**

 B-302, Sony Apartments, Opp St. Jude's High School,  
 Off Andheri - Kurla Road, Jarimari, Mumbai - 400 072.

Phone: 28520461, 28520462 Fax: 28511809

E-mail: service@scspl.net

**Collection Centre:**

 Shop No.9, 66/74, Chandanwadi,  
 Near Marine Lines Station,  
 Mumbai-400 002.

**Share Transfer System**

Transfer of shares held in physical mode is processed by M/s Satellite Corporate Services Pvt. Ltd. and approved by the Company Secretary and Jt. Managing Director pursuant to the powers delegated to them by the Board of Directors of the Company.

The total numbers of share transfers during the year were 62453 with an average interval of 30 days between approvals.

**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2008 :**

Share holding of Nominal value of		Shareholders		Share Amount		
Rs.	Rs.	No. of shareholders	% of shareholders to total	Number of Shares	Nominal value of shares Rs.	% of share amount to total
Upto —	5,000	38234	98.52	1,22,66,905	12,26,69,050	23.40
5,001 -	10,000	283	0.73	20,70,997	2,07,09,970	3.95
10,001 -	20,000	130	0.33	18,40,699	1,84,06,990	3.51
20,001 -	30,000	56	0.14	13,67,414	1,36,74,140	2.61
30,001 -	40,000	21	0.05	7,40,606	74,06,060	1.41
40,001 -	50,000	11	0.03	5,02,288	50,22,880	0.96
50,001 -	1,00,000	36	0.09	25,84,217	2,58,42,170	4.93
1,00,001 and above		41	0.11	3,10,48,553	31,04,85,530	59.23
<b>TOTAL</b>		<b>38812</b>	<b>100.00</b>	<b>5,24,21,679</b>	<b>52,42,16,790</b>	<b>100.00</b>

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### Shareholding pattern as on 31.03.2008:

	Category	No. of shares held	Percentage of shareholding
1	Promoter holding (including persons acting in concert)	2,03,88,092	38.89
1	Promoter holding (including persons acting in concert)	2,03,88,092	38.89
2	Institutional Investors/ Mutual Funds / Banks / FIs	39,62,548	7.56
3	Others		
	Indian Public	2,09,89,815	40.04
	Private Corporate Bodies	35,53,028	6.78
	NRIs/erstwhile OCBs	35,20,843	6.72
	Foreign Bank	7,353	0.01
	Any other (In transit)	Nil	Nil
	<b>GRAND TOTAL</b>	<b>5,24,21,679</b>	<b>100</b>

Dematerialization of shares and liquidity

89.68% of the value of the paid-up Share Capital comprising of 4,70,11,900 no of shares have been dematerialised as on March 31, 2008.

Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

Nil

Plant Location

Manali, Chennai in the State of Tamil Nadu  
Futura Polyesters Limited, Paragon Condominium 3<sup>rd</sup> Floor,  
Pandurang Budhkar Marg, Worli, Mumbai 400 013

Address for Correspondence

### Declaration – Code of Conduct

All Board members and senior management personnel have, for the year ended 31<sup>st</sup> March 2008, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the clause 49 of the Listing Agreement entered with the Stock Exchanges.

For Futura Polyesters Limited

Place: Mumbai  
Date: 30<sup>th</sup> May 2008

S. B. Ghia  
Chairman & Managing Director

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **FUTURA POLYESTERS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **FUTURA POLYESTERS LIMITED** for the year ended 31<sup>st</sup> March 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of the certificate of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on financial statements of the Company.

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the reports issued by the Registrars of the Company to the Shareholders / Investor Grievance Committee, as at 31<sup>st</sup> March 2008 there were no investor grievances remaining unattended/pending for more than 30 days.

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

For **N.M.RAJI & CO.**,  
Chartered Accountants  
**Y.N.THAKKAR**

Place: Mumbai  
Dated: 30<sup>th</sup> May 2008.

Partner  
Membership No.3332

**FIVE YEARS' FINANCIAL REVIEW**

(Rupees in Lacs)

	2003-04	2004-05	2005-06	2006-07	2007-08
Gross Sales & Services	45,330.04	52,350.26	52,138.73	56,328.40	45,827.10
Net Sales (Net of Excise)	40,988.22	47,393.84	47,115.19	51,706.42	41,362.76
Gross Profit/(Loss) Before Depreciation, Investment Allowance Reserve & Taxation	(509.69)	2,205.95	527.70	3,284.73	3,520.47
Depreciation	1,876.57	1,472.89	1,481.75	1,570.98	1,693.42
Profit/(Loss) Before Taxation	(2,386.26)	733.06	(954.05)	1,713.75	1,827.05
Provision for Taxation	—	—	—	192.28	203.83
Provision for Wealth Tax	2.50	2.29	2.00	2.00	2.00
Provision for Fringe Benefit Tax	—	—	43.00	23.00	28.00
Deferred Tax Adjustment	2,188.15	370.33	140.74	433.94	466.61
Excess Provision of Earlier Years	—	—	—	—	(1.17)
Profit/(Loss) After Taxation	(200.61)	360.44	(1,139.79)	1,062.53	1,127.78
<b>Assets:</b>					
Gross Fixed Assets	39,658.59	40,597.42	42,311.84	44,413.64	62,466.73
Depreciation	16,698.29	19,071.16	21,438.63	23,776.81	25,997.55
Net Fixed Assets	22,960.30	21,526.26	20,873.21	20,636.83	36,469.18
Investments	2,583.67	2,578.91	2,378.91	2,381.22	2,621.11
Deferred Tax Asset	1,486.20	1,115.87	975.13	541.19	74.57
Current Assets, Loans and Advances	14,313.00	15,081.57	16,422.19	16,462.81	20,043.34
Total Assets	41,343.17	40,302.61	40,649.44	40,022.05	59,208.20
<b>Liabilities and Provisions :</b>					
Current Liabilities and Provisions	13,811.50	11,538.49	12,611.99	11,871.57	15,849.68
Bank Overdraft	3,729.18	4,115.17	4,239.10	3,993.18	3,940.72
Short Term Loans and Deposits	4,507.62	5,452.95	4,662.89	4,437.61	4,327.35
Long Term Borrowings	6,812.44	5,619.42	6,234.90	6,610.93	7,644.70
Total Liabilities and Provisions	28,860.74	26,726.03	27,748.88	26,913.29	31,762.45
<b>NET WORTH :</b>					
Represented by :					
Share Capital	3,347.71	4,835.59	5,242.17	5,242.17	5,242.17
Reserves and Surplus	9,529.49	8,962.07	7,725.56	7,880.36	22,213.93
Less : Miscellaneous Expenditure	394.77	221.08	67.17	13.77	10.35
Shareholders' Funds:	12,482.43	13,576.58	12,900.56	13,108.76	27,445.75
<b>General :</b>					
% of Profit/(Loss) Before Taxation to Net Sales	(5.82)	1.55	(2.02)	3.31	4.42
% of Profit/(Loss) After Taxation to Net Sales	(0.49)	0.76	(2.42)	2.05	2.73
Earning / (Loss) per Equity Share (Rs.)	(0.60)	0.75	(2.17)	2.03	2.15
Current Ratio	1.04	1.31	1.30	1.39	1.26
Liquid Ratio	0.82	0.96	0.97	1.04	1.01
Debt/Equity Ratio	0.49	0.38	0.45	0.48	0.28

# 48TH ANNUAL REPORT 2007-2008

## AUDITORS' REPORT

### To the Members of FUTURA POLYESTERS LIMITED

1. We have audited the attached Balance Sheet of **Futura Polyesters Limited**, as at March 31, 2008 and also the Profit and Loss Account and the Cash flow Statement for the year ended on that date annexed there to. 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 Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the Books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to 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 such books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
  - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read with the Notes there on, 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:
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
    - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii. In the case of the Cash flow Statement, of the cash flows for the year ended on that date.

**For N. M. Raiji & Co.,**  
Chartered Accountants,

**Y. N. THAKKAR**  
Partner

Place: Mumbai  
Date : 30<sup>th</sup> May, 2008

Membership No. 33329

## ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

- (i) (a) The Company was maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets in Computer system. Consequent to failure in the computer system, the record of its fixed assets have not been updated;
- (b) As per the information and explanation furnished by the management the physical verification of major Fixed assets was conducted during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As the records have not been updated comparison of the physically verified assets with that of book records have not been completed;
- (c) In our opinion the company has not disposed off, substantial part of Fixed Assets during the year;
- (ii) (a) The stock of inventories have been physically verified by the management at the close of the year. In our opinion, the frequency of verification is reasonable;
- (b) In our opinion and according to the information and explanations given to us, the procedures for 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) On the basis of our examination of records of Inventory, in our opinion the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared with the book records in relation to the operations of the Company;
- (iii) (a) In our opinion the Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956; Accordingly, the provision of clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) are not applicable to the company;
- (e) During the year, 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; Accordingly, sub-clause (f) and (g) are not applicable;
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system;
- (v) Based on the audit procedures applied by us and according to the information and explanations given to us, contracts or arrangements particulars of which need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered;
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed under, where applicable, with regard to deposits accepted from the public. As per the information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company;
- (vii) The Company has an adequate internal audit system, which was conducted by an independent firm of Chartered Accountants which in our opinion is commensurate with the size and nature of its business;
- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not however made a detailed examination of the records with a view to determining whether they are accurate or complete;
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion the undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March 2008 for a period of more than six months from the date of becoming payable;
- (b) The disputed statutory dues aggregating to Rs.1,174.56 Lacs, that have not been deposited on account of matters pending before appropriate authorities. Details regarding the name of the statute, nature of the dues, disputed amount and the forum where the disputes are pending have been enclosed in the **Annexure-I**



## 48TH ANNUAL REPORT 2007-2008

- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our report and in the immediately preceding financial year;
- (xi) Based on our Audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial Institutions and banks. These do not cover the case where the company has paid additional charges in respect of the delay thereof;
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society;
- (xiv) The Company is not a dealer or trader in shares, securities, debentures and other investment. We also report that the company has held the investments in its own name;
- (xv) On the basis of the information and explanations given to us, the Company has given guarantee for obtaining credit facilities taken by Innovassynth Technologies (India) Ltd. from a bank. In our opinion and according to the information and explanations given by the Company the terms and conditions are not prejudicial to the interest of the company;
- (xvi) The Company has raised term loan during the year on the basis of information and explanations given to us the loan has been applied for the purpose for which it was obtained;
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet of the company and the fund flow based on the Audited Accounts. We report that no funds raised on short-term basis have been used for long-term investment;
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;
- (xix) During the year the company has not issued any debentures;
- (xx) During the year the company has not raised any monies by way of public issues;
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

### ANNEXURE I

Sr. No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount (Rupees in Lacs)
1	Central Sales Tax Act / Tamil Nadu General Sales Tax Act	Sales Tax	Appellate Tribunal	13.40
2	Customs Act	Custom Duty	Customs Commissioner Appeal	126.33
3	Central Excise Act	Excise Duty	Central Excise Commissioner Appeals	0.52
4	Central Excise Act	Excise Duty	CESTAT	422.76
5	Central Excise Act	Excise Duty	High Court	55.42
6	Central Excise Act	Service Tax	CESTAT	556.13
<b>Total</b>				<b>1,174.56</b>

**For N.M. Raiji & Co.**  
Chartered Accountants

**Y. N. Thakkar**

Partner

Membership No: 33329

Place : Mumbai  
Date : 30<sup>th</sup> May, 2008

**FUTURA** FUTURA POLYESTERS LIMITED

**BALANCE SHEET AS AT 31ST MARCH, 2008**

(Rupees in Lacs)  
As at  
31.03.2007

	SCHEDULE	As at 31.03.2008	As at 31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	5,242.17	5,242.17
Reserves and Surplus	2	22,213.93	7,880.36
		<b>27,456.10</b>	13,122.53
<b>LOAN FUNDS</b>			
Secured Loans	3	11,585.42	10,604.11
Unsecured Loans	4	4,327.35	4,437.61
		<b>15,912.77</b>	15,041.72
		<b>43,368.87</b>	28,164.25
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	59,885.68	43,437.40
Less: Depreciation		25,997.55	23,776.81
Net Block		33,888.13	19,660.59
Capital Work-in-Progress		2,581.05	976.24
		<b>36,469.18</b>	20,636.83
<b>INVESTMENTS</b>	6	<b>2,621.11</b>	2,381.22
DEFERRED TAX ASSET (Net)		74.57	541.19
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	11,825.74	8,320.37
Sundry Debtors	8	3,742.01	3,647.75
Cash and Bank Balances	9	1,824.15	1,734.06
Loans and Advances	10	2,651.44	2,760.63
		<b>20,043.34</b>	16,462.81
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	14,971.69	11,096.21
Provisions	12	877.99	775.36
		<b>15,849.68</b>	11,871.57
<b>NET CURRENT ASSETS</b>		<b>4,193.66</b>	4,591.24
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	13	10.35	13.77
		<b>43,368.87</b>	28,164.25

**NOTES FORMING PART OF THE ACCOUNTS 18**

As per our Report Annexed  
For **N. M. RAJI & CO.**,  
Chartered Accountants

**Y. N. THAKKAR**  
Partner  
Mumbai, 30th May, 2008

For and on behalf of the Board

**S. B. GHIA**  
**M. D. DALAL**  
**S. RAMACHANDRAN**  
**S.B. CHATTERJEE**

Chairman & Managing Director  
Joint Managing Director  
Company Secretary  
President - Finance

Mumbai, 30th May, 2008

## 48TH ANNUAL REPORT 2007-2008

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

		(Rupees in Lacs)	
		SCHEDULE	
		2007-2008	2006-2007
<b>INCOME</b>			
Sales and Services (Gross)		<b>45,827.10</b>	56,328.40
Less : Excise duty		<b>4,464.34</b>	4,621.98
Sales and Services (Net)		<b>41,362.76</b>	51,706.42
Other Income	14	<b>1,295.89</b>	520.17
		<b>42,658.65</b>	52,226.59
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	15	<b>38,081.53</b>	46,291.13
Interest	16	<b>2,126.66</b>	1,764.13
Depreciation		<b>2,577.57</b>	2,478.71
Less: Transfer from Revaluation Reserve		<b>(884.15)</b>	(907.73)
		<b>41,901.61</b>	49,626.24
(Less) / Add : (Increase) / Decrease in Stock	17	<b>(1,078.40)</b>	829.70
		<b>40,823.21</b>	50,455.94
<b>OPERATING PROFIT / (LOSS)</b>		<b>1,835.44</b>	1,770.65
<b>EXTRA ORDINARY ITEM</b>			
Less : Voluntary Retirement Scheme		<b>8.39</b>	25.39
Less : Deferred VRS Gratuity Payment		<b>—</b>	31.51
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>1,827.05</b>	1,713.75
Excess Provision of Earlier Years.		<b>(1.17)</b>	—
Provision for Fringe Benefit Tax		<b>28.00</b>	23.00
Provision for Wealth Tax		<b>2.00</b>	2.00
Deferred Tax Adjustment		<b>466.61</b>	433.94
Provision for Tax		<b>203.83</b>	192.28
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>1,127.78</b>	1,062.53
Balance brought forward from Previous Year		<b>1,064.57</b>	2.04
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>2,192.35</b>	1,064.57
Earning per Share - Basic		2.15	2.03
Earning per Share - Diluted		2.15	2.03
Face Value of Share Rs.10/-			

NOTES FORMING PART OF THE ACCOUNTS

18

As per our Report Annexed  
For **N. M. RAJJI & CO.**,  
Chartered Accountants

**Y. N. THAKKAR**  
Partner  
Mumbai, 30th May, 2008

For and on behalf of the Board

<b>S. B. GHIA</b>	Chairman & Managing Director
<b>M. D. DALAL</b>	Joint Managing Director
<b>S. RAMACHANDRAN</b>	Company Secretary
<b>S.B. CHATTERJEE</b>	President - Finance

Mumbai, 30th May, 2008

**CASHFLOW STATEMENT FOR THE YEAR 01-04-2007 TO 31-03-2008**

	<u>2007-08</u>	(Rupees in Lacs) <u>2006-07</u>
<b>(A) CASH FLOW FROM OPERATIONS</b>		
Net Profit before tax and extra-ordinary item	1,835.44	1,770.65
<b>Adjustment for</b>		
Depreciation	1,693.42	1,570.98
Foreign Exchange Fluctuation (Net)	(194.51)	(70.76)
Interest / Dividend Income	(272.57)	(4.80)
Interest Expenses	2,126.66	1,764.13
Profit / (Loss) on Sale of Fixed Assets	(638.45)	(33.47)
Provision for Doubtful Debts / Advances	59.41	165.13
Provision no longer required written back	(2.37)	(68.77)
Credit balances written back	(0.24)	(7.97)
	<u>2,771.35</u>	<u>3,314.47</u>
Operating Profit before working capital changes	4,606.79	5,085.12
<b>Adjustment for</b>		
Trade and Other Receivables	(175.07)	(1,554.62)
Inventories	(3,505.37)	1,164.19
Trade Payables	4,207.17	(537.18)
	<u>526.73</u>	<u>(927.61)</u>
<b>Cash generated from operations</b>	<u>5,133.52</u>	<u>4,157.51</u>
Direct Taxes (Paid)	(102.07)	(246.38)
Cashflow before extra-ordinary item	5,031.45	3,911.13
Extra Ordinary Item	(4.97)	(3.50)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u>5,026.48</u>	<u>3,907.63</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(4,669.13)	(2,591.14)
Disposal of Fixed Assets	987.61	382.28
Sale / Purchase of Investments	(239.89)	(2.31)
Interest Received	269.22	3.80
Dividend Received	3.35	1.00
	<u>(3,648.84)</u>	<u>(2,206.37)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<u>(3,648.84)</u>	<u>(2,206.37)</u>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	—	—
Proceeds from Long Term borrowings	981.31	130.11
Repayment from Short Term borrowings	(249.02)	(227.89)
Interest paid	(2,019.84)	(1,817.26)
	<u>(1,287.55)</u>	<u>(1,915.04)</u>
<b>Net increase in cash and cash activities (A + B + C)</b>	<u>90.09</u>	<u>(213.78)</u>
<b>Cash and cash equivalents as on 01.04.2007 (Opening Balance)</b>	<u>1,734.06</u>	<u>1,947.84</u>
<b>Cash and cash equivalents as on 31.03.2008 (Closing Balance)</b>	<u>1,824.15</u>	<u>1,734.06</u>
<b>NET INCREASE / (DECREASE) AS DISCLOSED ABOVE</b>	<u>90.09</u>	<u>(213.78)</u>

**Notes :**

1. Cash and Bank Balances as per accounts have been classified as cash and cash equivalent.
2. Figures of the previous year have been regrouped wherever necessary.
3. All figures in brackets are outflows.

As per our Report Annexed

For **N. M. RAJI & CO.,**  
Chartered Accountants

**Y. N. THAKKAR**  
Partner

Mumbai, 30th May, 2008

For and on behalf of the Board

**S. B. GHIA**  
**M. D. DALAL**  
**S. RAMACHANDRAN**  
**S.B. CHATTERJEE**

Chairman & Managing Director  
Joint Managing Director  
Company Secretary  
President - Finance

Mumbai, 30th May, 2008

## 48TH ANNUAL REPORT 2007-2008

### SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

#### SCHEDULE 1 : SHARE CAPITAL

(Rupees in Lacs)

	<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>AUTHORISED :</b>		
54,000,000 Equity Shares of Rs. 10 each	5,400.00	5,400.00
100,000 Cumulative Redeemable Preference Shares of Rs. 100 each	100.00	100.00
	<b>5,500.00</b>	<b>5,500.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
52,421,679 Equity Shares of Rs. 10 each, fully paid-up	5,242.17	5,242.17
	<b>5,242.17</b>	<b>5,242.17</b>

**NOTES :**

- Of the above -1. 84,86,575 Shares have been allotted as fully paid Bonus Shares by Capitalisation of Capital Redemption Reserve, Securities Premium and General Reserve.
2. 3,50,000 Shares have been allotted as fully paid to the Shareholders of erstwhile Corporation Bank Limited, pursuant to the scheme of Amalgamation of Corporation Bank Limited with the Company.

#### SCHEDULE 2 : RESERVES AND SURPLUS

(Rupees in Lacs)

	<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
CAPITAL RESERVE	95.05	95.05
SECURITIES PREMIUM	4,441.96	4,441.96
GENERAL RESERVE	1,191.14	1,191.14
REVALUATION RESERVE		
Opening Balance	1,087.64	
Add : Addition during the year	14,089.94	
Less : Transferred to Profit and Loss account (Refer Note No. 3 of Schedule No. 18)	884.15	
	<b>14,293.43</b>	1,087.64
PROFIT AND LOSS ACCOUNT	2,192.35	1,064.57
	<b>22,213.93</b>	<b>7,880.36</b>

**SCHEDULE 3 : SECURED LOANS**

(Rupees in Lacs)

	<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>(A) TERM LOANS</b>		
Industrial Development Bank of India (Note No.1) (Repayable within a year Rs.1,596 , Previous Year Rs. 1,596)	<b>3,204.00</b>	4,800.00
AXIS Bank Limited ( Note No 1) (Repayable within a year Rs.500 , Previous Year Rs. 500.00)	<b>1,250.00</b>	1,750.00
YES Bank Ltd ( Note No 1) (Repayable within a year Rs.291.67 , Previous Year Rs.Nil)	<b>2,000.00</b>	—
Canara Bank ( Note No 2) (Repayable within a year Rs.156.25 , Previous Year Rs.Nil)	<b>1,117.50</b>	—
<b>(B) OTHER LOANS</b>		
Cash Credit and Packing Credit Facilities from Banks (Note No.3)	<b>3,940.72</b>	3,993.18
Hire Purchase Facilities from Banks and others (Note No 4) (Repayable within a Year Rs. 32.30 , Previous Year Rs. 28.41 )	<b>73.20</b>	60.93
	<b>11,585.42</b>	<b>10,604.11</b>

**NOTES :**

**TERM LOANS**

- The Term Loans sanctioned by Industrial Development Bank of India, Axis Bank Ltd and Yes Bank Ltd are secured / to be secured by a first charge inter alia by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties at Manali, Chinnasekkadu, Chennai, Tamil Nadu with the second / subservient charge on the immovable properties in favour of Consortium Banks (for Working Capital Facilities). Industrial Development Bank of India / Axis Bank Ltd /Yes Bank Ltd have first charge by way of hypothecation of all tangible, movable Fixed Assets, (save and except Book Debts and subject to exclusive charge on certain items of Machineries) both present and future, subject to prior charge on inventories and book debts in favour of Banks providing Working Capital facilities and mentioned in Note no.2 , 3 and 4 below.
- The Term Loans sanctioned by Canara Bank are secured by an exclusive charge on Certain Machineries which have been acquired / to be acquired under the Loan.

**OTHER LOANS**

- Cash Credit and other facilities are secured by hypothecation of Current Assets such as Raw Materials, Stock in Process, Finished Goods, Consumables, Receivables favouring banks providing Working Capital facilities. The facilities granted by the Banks are further secured by way of second / subservient charge ranking pari passu inter se over the entire immovable properties at Manali and Chinnasekkadu, Chennai, Tamil Nadu.
- Hire purchase: Secured by specific assets taken on hire purchase basis.

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## SCHEDULE 4 : UNSECURED LOANS

	As at 31.03.2008	(Rupees in Lacs) As at 31.03.2007
<b>LOANS FROM FINANCIAL INSTITUTIONS AND BANKS</b>		
Housing Development Finance Corporation Limited (Repayable within a Year Rs.Nil ,Previous Year Rs.6.29)	—	6.29
<b>FIXED DEPOSITS</b>		
From Public, Shareholders, Employees (Repayable within a Year Rs. 215.53 , Previous Year Rs.195.31)	<b>477.06</b>	480.79
<b>SHORT TERM DEPOSITS</b>		
Inter Corporate Deposits (Repayable within a Year Rs.2,388.00 ,Previous Year Rs.2,627.00)	<b>2,388.00</b>	2,627.00
Directors & Ex Directors (Repayable within a Year Rs.773.00 ,Previous Year Rs.773.00)	<b>773.00</b>	773.00
Interest accrued and due on above	<b>689.29</b>	550.53
	<b>4,327.35</b>	4,437.61

## SCHEDULE 5 : FIXED ASSETS

Sr. No.	Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2007	Additions / Adjustments	Deductions/ Adjustments	Total upto 31.03.2008	As at 1.4.2007	Deductions/ Adjustments	Fo. the Year	Total upto 31.03.2008	As at 31.03.2008	As at 31.03.2008
1.	Freehold Land (Refer note no:3)	181.16 (211.77)	14,089.94 (33.33)	27.57 (63.94)	14,243.53 (181.16)	— (—)	— (—)	— (—)	— (—)	— (—)	14,243.53 (181.16)
2.	Buildings (Freehold)	1,436.38 (1,574.33)	14.44 (31.46)	128.37 (169.41)	1,322.45 (1,436.38)	687.91 (677.14)	86.76 (36.87)	37.67 (47.64)	638.82 (687.91)	683.63 (748.47)	
3.	Improvement on Leased Buildings	23.78 (23.78)	— (—)	— (—)	23.78 (23.78)	23.77 (21.06)	— (—)	— (2.71)	23.77 (23.77)	0.01 (0.01)	
4.	Plant and Machinery (Refer note no:1)	38,042.93 (37,463.03)	1,350.34 (754.23)	358.10 (174.33)	39,035.17 (38,042.93)	21,982.47 (19,768.55)	126.25 (40.17)	2,184.25 (2,254.09)	24,040.47 (21,982.47)	14,994.70 (16,060.46)	
5.	Furniture and Fixtures	164.39 (162.89)	3.76 (2.10)	2.84 (0.60)	165.31 (164.39)	135.79 (128.39)	1.30 (0.29)	7.19 (7.69)	141.68 (135.79)	23.63 (28.60)	
6.	Motor Car and Vehicles (Refer note no:2)	319.18 (338.15)	66.09 (51.32)	117.90 (70.29)	267.37 (319.18)	167.85 (189.67)	85.85 (60.31)	46.03 (38.49)	128.03 (167.85)	139.34 (151.33)	
7.	Air-Conditioning Units and other Equipments	450.75 (442.69)	12.58 (18.83)	71.21 (10.77)	392.12 (450.75)	360.75 (346.90)	56.67 (2.89)	14.65 (16.74)	318.73 (360.75)	73.39 (90.00)	
8.	Weigh Bridge	5.62 (5.62)	— (—)	— (—)	5.62 (5.62)	4.17 (4.02)	— (—)	0.15 (0.15)	4.32 (4.17)	1.30 (1.45)	
9.	Research and Development										
	(i) Buildings	7.93 (7.93)	— (—)	— (—)	7.93 (7.93)	7.38 (7.32)	— (—)	0.05 (0.06)	7.43 (7.38)	0.50 (0.55)	
	(ii) Plant and Machinery	295.70 (295.70)	— (—)	— (—)	295.70 (295.70)	295.58 (295.58)	— (—)	(14.68) (—)	280.90 (295.58)	14.80 (0.12)	
10.	New Product Development	2,509.58 (1,111.45)	1,617.12 (1,398.13)	— (—)	4,126.70 (2,509.58)	111.14 (—)	— (—)	302.26 (111.14)	413.40 (111.14)	3,713.30 (2,398.44)	
		43,437.40 (41,637.34)	17,154.27 (2,289.40)	705.99 (489.34)	59,885.68 (43,437.40)	23,776.81 (21,438.63)	356.83 (140.53)	2,577.57 (2,478.71)	25,997.55 (23,776.81)	33,888.13 (19,660.59)	
	Capital Work-in-Progress									2,581.05 (976.24)	
										36,469.18 (20,636.83)	

### NOTES:

- Opening Gross Block includes net revaluation of Rs 4,145.12 Lacs.
- Vehicles include Rs. 143.23 Lacs (Previous Year Rs.125.33 Lacs) acquired on hire purchase basis.
- During the year, part of the land has been revalued on 16th February 2008, based on the valuation report dated 18th February 2008 of M/s Kantil Karamsey & Co. Govt. registered Valuer.

Gross Book Value	Net Revaluation
5.28	14,089.94

- Figures in bracket pertain to Previous Year.

**SCHEDULE 6 : INVESTMENTS**

(Rupees in Lacs)

Description	Face Value Per Unit	Holdings Numbers	As at <b>31.03.2008</b>	As at <b>31.03.2007</b>
<b>LONG TERM (At Cost) Fully Paid</b>				
<b>QUOTED</b>				
Non Trade:				
Equity Shares				
The Arvind Mills Limited	Rs. 10	<b>18,241</b>	<b>72.97</b>	72.97
Bank of India	Rs. 10	<b>7,200</b>	<b>3.24</b>	3.24
<b>UNQUOTED</b>				
Non Trade:				
6.75 % Tax Free US64 Bonds				
Equity Shares	Rs. 100	<b>57,345</b>	<b>57.34</b>	57.34
Trade:				
The Pen Urban Co-operative Bank Limited	Rs. 250	— (120)	—	0.30
The Shamrao Vithal Co-operative Bank Limited	Rs. 25	<b>1,015</b>	<b>0.25</b>	0.25
Equity Shares				
Innovassynth Technologies (India) Limited	Rs. 10	<b>23,850,070</b> (23,050,070)	<b>2,385.01</b>	2,305.01
AARKAY Energy (Rameshwaram) Ltd	Rs.10	<b>1,575,000</b>	<b>157.50</b>	—
<b>In subsidiary</b>				
Innovassynth Investments Limited	Rs.10	<b>50,000</b>	<b>5.00</b>	—
Futura Polyesters Inc. USA	— \$ 1	— (5,000)	—	2.31
			<b>2,681.31</b>	2,441.42
Less : Provision for Diminution in the value of Investment			<b>60.20</b>	60.20
			<b>2,621.11</b>	2,381.22
Aggregate Value of Quoted Investments			<b>76.21</b>	76.21
Aggregate Value of Unquoted Investments			<b>2,605.10</b>	2,365.21
Market Value of Quoted Investments			<b>25.09</b>	20.02

**SCHEDULE 7 : INVENTORIES**

	As at <b>31.03.2008</b>	As at <b>31.03.2007</b>
Stores, Spares and Packing Materials (Including in-transit Rs. Nil , Previous Year Rs. Nil)	<b>2,439.85</b>	1,771.88
Stock-in-Trade :		
Raw Materials (Including in-transit Rs. NIL ,Previous Year Rs. 1.01)	<b>4,158.16</b>	2,399.16
Semi Finished Goods	<b>1,809.78</b>	1,674.11
Finished Goods	<b>3,417.95</b>	2,475.22
	<b>11,825.74</b>	8,320.37



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### SCHEDULE 8 : SUNDRY DEBTORS

	As at 31.03.2008	As at 31.03.2007	(Rupees in Lacs)
Over Six months			
Considered good	752.14	713.65	
Considered doubtful	514.52	582.00	
	1,266.66	1,295.65	
Others: Considered Good	2,989.87	2,934.10	
	4,256.53	4,229.75	
Less: Provision for doubtful debts	514.52	582.00	
	3,742.01	3,647.75	

  

	As at 31.03.2008	As at 31.03.2007	
Sundry Debtors			
Secured	207.11	634.39	
Unsecured	4,049.42	3,595.36	
	4,256.53	4,229.75	

### SCHEDULE 9 : CASH AND BANK BALANCES

	As at 31.03.2008	As at 31.03.2007	
Cash on hand	24.32	63.64	
Balances with Scheduled Banks:			
In Current Accounts	719.71	624.92	
In Deposits Accounts	1,080.12	1,045.22	
Balance with Other Banks:			
In Current Accounts	—	0.28	
(Refer note -18 of Schedule 18)			
	1,824.15	1,734.06	

### SCHEDULE 10 : LOANS AND ADVANCES

(Unsecured - Considered good unless otherwise stated)

	As at 31.03.2008	As at 31.03.2007	
Advances recoverable in Cash or in kind or for value to be received :			
Considered good (Refer Note Below)	2,345.43	2,342.64	
Considered doubtful	156.96	175.60	
	2,502.39	2,518.24	
Less: Provision for Doubtful Advances	156.96	175.60	
	2,345.43	2,342.64	
Advance Payment of Tax (Net of Provisions)	—	130.59	
Balances with Excise, Customs, etc.	306.01	287.40	
	2,651.44	2,760.63	

#### NOTE :

Includes due from Officer of the Company Rs. 6.25 Lacs , Previous Year Rs. 6.40 Lacs )  
(Maximum due Rs. 6.40 Lacs , Previous Year Rs.6.56 Lacs ).

**SCHEDULE 11 : CURRENT LIABILITIES**

	As at 31.03.2008	(Rupees in Lacs) As at 31.03.2007
Sundry Creditors	10,424.94	7,398.18
Interest accrued but not due	103.05	134.99
Investors Education and Protection Fund: (Refer note no: 4 of Schedule 18)		
Share Application Refund - Right Issue	0.39	0.39
Unclaimed Matured Deposits	—	0.10
Interest on the above	—	0.20
Other Liabilities	3,686.44	3,048.18
Advance from Customers	756.87	514.17
	<b>14,971.69</b>	<b>11,096.21</b>

**SCHEDULE 12 : PROVISIONS**

	As at 31.03.2008	As at 31.03.2007
Provision for Taxation (Net of Advance Tax)	31.97	—
Provision for Leave encashment	81.88	72.07
Provision for Gratuity	723.50	669.90
Provision for Superannuation	40.64	33.39
	<b>877.99</b>	<b>775.36</b>

**SCHEDULE 13 : MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

	As at 31.03.2008	(Rupees in Lacs) As at 31.03.2007
Deferred Revenue Expenses		39.16
Voluntary Retirement Scheme	18.74	
Less: Amortisation	8.39	25.39
Deferred VRS Gratuity Payment	—	31.51
Less: Amortisation	—	31.51
	<b>10.35</b>	<b>13.77</b>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

**SCHEDULE 14 : OTHER INCOME**

	2007-2008	(Rupees in Lacs) 2006-2007
Dividend on Investments	3.35	1.00
Interest Others (Gross)(TDS Rs. Nil, Previous Year Rs. Nil)	269.22	3.80
Profit on sale of Fixed Assets (Net)	638.45	33.47
Provision no longer required written back	2.37	68.77
Miscellaneous Income	187.61	308.57
Prior Period Adjustments	0.14	25.83
Foreign Exchange Fluctuations (Net)	194.51	70.76
Sundry Credit Balances written back	0.24	7.97
	<b>1,295.89</b>	<b>520.17</b>

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### SCHEDULE 15 : MANUFACTURING AND OTHER EXPENSES

(Rupees in Lacs)

	2007-2008	2006-2007
Raw Material Consumed :		
Opening Stock	2,398.15	2,688.46
Add : Purchases	25,543.55	29,345.93
	27,941.70	32,034.39
Less : Cost of Raw Materials sold	193.13	235.62
	27,748.57	31,798.77
Less : Closing Stock	4,158.16	2,398.15
	23,590.41	29,400.62
Manufacturing fees	—	845.10
Stores, Spares, Packing Materials and Process		
Chemicals consumed	3,840.50	3,544.76
Salaries, Wages and Bonus		
(including Directors' Remuneration)	1,892.24	1,558.77
Contribution to Provident Fund and Other Funds	322.52	248.58
Staff Welfare	316.51	301.56
Power and Fuel	5,748.05	6,227.98
Rent	191.23	84.52
Rates and Taxes	27.35	44.37
Sales Tax	10.71	27.36
Insurance	140.21	125.23
<b>Repairs to :</b>		
Buildings	75.55	57.01
Plant and Machinery	243.84	198.92
Others	239.71	284.54
Directors' Fees	1.50	2.30
<b>Auditors' Remuneration :</b>		
Audit Fees	14.30	12.36
Fees for Taxation Matters	6.00	15.30
Certification Services	1.12	8.32
Out-of-pocket Expenses	0.56	0.98
Traveling and Conveyance	314.07	292.99
Freight	983.11	2,391.29
Legal, Professional and Technical Fees	205.11	202.17
Commission and Brokerage on Sales	380.01	396.53
Claims Others	82.61	93.66
Research & Development Expenses	—	1.82
Miscellaneous	1,012.02	1,002.44
Provision for Doubtful Debts/ Advances	59.41	165.13
	39,698.65	47,534.61
Less: Expenses Capitalised (Refer Note No.11 of Schedule 18)	1,617.12	1,243.48
	38,081.53	46,291.13

**SCHEDULE 16 : INTEREST**

	<b>2007-2008</b>	(Rupees in Lacs) 2006-2007
On Fixed Loans	<b>844.27</b>	791.05
On Other Loans	<b>1,282.39</b>	973.08
	<b>2,126.66</b>	1,764.13

**SCHEDULE 17 : (INCREASE) / DECREASE IN STOCK**

**OPENING STOCK:**

Semi Finished Goods	<b>1,674.11</b>	2,030.98
Finished Goods	<b>2,475.22</b>	2,948.05
	<b>4,149.33</b>	4,979.03

**CLOSING STOCK:**

Semi Finished Goods	<b>1,809.78</b>	1,674.11
Finished Goods	<b>3,417.95</b>	2,475.22
	<b>5,227.73</b>	4,149.33
(Increase) / Decrease in Stock	<b>(1,078.40)</b>	829.70

**SCHEDULE 18 : NOTES FORMING PART OF THE ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A. System of Accounting**

The financial statements are prepared under Historical cost convention on an accrual basis except for certain fixed assets which have been revalued.

**B. Fixed Assets and Depreciation**

**I. Fixed Assets**

Fibre, Resin and Preforms Divisions.

Fixed Assets are stated at cost less depreciation. Cost comprises of Cost of acquisition, cost of improvements and any attributable cost of bringing the asset to condition for its intended use. Interest on loans taken for the procurement of specific assets accrued upto the date of acquisition/ installation of the said assets is capitalised along with the cost of the assets.

**II. Depreciation**

**Fibre Division:**

Depreciation has been provided on Plant and Machinery and Research and Development facilities on straight line basis and on other assets on written down value basis at the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time. Certain Plants have been treated continuous process Plants based on technical and other evaluation. However, higher rate of depreciation has been provided on certain

Plant and Machinery ranging from 6.75% -12.50% compared to 5.28% of Schedule XIV rate, based on technical evaluation. The total accumulated depreciation is restricted up to 95% of the Gross Block Value.

**Resin and Preforms Divisions:**

Depreciation has been provided on all assets on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time. However, higher rate of depreciation has been provided on certain Plant and Machinery ranging from 6.75%-12.50% compared to 5.28% of Schedule XIV rate, based on technical evaluation. The total accumulated Depreciation is restricted up to 95% of the Gross Block Value.

**C. Investments**

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value, Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in value of long term investments.

**Income on Investments:**

Dividend income is accounted when right to receive payment is established.

Interest income is accounted on accrual basis.

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## D. Inventories

Inventories are valued as under:

- (i) Fibre Division and Chemical Division:  
Raw Materials, Packing Materials, Stores and Spares: at Cost (Weighted average method)  
Materials-in-transit and Semi Finished Goods: at Cost. (Weighted average method)  
Finished Goods: at lower of cost or net realisable value. (Weighted average method)  
Traded items: at lower of cost or net realisable value. (Weighted average method)
- (ii) Resin and Preforms Divisions:  
Raw Materials: At Cost (FIFO)  
Semi Finished Goods: At Cost (FIFO)  
Finished Goods: At lower of cost or net realisable value (Cost FIFO Basis)  
Stores, Spares and Packing Materials: At Cost (FIFO).

## E. Sales and Services

Sale of goods is recognised on despatch to customers. Sales include amounts recovered towards excise duty, but exclude amounts recovered towards sales tax. Service income is recognised as per terms of agreements.

## F. Export Incentives

Export Incentives are accounted on an accrual basis.

## G. Foreign Currency Transactions

Transactions in foreign currencies are recorded at current rates except transactions covered by forward contracts. Assets and Liabilities denominated in foreign currency are restated at the year end rates. All exchange gains and losses except those relating to acquisition of fixed assets which are adjusted to the carrying cost of such assets, are accounted for in the Profit and Loss Account.

## H. Research and Development

Revenue expenditure on Research and Development is charged as an expense in the year in which they are incurred. Capital expenditure is shown as an addition to Fixed Assets.

### New Product Development Expenditure

Expenditure incurred on development of new products are amortised over a period of 10 years.

## I. Employee Benefits

- (i) Defined Contribution Plan  
Company's contributions paid /payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognized in the Profit and Loss Account. There are no other obligations other than the contribution payable to the respective Trust / Fund. Company's Contribution towards Superannuation and ESIC is based on a percentage of salary which is made to an approved fund.
- (ii) Defined Benefit Plan  
Company's Contribution towards Provident Fund is based on a percentage of salary which is made to an approved fund.  
Company's Contribution towards Gràtuitiy is made to an approved fund as per actuarial valuation certificate obtained from an actuary which is determined using projected unit credit method.

- (iii) Short term compensated absences are provided as per actuarial valuation certificate obtained from an actuary which is determined using projected unit credit method.

- (iv) Long term employee benefit

Long term compensated absences are provided as per actuarial valuation certificate obtained from an actuary which is determined using projected unit credit method.

- (v) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

## J. Deferred Revenue Expenses:

Voluntary Retirement Scheme related payments are amortised over a period of 5 years

## K. Taxes on Income

- (a) Current Tax: Provision for Income Tax is determined in accordance with the provision of Income Tax Act, 1961.

- (b) Deferred Tax Provision: Deferred Tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted on the Balance Sheet date. Deferred Tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

2. Sales and Service income includes Service Income of Rs.1,012.80 lacs (Previous year Rs. 181.90) and sales of New Products under development amounting to Rs Nil (Previous Year Rs.192.89 lacs).
3. During the year 2003-04, the company has revalued Plant and Machinery as on 30.11.03. The Net increase in the Net Book value arising out of revaluation has been credited to Revaluation Reserve Account. Revaluation is based on the Valuation Report of M/s. Kanti Karamsey & Co. dated 12th February, 2004 and 29th April, 2004. The details are as under :

(Rupees in Lacs)

Gross Book Value	38,618.10
Accumulated Depreciation	18,198.34
Net Book Value	20,419.76
Net Revaluation	4,145.12

During the year 2007-08 the Company has revalued Part of the Land as on 16th February, 2008. The Net increase in the Net Book value arising out of revaluation has been credited to Revaluation Reserve Account. Revaluation is based on the Valuation Report of M/s. Kanti Karamsey & Co dated 18th February 2008.

(Rupees in Lacs)

Gross Book Value	5.28
Accumulated Depreciation	—
Net Book Value	5.28
Net Revaluation	14,089.94

4. In respect of Unpaid Share Application Money, Unpaid Matured Deposits and Debentures and interest thereon which are outstanding for more than seven years, amounting to Rs.3.42 Lacs has been paid to Investor Education and Protection Fund ( Previous year - Rs. 7.56 lacs).
5. Estimated amount of contracts remaining to be executed on capital account (net of advance paid) and not provided on 31st March 2008 - Rs.219.21 Lacs (Previous year Rs, 1,194.07 Lacs).
6. Contingent Liabilities :
- | Sr. Items<br>No  | (Rupees in Lacs)                                       |
|--|--|
| (i) Regarding Income Tax on account of disputes raised by the Income Tax Department under the Income Tax Act 1961, there are decisions of Appellate Authorities in the case of other assesses, which appear to sustain most of the Contentions of the Company on disputed points.                        | <b>0</b><br>(766.38)                                   |
| (ii) Claims against the Company not acknowledged as debts  | <b>173.40</b><br>(173.40)                              |
| (iii) Service Tax - Penalty and interest demanded on technology transfer agreement between FPL and IOCL and vice versa. ST demand on goods transport service at Supreme Court.<br><br>Service Tax demand on Goods Transport Agency during the Year 1997-98, departments appeal pending in Supreme Court. | <b>486.00</b><br>(486.00)<br><br><b>6.29</b><br>(6.29) |
| Service Tax credit denial on outward freight and canteen services 2005-06, 06-07 and 07-08.  | <b>63.84</b><br>(—)                                    |
| (iv) Central Excise - Claims against the company on various issues pending at CESTAT / High Court / Supreme Court.   | <b>493.49</b><br>(493.49)                              |
| (v) Customs : Method of calculation of duty under notification 2 / 95 & other valuation issues.  | <b>126.33</b><br>(126.33)                              |
| (vi) Sales Tax on Input use for Exports (1999-2000 and 2000-2001).   | <b>9.00</b><br>(9.00)                                  |
| (vii) Sales Tax on Interest collected (1997-98 & 2000-2001) CST levied on Interest charges collected from customers.   | <b>4.40</b><br>(4.40)                                  |
| (viii) Guarantee given by the Company.   | <b>2,813.00</b><br>(3,113.00)                          |
7. There are no Micro, Small and Medium Enterprises, as defined in the Micro Small Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made.

The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

8. Consolidated accounts have not been prepared since the Company's Subsidiary Innovassynth Investments Limited is covered by Clause 11 (a) of Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

**9. EMPLOYEE BENEFITS**

Gratuity - Fibre

- (a) Defined benefits plan (Funded) - As per actuarial valuation as on March 31, 2008

(Rupees in Lacs)

**I Change in Obligation during the year ended March 31, 2008**

1. Present Value of Defined Benefit Obligation at beginning of the year	669.90
2. Current Service Cost	41.61
3. Interest Cost	49.92
4. Actuarial (Gains) / Losses	(29.36)
5. Benefits Paid	(8.58)
6. Present value of Defined Benefit Obligation at the end of the year.	723.50

**II Change in Assets during the Year ended March 31, 2008**

1. Plan assets at the beginning of the year.	144.30
2. Settlements	11.23
3. Expected return on plan assets	—
4. Contribution by Employer	—
5. Actual benefits paid	(8.58)
6. Actuarial Gains / (Losses)	(9.90)
7. Plan Assets at the end of the year	137.05

**III Net Asset / (Liability) recognized in the Balance Sheet as at March 31,2008**

1. Present Value of Defined Benefits Obligation as at March 31, 2008.	723.49
2. Fair value of plan assets as at March 31, 2008	137.05
3. Fund status (Surplus / (Deficit))	(586.44)
4. Net Assets / (Liability) as at March 31, 2008	(586.44)

**IV Expenses recognized in the statement of Profit & Loss for the year ended March 31, 2008.**

1. Current Service Cost	41.61
2. Interest Cost	49.92
3. Expected return on plan assets	(11.23)
4. Net Actuarial (Gains) / Losses	(19.46)
5. Total Expenses	60.85

**V The major categories of plan assets as a percentage of total plan Insurer Managed Funds**

**VI Actuarial Assumptions:**

1. Discount Rate	8%
2. Expected rate of return on plan assets	8%
3. Mortality Table	LIC (1994-96) Ultimate
4. Retirement Age	Officers 60; Others 58

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### Gratuity - Polymers & Preforms

(a) Defined benefits plan (Funded) - As per actuarial valuation as on March 31, 2008

(Rupees in Lacs)

#### I Change in Obligation during the year ended March 31, 2008

1. Present Value of Defined Benefit Obligation at beginning of the year	36.19
2. Current Service Cost	3.11
3. Interest Cost	2.61
4. Actuarial (Gains) / Losses	0.41
5. Benefits Paid	2.89
6. Present value of Defined Benefit Obligation at the end of the year.	38.60

#### II Change in Assets during the Year ended March 31, 2008

1. Plan assets at the beginning of the year.	37.45
2. Settlements	—
3. Expected return on plan assets	2.80
4. Contribution by Employer	2.63
5. Actual benefits paid	2.89
6. Actuarial Gains / (Losses)	0.69
7. Plan Assets at the end of the year	40.67

#### III Net Asset / (Liability) recognized in the Balance Sheet as at March 31, 2008

1. Present Value of Defined Benefits Obligation as at March 31, 2008.	38.60
2. Fair value of plan assets as at March 31, 2008	40.67
3. Fund status (Surplus / (Deficit))	2.07
4. Net Assets / (Liability) as at March 31, 2008	2.07

#### IV Expenses recognized in the statement of Profit & Loss for the year ended March 31, 2008.

1. Current Service Cost	3.11
2. Interest Cost	2.61
3. Expected return on plan assets	2.80
4. Net Actuarial (Gains) / Losses	1.10
5. Total Expenses	1.82

#### V The major categories of plan assets as a percentage of total plan

Insurer Managed Funds

#### VI Actuarial Assumptions:

1. Discount Rate	8%
2. Expected rate of return on plan assets	8%
3. Mortality Table	LIC (1994-96) Ultimate
4. Retirement Age	Officers 60; Others 58

Amount recognized as an expense and included to Schedule 15 under "Contribution to provident fund and other funds".

(b) The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15, Employee benefits (revised 2005) states that provident fund set up by employers which requires interest short fall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. With regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment) pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the same.

(c) Basis used to determine expected rate of return on assets. The expected return on planned assets is based on market expectation at the beginning of the period for returns over the entire life of the related obligation. The Gratuity Scheme is invested in Group Gratuity Scheme with LIC and Own Trust of Futura Polyesters Limited. The expected return on assets assumption is taken based on current market yield.

(d) The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(e) Amounts for the current period are as follows:

(Rupees in Lacs)

Fibre	
Present value of Defined benefit obligation	723.50
Fair Value of Plan Assets	137.05
Surplus / (Deficit)	586.45
Resin & Preforms	
Present value of Defined benefit obligation	38.60
Fair Value of Plan Assets	40.67
Surplus / (Deficit)	(2.07)

\* The above information is available only for the current year, the past periods have not been furnished.

(f) Estimated Contribution for the next year on account of gratuity Rs.55.42 Lacs.

(g) Contribution / Provisions to superannuation and other funds stated under defined contribution plan is Rs. 7.25 Lacs.

10. Revenue expenses on Research and Development have been regrouped under the respective heads :-

(Rupees in Lacs)

Salaries, Wages and Bonus	<b>32.93</b>
	(45.45)
Contribution to Provident Fund and Other Funds	<b>2.16</b>
	(2.96)
Stores, Spares, etc. consumed	<b>0.86</b>
	(0.56)
<b>TOTAL</b>	<b>35.95</b>
	<b>(48.97)</b>

11. Expenses Capitalized in Schedule 15 includes:

Stores and Spares	—
	(—)
Legal , Professional & Technical fees	<b>41.94</b>
	(33.60)
Salaries and Wages	<b>97.73</b>
	(98.94)
Traveling Expenses - Foreign Travel	<b>34.80</b>
	(25.04)
Others	<b>1,442.65</b>
	(1,085.90)
<b>TOTAL</b>	<b>1,617.12</b>
	<b>(1,243.48)</b>

# FUTURA FUTURA POLYESTERS LIMITED

12. Remuneration and perquisites of Managing Director and Joint Managing Director :

	(Rupees in Lacs)
Salaries	<b>14.40</b> (14.40)
Allowances	<b>0.43</b> (0.43)
Contribution to Provident Fund and Superannuation Fund	<b>3.89</b> (3.89)
Actual reimbursement of medical expenses and personal accident insurance premium	<b>1.48</b> (1.72)
Other perquisites as calculated under Income Tax Act, 1961	<b>2.93</b> (9.25)
<b>TOTAL</b>	<b>23.13</b> <u>(29.69)</u>

13. Consumption of Raw Materials:

	Unit	Quantity	
Purified Terephthalic Acid	M.Ts.	<b>24,854</b> (34,118)	<b>9,065.58</b> (14,246.99)
Mono-Ethylene Glycol	M.Ts.	<b>10,317</b> (14,631)	<b>4,654.48</b> (5,812.81)
Pet Chips	M.Ts.	<b>43,398</b> (49,239)	<b>8,701.63</b> (7,713.37)
Others			<b>1,168.72</b> (1,627.45)
<b>TOTAL</b>			<b>23,590.41</b> <u>(29,400.62)</u>

14. Value of Imported / Indigenous Raw Materials, Stores and Spares consumed :

	Amount	%
Raw Materials:		
Imported at Landed Cost	<b>15,194.63</b> (14,003.54)	<b>64.41</b> (47.63)
Indigenous	<b>8,395.78</b> (15,397.08)	<b>35.59</b> (52.37)
<b>TOTAL</b>	<b>23,590.41</b> <u>(29,400.62)</u>	<b>100.00</b> <u>(100.00)</u>

Stores and Spares, Packing Material and Process Chemicals:

	Amount	%
Imported at Landed Cost	<b>954.36</b> (1,117.84)	<b>24.85</b> (31.53)
Indigenous	<b>2,886.14</b> (2,426.92)	<b>75.15</b> (68.47)
<b>TOTAL</b>	<b>3,840.50</b> <u>(3,544.76)</u>	<b>100.00</b> <u>(100.00)</u>

(Rupees in Lacs)

15. Value of Imports calculated on CIF basis:

Raw Materials	<b>16,463.62</b> (13,504.02)
Stores and Spares	<b>953.99</b> (1,406.27)
Capital Goods	<b>16.39</b> (10.98)

16. Expenditure incurred in foreign currency on account of:

Traveling	<b>38.08</b> (43.01)
Interest	<b>35.27</b> (29.97)
Others	<b>27.28</b> (38.83)

17. Earnings in Foreign Exchange:

Export of Goods calculated on FOB basis (Excluding Deemed Exports)	<b>16,008.38</b> (26,572.06)
Insurance and Freight	<b>561.65</b> (2,023.27)
Others	<b>252.77</b> (224.33)
<b>TOTAL</b>	<b>16,822.80</b> <u>(28,819.66)</u>

18. Bank Balances with Other Banks :

- a) The Pen Urban Co-operative Bank Ltd. (Maximum balance during the year Rs 0.28 Lacs, Previous Year Rs. 0.28 Lacs) (0.28)
- b) Interest received on Margin Money placed for Working Capital amounting to Rs. 91.57 Lacs (Previous Year Rs. 128.22 Lacs) Tax Deducted at Source Rs.9.68 Lacs (Previous Year Rs.11.70 Lacs) has been netted off against the Interest expenses incurred on Working Capital.

19. Balances of Sundry Debtors, Sundry Creditors and deposits are subject to confirmations.



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- 20 The Company manufactures Polyester Staple Fibre, Solid State Polymers and Preforms and the relative quantitative and value particulars are as under :

(Rupees in Lacs)

Sr. No.	Goods Produced	Unit	Licensed Capacity Per Annum	Installed Capacity Per Annum	Production for the year	Opening Stock as at 01.04.2007		Closing Stock as at 31.03.2008		Sales during the year	
						Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
1	Polyester Staple Fibre/Chips	M.Ts.	N.A.	38,500 (38,500)	31,301 (31,296)	496 (886)	336.05 (656.51)	696 (496)	432.99 (336.05)	31,101 (31,686)	20,911.66 (22,486.94)
2	Amorphous Grade	M.Ts.	N.A.	58,000 (58,000)	6,036 (6,103)	1,080 (1,009)	872.80 (497.43)	1,575 (1,080)	1,085.34 (872.80)	5,541 (6,032)	3,846.99 (4,272.70)
3	Solid State Polymer	M.Ts.	N.A.	57,000 (57,000)	17,080 (25,311)	1,121 (2,101)	906.75 (1,369.88)	1,486 (1,121)	1,138.95 (906.75)	16,715 (26,291)	11,388.27 (19,507.46)
4	PET Preform	M.Ts.	N.A.	20,000 (20,000)	14,196 (12,307)	317 (497)	305.48 (367.94)	652 (317)	716.09 (305.48)	13,861 (12,487)	8,641.21 (8,022.95)
5	Custom Synthesis	M.Ts.		— (—)	— (—)	— (—)	41.00 (41.00)	— (—)	41.00 (41.00)	— (—)	— (—)
6	Ciba Products	M.Ts.		— (273)	— (273)	14 (5)	13.14 (15.29)	1 (14)	3.58 (13.14)	13 (264)	26.17 (1,856.45)
7	Others			— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
<b>TOTAL</b>							<b>2,475.22</b> <b>(2,948.05)</b>		<b>3,417.95</b> <b>(2,475.22)</b>		<b>44,814.30</b> <b>(56,146.50)</b>

**NOTES:**

- 1 (a) In terms of notification no.477(E) dated 25.7.91 issued by the Department of Industrial Development, Ministry of Industry, Government of India, all the above items have been delicensed.
- (b) The Industrial License for the manufacture of Polyester Staple Fibre/Polyester Chips has also been endorsed to manufacture Polyester Filament Yarn. The Industrial License for the manufacture of Polyester Filament Yarn/Partially Oriented Yarn has also been endorsed to manufacture "Synthetic Filament Yarn including Industrial Yarn/Tire Cord".
- 2 Installed capacity is based on optimum utilisation of the plant as certified by the Management, upon which the auditors have relied.
- 3 Production column indicates Actual Finished Goods for sale and sales quantity includes write off
- 4 Amorphous Grade sales includes 25 M.Ts. valued at Rs.19.94 Lacs sold through Preforms division, Solid State Polymer sales includes 418.15 M.Ts. valued at Rs. 312.32 Lacs sold through Preform Division and PET Preform sales includes 108.450 M.Ts. valued at Rs.91.87 Lacs sold through Polymer division.

**21 Related Party Transactions:**

**1 Relationships**

**a) Subsidiary Companies**

- 1 Innovassynth Investments Limited

**b) Associates**

**c) Key Management Personnel**

- 1 Mr. S.B. Ghia Chairman & Managing Director
- 2 Mr. M.D. Dalal Joint Managing Director

**d) Companies in which Key Management Personnel have Significant Influence**

- 1 Innovassynth Technologies (India) Limited Mr. S.B. Ghia is a Common Director
- 2 Sonata Software Limited Mr. S.B. Ghia, Mr. M.D. Dalal & Mr. Rajan Raheja are common Directors
- 3 Sonata Information Tech.Limited Subsidiary of Sonata Software Limited
- 4 Distributors (Bombay) Private Limited Significant influence of Mr. S.B. Ghia
- 5 Viraj Investments Pvt. Ltd. Significant influence of Mr. S.B. Ghia
- 6 Bhupati Investments & Finance Pvt. Ltd. Subsidiary of Viraj Investments Private Limited
- 7 Chika Private Limited Subsidiary of Bhupati Investments & Finance Private Limited
- 8 Brahamasonic Sound Production Private Limited Subsidiary of Bhupati Investments & Finance Private Limited
- 9 Kika Investments & Finance Private Limited Subsidiary of Bhupati Investments & Finance Private Limited
- 10 Kharsundi Chemicals Pvt. Ltd. Subsidiary of Bhupati Investments & Finance Private Limited

**RELATED PARTY TRANSACTIONS DURING THE YEAR 2007-08**

(Rupees in Lacs)

Sr.No	Nature of Transaction	Subsidiary	Key Management Personnel	Associates	Company in which key Mgmt. Personnel have Significant Influence	Relatives of Key Management Personnel
1	Receiving of Services	—	—	—	<b>53.52</b>	—
		(—)	(—)	(—)	(860.46)	(—)
2	Interest Paid	—	<b>2.60</b>	—	<b>1.50</b>	—
		(—)	(2.59)	(—)	(1.50)	(—)
3	Purchase of Goods	—	—	—	—	—
		(—)	(—)	(—)	(358.67)	(—)
4	Sale of Goods & Services	—	—	—	<b>26.17</b>	—
		(—)	(—)	(—)	(35.55)	(—)
5	Remuneration/Sitting Fees	—	<b>23.13</b>	—	—	—
		(—)	(29.69)	(—)	(—)	(—)
6	Guarantees given	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)
7	Deposits received	—	—	—	—	—
	Outstanding as on 31.03.08	—	<b>23.00</b>	—	<b>88.00</b>	—
		(—)	(23.00)	(—)	(88.00)	(—)
8	Deposit paid outstanding as on 31.03.08	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)
9	Amount outstanding as on 31.03.08 receivables	—	—	—	<b>411.57</b>	—
		(—)	(—)	(—)	(378.78)	(—)
10	Amount outstanding as on 31.03.08 payable	—	—	—	<b>19.52</b>	—
		(—)	(—)	(—)	(0.09)	(—)

**22 EARNINGS PER SHARE**

Sr. No.	Particulars	31.03.2008	31.03.2007
1	Profit / (Loss) after Tax - Rs.	<b>112,779,046</b>	106,249,142
2	Weighted average number of equity shares-Basic (Nos)	<b>52,421,679</b>	52,421,679
3	Weighted average number of equity shares-Diluted (Nos)	<b>52,421,679</b>	52,421,679
4	Earnings Per Share (Basic) Rs.	<b>2.15</b>	2.03
5	Earnings Per Share (Diluted) Rs.	<b>2.15</b>	2.03

**23 DEFERRED TAX:**

(Rupees in Lacs)

	As at 31.03.2008	As at 31.03.2007
<b>Deferred Tax Liability:</b>		
a: Related to Fixed Assets	<b>2,393.86</b>	2,405.25
b: Others	<b>48.62</b>	52.74
	<b>2,442.48</b>	2,457.99
<b>Deferred Tax Asset:</b>		
a: Carried forward Loss	<b>2,287.63</b>	2,755.65
b: Others	<b>229.42</b>	243.53
	<b>2,517.05</b>	2,999.18
Deferred Tax Asset / Liability NET(B-A)	<b>74.57</b>	541.19

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### 24 SEGMENT REPORTING

(Rupees in Lacs)

#### A. PRIMARY REPORTING REQUIREMENT:

		POLYESTER PRODUCTS	CHEMICALS	TOTAL ENTERPRISE
1	REVENUE			
	Sales/Services	54,116.15	26.17	54,142.32
		(67,522.10)	(1,856.45)	(69,378.55)
	Less: Inter Division Transfer	8,315.22	—	8,315.22
		(13,050.15)	(—)	(13,050.15)
	External Sales/Services	45,800.93	26.17	45,827.10
		(54,471.95)	(1,856.45)	(56,328.40)
2	RESULT			
	Segment result	3,960.82	(7.11)	3,953.71
		(3,477.83)	(0.05)	(3,477.88)
	Unallocated corporate expenses -income			—
				(—)
	Operating Profit / (Loss)			3,953.71
				(3,477.88)
	Interest Expense	2,126.66	—	2,126.66
		(1,764.08)	(0.05)	(1,764.13)
	Interest Income			—
				(—)
	Net Profit /(Loss) Before Tax			1,827.05
				(1,713.75)
	Excess Provision of Tax Reversed			1.17
				(—)
	Current Year Tax provisions			(233.83)
				(217.28)
	Deferred Tax (Debit) / Credit			(466.61)
				(433.94)
	Profit after Tax			1,127.78
				(1,062.53)
3	OTHER INFORMATION			
	Segment Assets	55,149.71	430.47	55,580.18
		(30,042.83)	(436.41)	(30,479.24)
	Unallocated corporate assets			3,638.33
				(4,071.29)
	Total Assets	55,149.71	430.47	59,218.51
		(30,042.83)	(436.41)	(34,550.52)
	Segment Liabilities	19,937.60	2.86	19,940.47
		(15,738.92)	(1.99)	(15,740.91)
	Unallocated corporate liabilities			17,064.15
				(15,903.38)
	Total Liabilities	19,937.60	2.86	37,004.62
		(15,738.92)	(1.99)	(31,644.28)
	Capital Expenditure	3,064.33	—	3,064.33
		(2,289.40)	(—)	(2,289.40)
	Depreciation	1,663.34	—	1,663.34
		(1,533.84)	(—)	(1,533.84)
	Non-cash expenses other than depreciation - VRS / Deferred Gratuity	8.39	—	8.39
		(56.90)	(—)	(56.90)

**B. SECONDARY REPORTING REQUIREMENT:  
SALES / SERVICES REVENUE BY GEOGRAPHICAL MARKET**

	<b>POLYESTER PRODUCTS</b>	<b>CHEMICALS</b>	<b>TOTAL</b>
India	<b>33,558.65</b> (27,558.69)	— (—)	<b>33,558.65</b> (27,558.69)
Europe	<b>5,494.45</b> (5,913.50)	<b>26.17</b> (1,856.45)	<b>5,520.62</b> (7,769.95)
U.S.A	— (14,074.53)	— (—)	— (14,074.53)
Other Countries	<b>6,747.83</b> (6,925.23)	— (—)	<b>6,747.83</b> (6,925.23)
<b>TOTAL</b>	<b>45,800.93</b> (54,471.95)	<b>26.17</b> (1,856.45)	<b>45,827.10</b> (56,328.40)

25. The Company has filed a Scheme of Arrangement under Sections 391 to 394 of the Companies Act with the High Court of Judicature at Mumbai. As per the Scheme the entire shareholding of the Company in Innovassynth Technologies (India) Limited is proposed to be transferred to Innovassynth Investments Limited. In consideration thereof Innovassynth Investments Limited will allot its equity shares to the shareholders of the Company in the ratio of 5 shares for every 11 shares held in FPL. The Scheme was approved by the Shareholders on a meeting convened under the Directions of High Court of Mumbai on the 15th April, 2008. Pending the final approval of the High Court of Mumbai the Scheme has not been given effect in the account.

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**26. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**a) Registration Details**

i. Registration No.  State Code   
Balance Sheet Date

**ii. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>	Right Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>
Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>

**iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="7"/>	Total Assets <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="7"/>
<b>Sources of funds</b>	
Paid-up Capital <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/>	Reserves & Surplus <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="3"/>
Secured Loans <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/>	Unsecured Loans <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="5"/>
Deferred Tax Liability <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>	

**Application of funds**

Net Fixed Assets <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/>	Investments <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/>
Net Current Assets <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="5"/>
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>	Deferred Tax Asset <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="7"/>

**iv. Performance of company (Amount in Rs. Thousands)**

Turnover <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/>	Total expenditure <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/>
Profit Before Tax <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="5"/>	Profit after tax <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/>
Earning per share (Rs.) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/>	Dividend <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <b>N I L</b>

**v. Generic Names of Three Principal products/services of Company (as per monetary terms)**

b) Item Code No. (ITC code)	550320.00
Product Description	POLYESTER STAPLE FIBRE
c) Item Code No. (ITC code)	3926.90
Product Description	PREFORMS
d) Item Code No. (ITC code)	3907.60
Product Description	SOLID STATE POLYMERS

27. Figures in brackets pertain to Previous Year.

28. Figures of the Previous Year have been regrouped wherever necessary to conform to Current Years Classification.

As per our Report Annexed

For **N. M. RAJI & CO.**,  
Chartered Accountants

**Y. N. THAKKAR**  
Partner

Mumbai, 30th May, 2008

For and on behalf of the Board

**S. B. GHIA**  
**M. D. DALAL**  
**S. RAMACHANDRAN**  
**S.B. CHATTERJEE**

Chairman & Managing Director  
Joint Managing Director  
Company Secretary  
President - Finance

Mumbai, 30th May, 2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARY COMPANY**

1. Name of the Subsidiary Company	Innovassynth Investments Limited
2. Financial year of the Subsidiary Company ended on	31st March, 2008
3. Holding Company's interest	
No. of Equity Shares	50,000 shares of Rs.10/- each
Extent of holding	100 % (along with nominee)
4. The net aggregate amount of the subsidiary's profit/loss so far as it concerns members of the Holding Company :	
(i) Not dealt with in the Holding Company's Accounts.	
(a) for the financial year of the subsidiary	Nil
(b) for the previous financial years of the subsidiary since it became the Holding company's subsidiary	N.A.
(ii) Dealt with in the Holding Company's Accounts.	
(a) for the financial year of the subsidiary	Nil
(b) for the previous financial years of the subsidiary since it became the Holding company's subsidiary	N. A.
5. Material changes, if any, between the end of financial year of subsidiary and that of the Holding Company.	N. A.

For and on behalf of the Board

<b>S. B. GHIA</b>	Chairman & Managing Director
<b>M. D. DALAL</b>	Jt. Managing Director
<b>S. RAMACHANDRAN</b>	Company Secretary
<b>S.B. CHATTERJEE</b>	President (Finance)

Mumbai, 30<sup>th</sup> May, 2008

# FUTURA POLYESTERS LIMITED

## Registered Office:

Paragon Condominium, 3rd Floor, Pandurang Budhkar Marg, Mumbai 400 013.

### PROXY FORM

Reg. Folio No.....  
DP ID/Client ID.....

I/We ..... of  
..... in the district of  
..... being a member/members of the above named Company hereby appoint  
..... of ..... in the district of  
..... or failing him ..... of  
..... in the district of .....  
as my/our proxy to vote for me/us on my/our behalf at the Forty Eighth ANNUAL GENERAL MEETING of the Company  
to be held on 20th August, 2008 and at any adjournment thereof.

Signed this ..... day of ....., 2008.

Signature .....



Revenue Stamp

**Note :** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

# FUTURA POLYESTERS LIMITED

## Registered Office:

Paragon Condominium, 3rd Floor, Pandurang Budhkar Marg, Mumbai 400 013.

### ATTENDANCE SLIP

48th Annual General Meeting, 20th August, 2008

Reg. Folio No.....

DP ID/Client ID.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at S.N.D.T Patkar Convocation Hall of S.N.D.T. Women's University, 1 Nathibai Thackersay Road, Mumbai – 400 020, on Wednesday, 20<sup>th</sup> day of August, 2008 at 2.30 p.m.

Members' / Proxy's name in BLOCK Letters

Members'/Proxy Signature

**Note:** Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

**BOOK-POST**

To

*If Undelivered, please return to :*

**FUTURA POLYESTERS LIMITED**

Paragon Condominium  
3rd Floor, Pandurang Budhkar Marg,  
Mumbai-400 013.