



FUTURA
POLYESTERS
LIMITED

51ST ANNUAL REPORT 2010-2011

“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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Board of Directors S. B. Ghia - Chairman & Managing Director
M. D. Dalal - Jt. Managing Director
Shyam Sunder Sami
M. Saravanan Nominee IDBI
K. V. K. Murthy
Viren Raheja (upto 8th September 2010)

Company Secretary A. R. Gadkari

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

Auditors Messrs. N. M. Raiji & Co.

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@satellitecorporate.com

Registered Office Paragon Condominium,
3rd Floor,
Pandurang Budhkar Marg,
Mumbai - 400 013.
Phone: 24922999 Fax: 24923142
E-mail: futurahe@futurahepolyesters.com
Website: www.futurahepolyesters.com

NOTICE TO SHAREHOLDERS

To: All Shareholders

NOTICE is hereby given that the 51st ANNUAL GENERAL MEETING of the Members of FUTURA POLYESTERS LIMITED will be held at M. C. Ghia Hall, 4th floor, Bhogilal Hargovindas Bldg, 18/20, K. Dubash Marg, Kalagoda, Mumbai 400 001. on Monday, 5th December, 2011 at 11.00 a.m., to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the period ended 30th June, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukund D. Dalal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shyam S. Sami, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

DIRECTOR RETIRING BY ROTATION.

As required under the listing agreement, the particulars of Directors, who are proposed to be appointed/reappointed, are given below:

Name:	Mr. Mukund D. Dalal
Age:	55 Years.
Qualifications	B. E. (Chemical), MIT, U.S.A.
Expertise:	Director since January 01, 1988.

Directorship on the Board and Chairmanship/ Membership in Committees:

Futura Polyesters Ltd. (Investor Grievance Committee-Member), Sonata Software Ltd. (Investor Grievance Committee-Member), Mahi Enterprises Pvt. Ltd.

Name:	Mr. Shyam S. Sami
Age:	71 Years
Qualifications	B.A.(Economics) Hons.
Expertise:	Director since July, 2003.

Directorship on the Board and Chairmanship/ Membership in Committees:

Futura Polyesters Ltd. (Audit Committee-Member, Remuneration Committee-Chairman, Investor Grievance Committee-Chairman,) Innovassynth Investments Ltd (Audit Committee-Chairman, Investor Grievance Committee-Chairman), Innovassynth Technologies (India) Ltd, (Audit Committee- Member, Remuneration Committee-Chairman, Transfer Committee-Member)

Registered Office:

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

Place: Mumbai
Dated: 25th October, 2011

By Order of the Board

A. R. Gadkari
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 Register of Members and the Share Transfer Books of the Company will remain closed from 25th November, 2011 to 2nd December, 2011 (both days inclusive).

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DIRECTORS' REPORT

To

The Members,

Your Directors submit the 51st Annual Report of the Company along with the Audited Statement of Accounts for the period ended 30th June 2011.

1. FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2010-2011 (15 months)	2009-2010 (12 months)
Gross Profit before interest & depreciation	2064.59	3071.39
Interest	2885.56	2267.96
Depreciation	3095.39	2227.88
Operating Profit / (Loss)	(3916.36)	(1424.45)
Profit / (Loss) before tax	(3919.52)	(1426.56)
Excess Provision of earlier years	(64.09)	(5.90)
Provision for wealth-tax	2.00	2.50
Deferred Tax Adjustment	(272.64)	(36.29)
Profit / (Loss) after tax	(3584.79)	(1386.87)
Balance of Profit brought forward from previous year	—	1255.82
Transferred from General Reserve / Balance carried to Balance Sheet	1060.09	(131.05)

2. DIVIDEND:

Your Directors do not recommend any dividend for the period under review due to the losses suffered by the Company.

3. OPERATIONS:

The turnover of the Company for the 15 month period ended 30th June 2011 was ₹ 624.14 crores which, on annualized basis, shows an increase of 40.50% over the previous year. The Polyester Staple Fibre (PSF) turnover which increased to ₹ 298.50 crores, showing an increase of about 24% on annualized basis. PSF business continues to be remunerative due to Company's thrust on colour / specialty fibres. While the polymer business remained at the same level, preform business showed a decline. The reasons for the same are: The global recession continued during the first half of 2010-11 affecting the exports front to a considerable extent. As the benefits from exports

are not significant, the Company has exited from the status of EOU during the year. This transition had its initial impact on the profitability of the Company. In the Preform business, the entry of number of small players receiving Government support / concessional tariff has not only affected the volume but also the profitability of the business at large.

The Company suffered an operating loss of ₹ 39.16 crores during the fifteen month period. This loss is substantially higher when compared with previous year. The main reasons for the loss are declining margins due to high raw material cost and the severe competition in Preforms business. Further, some restrictions imposed by Authorities on import of bottle grade scrap resulted in shortage of raw material and consequent slow down in production. The cost of power continues to be high due to power cut imposed by State Government. The increase in price of bio mass fuel (for generation steam) further added to the cost push.

Polyester Staple Fibre business continues to show steady improvement both in volume and margins. Domestic demand is contributing to higher turnover and margins.

The reduction in Preforms turnover is mainly due to increased tolling contract (i.e. billing value addition only and not the raw material cost) with Multi National Corporations. The company's thrust continues to be in reducing its dependence on commodity preforms and the severe competition due to the entry of many players.

The company is making earnest efforts to raise additional interest free resources through sale of part of its premises to repay high cost debts and reduce interest burden as well as to induct additional working capital. The promoter group had brought in substantial amounts of interest free funds to sustain the operations. The Company is confident of meeting the challenges posed by the current economic recession and high interest cost through development of niche and specialty products and by infusion of additional funds.

4. SUBSIDIARY COMPANY

The Company has incorporated a subsidiary by the name FPL Property Developers Private Limited. This Company was formed essentially with a limited purpose of acquiring and developing part of the Company's premises at Chennai, in case the Company is not in a position to find a buyer for the premises and accordingly an enabling MOU was entered into with the subsidiary for this purpose. The subsidiary status of this company is temporary in nature and will not continue as a subsidiary for long.

5. ISSUE AND ALLOTMENT OF NON CUMULATIVE REDEEMABLE PREFERENCE AND EQUITY SHARES ON PREFERENTIAL BASIS:

As approved by the Shareholders at the General Meeting held on 8th September 2010 the Company issued and allotted 19,89,000 Non Cumulative Redeemable Preference shares of ₹ 100 each and 24,50,000 equity shares of ₹ 10/- each on preferential basis at a price of ₹ 100/- and ₹ 10/- per share respectively to the promoter group companies. The Company raised, through this issue,

₹ 22,34,00,000 which had been utilized for part-financing working capital requirements, general corporate purposes and to increase promoter group's stake in the company.

6. FIXED DEPOSITS AND LOANS:

As on 30th June 2011, the Company had an aggregate sum of ₹ 459.20 lacs as fixed deposits from Public / Shareholders. The total number of depositors who have not claimed / renewed their deposits on maturity was 73 and the amount that remained unclaimed / not renewed as on 30th June 2011 was ₹ 20.36 lacs. Of these, deposits amounting to ₹ 7.40 lacs have since been either repaid or / renewed.

7. INSURANCE

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

8. 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.

9. PERSONNEL:

None of the Company's employees was in receipt of remuneration aggregating to ₹ 60,00,000/- or more per annum or ₹ 5,00,000/- per month during the period under review.

10. 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.

11. DIRECTORS:

Mr. Mukund D. Dalal and Mr. Shyam S. Sami are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

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12. 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 30th June , 2011 and of the loss of the Company for the period 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.

13. 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.

14. 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 of Chennai as Cost Auditor.

15. CORPORATE GOVERNANCE:

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

16. 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.

17. 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
Date: 25th October, 2011

S. B. GHIA
Chairman

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 PERIOD 2010-11.

A. CONSERVATION OF ENERGY

1. Energy conservation measures taken

- A)** Following higher rated motors were replaced with the correct required rating:-
- 1) M.B line - 3 Extruder motor (from 132 Kw to 90 Kw).
 - 2) BDF 240 FW pumps (from 30 Kw to 18.5 Kw).
- B)** Higher capacity 50 HP AHU was stopped & a lower 3 HP AHU was put on operation for inverter room cooling purpose at SPG area.
- C)** VFD was connected to EREMA-2 Extruder.

2. Energy saving activities Plan 2011-12

- (a) Seko-2 Extruder motor will be replaced from 132 K.W. to 90 K.W.
- (b) VFD will be connected for U-4 spinning Quench fan, BDF-240 I.D fan, Biomass heater dow pump-2 Nos.
- (c) Gas forklift will be converted to Diesel forklift

Form A

FORM FOR DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

	Current Year 2010-2011	Previous Year 2009-10
1) Electricity:		
Unit [Kwh] in lacs	883.63	767.28
Total amount [₹ In lacs]	4997.48	5133.10
Rate per unit - Rupees	5.65	6.69
2) Furnace Oil		
— Quantity [KL/MT]	3983.42	3087.00
— Total amount [₹ In lacs]	1435.78	667.88
— Average rate [₹ Per Kg]	36.04	21.64

B. CONSUMPTION PER UNIT OF PRODUCTION

	Current Year 2010-2011	Previous Year 2009-10
Name of product		
Electricity kwh/kg		
i) Polyester Staple Fibre	1.24	1.28
ii) Resin	0.73	0.75
iii) Preforms	1.32	1.28
Average	1.09	1.10
Furnace Oil [KL/MT]		
i) Polyester Staple Fibre	0.07	0.07
ii) Resin	0.045	0.04
Average	0.06	0.06
BIOMASS		
	Current Year	Previous Year
	MT	MT
	Spec. Cons	Spec. Cons
i) Polyester Staple Fibre	27700	32096
ii) Resin**	29665	11958
iii) Preforms	—	—
Average	0.83	0.80

** Resin plant was run on Biomass heating system for most part of the year as Biomass availability was much better this year.

Form B

FORM FOR DISCLOSURE ON PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A) RESEARCH & DEVELOPMENT (R&D)

IPR

Received seven patents for various polyester resins as mentioned below:

Three Indian patents - Clear Fast reheat, Fast crystallizing PEN, and Naphthalate based Barrier PET

Three European Patents - Poly trimethylene Naphthalate, Clear Fast reheat and Beer PET

One US Patent - Weld PET.

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DEVELOPMENTS

- a) Developed High viscous, Low haze, Heavy metal free ECOPET resin for specialized blown film application.
- b) Developed high strength special polyester for making containers using the most economical - compressed stretch blow molding process for Aerosol application.
- c) Developed high heat resistance polyester to cater the need of hot filling above 95°C for various applications like Ketch up, Sauce, Jams, Mango pulp and Coconut water.
- d) Developed a special breathable polymer which is meant for producing high comfort fabrics / jackets used in adverse weather conditions.
- e) Developed the Cationic dye able polyester for deep dyeing applications with various salt levels to cater the needs of Fiber / Yarn application
- f) Developed Green Flame retardant PET with various P levels as demanded by the applications like FR Fabric, Carpets, Upholstery, Automobile spares, and Electrical appliances.
- g) Developed a high tenacity dope dyed polyester with low shrinkage for Sewing thread application.
- h) Developed Clear BioPET made using Bio sourced Ethylene Glycol for packaging / thermoformed food containers
- i) Developed 'Deep dyed' FRPET with various P levels for specialized applications

BENEFITS DERIVED AS A RESULT OF THE ABOVE :

- Company's IPR valuation is enhanced,
- Wider manufacturing business opportunities with various customers in both Packaging and Textile applications.
- Wider product mix for various specialty polyester
- Conservation of natural resources with carbon credit for down stream processor

EXPENDITURE ON R & D

	Rupees in Lacs
Capital	-
Recurring	23.78
Total	23.78
Percentage of Turn over	0.04

B) TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1. a) Technology Upgradation

- Process Improvements and modifications done to execute production of above said special grades
- FR additive preparation / Induction systems improved to get the best quality and productivity.
- Separate production capability system established for handling Bio based RM for producing BioPET.

b) Adaptation

Company continue to develop and adapt new methodology, process and product technology through rigorous training and developments, All employees of the organization has undergone safety training to execute the operations in safest manner.

2. Benefits derived as a result of the above

Broad basing the products range and the customers base as well.
Expanding the existing markets.
Improved customer satisfaction.
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 : NA
- 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

FOREIGN EXCHANGE EARNING & OUTGO:

The Company is focusing in European Union, U.K. and U.S. market to avail of export opportunities considering the present economic scenario.

	(Rupees in Lacs)
Foreign Exchange Earning	14260.40
Foreign Exchange Outgo	29904.57

MANAGEMENT DISCUSSION & ANALYSIS REPORT: 2010-11

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in the manufacturing and marketing activities of Polyester products namely Polymer, Preforms and Polyester staple Fibre (PSF). The corporate focus is on manufacture and sale of "Specialty products" across all segments, especially environmental friendly green products.

Fibre demand in the domestic sector showed high growth, especially in the specialty fibre sector in which they operate. Demand for black fibres and colour fibres went up, from both branded as well as unbranded sectors.

PET resin business in the country and abroad grew on annualised basis. Domestic PET market for both carbonated soft drinks and water grew at around 20%.

PET Preform business saw growth of many small and medium sized players. MNCs overall are rapidly shifting from glass to PET leading to growth of this industry. However, they are also putting huge pressure on the conversion price, which is influenced by very low operating costs of new machines.

2. OPPORTUNITIES AND THREATS

Our company's 'niche' and 'green' products are unique and highly competitive.

Polyester fibre market, especially black and dope dyed colour fibre markets, offer a great potential and are yet to be exploited fully. Our company also has introduced high shrink fibres, flame retardant fibres, V-Flex fibres that show lots of opportunity for growth.

Polyesters resin segment, has opened up subsequently for speciality application. Great opportunity lies ahead for replacing multi layer containers with our monolayer specialities which are easily recyclable. Company is coming out with new resins for heat sealing applications, thermoforming, barrier applications etc.

Preform business supplies mainly to MNCs whose business is growing at an annual growth rate of 20%. Shift of consumer preference from tap water to bottled water is visible. Economic growth and especially the middle income level growth offers a huge potential in fruit juice segment.

Power (electricity) situation in the state of Tamilnadu continues to be a major concern. With demand growing rapidly, supplies can't match. The power cut as well as peak hour rationing put lot of strain on process performance. Price in the open market to supplement the gap has become costlier. In addition the ailing grid contributes to frequent power failures, affecting smooth operations.

The Company has put in place a comprehensive plan with majority feed from wind based private power supplier to overcome the problem.

Some of the manufacturing equipments of the Company are quite old and need to be modernized or replaced. However, due to difficult liquidity condition, the Company did not plan for capital expenditure for this at present. However, when the funds position improve, steps will be taken to do the needful in the matter.

3. PERFORMANCE

During the year the accounting period was extended to fifteen month period between April, 2010 to June, 2011. The figures are therefore not comparable with that of previous year. The Polyester Staple Fibre sales during the period under review was more than last year, though volume was less. The reduction in volume is due to the company's continuing strategy of concentration more on specialty segment. These efforts resulted in improved sales realization. In exports the margins continues to suffer due to the global economic scenario. The company's raw material cost however increased substantially affecting margins.

The polyester resin industry did continue to improve compared to previous year mainly due to improvement in domestic supplies. Export segment showed improvement more particularly specialty segment. The increased raw material cost situation did affect the, margins not compensated by the increase in selling price due to continuing global economic situation. Major repairs planned could not be resorted due to difficult cash flow situation thereby affecting the company's ability for better product mix. The low capacity utilization also contributed to low profit margins. Even though the capacity utilization was better than the Previous year the increased raw material cost resulted in lower margins.

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Preform business showed a stable volume but was slightly lower than last year on annualized basis, due reduced offtake by MNC's. The sale value was less on an annualised basis due to increased tolling contract undertaken for MNC's.

The gross turnover of the company for the year ended 30th June, 2011 was ₹ 624.14 Crores (15 Months) compared with ₹ 414.34 Crores (12 Months) during the previous year. The continuing higher cost of energy as well as increased cost in raw material has all contributed to a net loss of ₹ 35.84 Crores.

4. OUTLOOK

The outlook for polyester Fibre business is quite encouraging. This market has shown some signs of recovery during the last year. The Company's specialty products are expected to continue to grow in volume. R&D efforts are progressing to add more coloured Fibres as well as specialities like Flame Retardant, Cationic Dyeable Polyesters, High Shrink, Engineering fibres etc. The Company's batch processing facility will be of great help to develop more and more specialty fibres.

In respect of polymers the export sentiment is favourable, the domestic demand is growing, but so is competition, compounded by excess capacity in India. The Company is confident of improving its capacity utilisation and market share in the coming years with better focus on Recycling, specialty products and selective debottlenecking. Polymers will continue to focus more on niche products such as PCRPET, Thermoforming Specialities, PBT, Jarpet, Hot fill Juice resin etc. thus consolidating its position further as a speciality player in the resin market.

Outlook for the PET Preform business remains encouraging with the company's satisfactory order book position. There is substantial growth in Preform market and your company is evaluating various opportunities, both for additional capacity as well as in niche market such as small CSD bottles, Hot Fill juices and Jarpet for bulk water packaging.

In order to tide over the power crisis in Tamil Nadu, the Company has tied up with new private power

manufacturers (Wind power / biomass power) so that the production capacity is fully supported on power front.

5. RISKS & CONCERNS

Competition is severe in the market place for commodity Polymers, commodity Preforms and commodity Fibres. In spite of its strength in development and manufacture of specialities, the prices of specialities show fluctuating trend as these are all linked to commodity product prices. The interest burden, high borrowings and unpredictable power situation in Tamil Nadu continue to remain areas of concern. The company's steps in contracting power in different mix, efficient running of Biomass boilers and heaters would help to reduce the energy cost in the coming years even as the company is considering several options to improve the power supply.

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

During the 15 months ended 30th June, 2011 the operating loss was ₹ 39.16 Crores as compared to an Operating Loss of ₹14.24 Crores incurred during the Previous Year.

The net turnover including other income was ₹ 574.11 Crores (compared with ₹ 387.30 Crores of the previous Year).

8. HUMAN RESOURCES / INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year. The number of permanent employees on roll of the Company is 686.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 2010-11

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 5 Directors of which 2 are Executive and 3 are non-executive Directors. Directors include Chairman & Managing Director and a Nominee Director from IDBI Bank Ltd.

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:

Seven Board Meetings were held during the Period on 29/04/2010, 18/05/2010, 11/8/2010, 8/9/2010, 12/11/2010, 11/2/2011, and 12/05/2011.

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

Name of the Director	Category of Director	No. of Directorship in other Boards	No. of membership of other Board Committees	No. of Chairmanship of other Board Committees	No. of Board Meetings attended during the year ended 30.06.2011	Attendance in last Annual General Meeting
Mr. S. B. Ghia	E P	5	6	2	6	Present
Mr. M. D. Dalal	E P	2	1	NIL	7	Present
Mr. Shyam Sunder Sami	NE I	2	3	2	5	Absent
Mr. K. V. K. Murthy	NE I	NIL	NIL	NIL	7	Present
Mr. M. Saravanan*	NE I	NIL	NIL	NIL	4	Absent

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

Mr. Viren Raheja ceased to be director from 08th September, 2010.

* Nominee Director of IDBI Bank Limited.

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.

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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 Sub Committee:

The Audit Sub Committee constituted in accordance with the Listing Agreement comprises of Mr. K. V. K. Murthy, Mr. M. Saravanan and Mr. Shyam Sundar Sami. Mr. Sami was Chairman of the Committee upto 11th August, 2010 and thereafter Mr. K. V. K. Murthy was appointed chairman of the committee.

a) The Terms of reference:

The terms of reference of the Audit Sub 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 Sub Committee.

The Audit Sub Committee is in existence since 1986 and presently comprises of 3 directors. All its present members are Non-executive Independent directors and amongst them Mr. M. Saravanan is nominee Director of IDBI Bank Limited. 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, Company Secretary acts as the Secretary of the Committee.

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

During the financial Period 2010-2011 Six Audit Sub Committee Meetings were held; the dates of the meetings were 18/05/2010, 11/8/2010, 12/11/2010, 29/01/2011, 11/2/2011 and 12/05/2011.

The attendance of members at the meetings was as follows:

Name of Member	No. of meetings attended
Mr. K. V. K. Murthy	6
Mr. S. S. Sami	6
Mr. M. Saravanan	3

3.2 Remuneration Committee:

a) Terms of reference:

To periodically review in accordance with law the remuneration packages of executive whole-time directors and recommends suitable revision to the Board.

b) Composition and Category:

The remuneration committee has three directors; all are non-executive independent directors. viz; Mr. K. V. K. Murthy, Mr. M. Saravanan, Mr. Shyam Sunder Sami (Chairman).

c) Number and attendance at each Remuneration Committee Meetings:

No meeting was held during the Period. No revision is made in Managerial Remuneration during the Period.

d) Remuneration policy:

The remuneration policy takes into account Company's financial position, the grade and the position held by the incumbent concerned and his overall performance.

Remuneration of Executive Directors as per Accounts for the financial Period ended 30th June 2011.

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 over which exercisable
S. B. Ghia	13,65,809	1% commission of net profits Please see Note (d)	Please see Note 'a' and 'c'	Please see Note 'b'
M. D. Dalal	14,99,247	1% commission of net profits Please see Note (d)	Please see Note 'a' and 'c'	Please see Note 'b'

Notes:

- The Service contracts in case of Mr. S. B. Ghia, & Mr. M. D. Dalal is for a period of 5 years from 01.04.2009 to 31.03.2014.
- Presently the Company does not have any Stock Option Scheme.
- 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.
- No Commission is paid for the Period under review.

Remuneration of Non-executive Directors for the financial Period ended 30th June, 2011.

Name of Directors	Relationship with other Directors	Sitting fees of Board/ Committee meetings (Gross amount ₹)
Mr. Shyam Sunder Sami	—	55,000
Mr. Viren Raheja*	—	5,000
Mr. K. V. K. Murthy	—	65,000
Mr. M. Saravanan	—	35,000

All Non-Executive Directors do not hold any shares in the Company as on 30th June, 2011.

* Mr. Viren Raheja ceased to be Director from 8th September, 2010.

3.3. Shareholder's Information & Investor's Grievance Committee:

The Committee reviews and deals with complaints and queries received from the investors. It also reviews and deals with responses to letters received from the Ministry of Company Affairs, the Stock Exchange and Securities and Exchange Board of India.

The Shareholders/Investors Grievance Committee comprises of three (3) members, Mr. Shyam Sunder Sami is the Chairman of the Committee and Mr. S. B. Ghia & Mr. M. D. Dalal, are the members of Committee.

The Company Secretary Mr. S. Ramachandran functions as the Secretary of the Committee. During the financial Period ended 30th June, 2011, meetings of the Shareholders / Investors Grievance Committee were held on 29th April, 2010, 11th August 2010, 12th November, 2010, 11th February, 2011 and 12th May, 2011.

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Attendance at Shareholders/Investors Grievance Committee Meetings:

Name of the member	No. of Meetings attended
Mr. S. B. Ghia	5
Mr. S. S. Sami	4
Mr. M. D. Dalal	5

The status of the complaints received from investors is as follows:

Shareholders' / Investors' Complaints

Particulars of Complaints	No. of Complaints
Complaints pending as on April 1, 2010	Nil
Complaints received during 2010-2011	6
Complaints identified and reported under Clause 41 of the Listing Agreement	6
Complaints disposed off during the Period ended 30 th June, 2011	6

The Board has designated Mr. S. Ramachandran, Company Secretary, as the "Compliance Officer" upto 31st July, 2011 and w.e.f. 1st August, 2011 Mr. A. R. Gadkari, Company Secretary, has been appointed as the "Compliance officer"

Satellite Corporate Services Private Limited is our Registrar and Share Transfer Agents

4. General Body Meetings:

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

Financial Period	Date	Location of the meeting	Time
Annual General Meetings			
2007-2008	20 th August, 2008	Patkar Hall, S. N. D. T. University, 1 Nathibai Thackersey Road, Mumbai - 400 020	2.30 p. m.
2008-2009*	09 th September, 2009	Jaihind College Auditorium "A" road, Churchgate, Mumbai - 400 020	3.30 p.m
2009-2010**	08 th September, 2010	M.C. Ghia Hall, Bhogilal Hargovindas Bldg., 4 th Floor 18/20 K. Dubash Marg, Mumbai - 400 001	3.00 p.m
Extraordinary General Meetings			
Court Convened General Meeting	15 th April, 2008	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 4 th Floor 18/20 K. Dubash Marg, Mumbai - 400 001	11.00 a. m.

* Special Resolution passed (1) for reappointment of Mr. S. B. Ghia as Managing Director of the Company (2) for reappointment of Mr. M. D. Dalal as Joint Managing Director of the Company.

** Special Resolution passed (1) for Alteration of Articles of Association for reclassification of Authorised Share capital (2) for Alteration of Articles of Association for insertion of new Article (3) for issue of Equity shares on preferential allotment basis. (4) for Issue of Non cumulative Redeemable Preference shares.

Passing of Resolution by Postal Ballot:

Special Resolution passed through postal ballot to sell, transfer, and lease and/or otherwise disposed off, part of the premises consisting of land and/or structures thereon situated in the Company's factory premises at Manali, Tamil Nadu.

At the Board Meeting dated 12th November, 2010 the Board approved Notice of Postal Ballot and appointed of Mr. Prakash Pandya (Practising Company Secretary) as Scrutiniser. Results of the Postal Ballot has been declared and posted on Company's website.

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 18 under Schedule 18 of 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 the Bombay Stock Exchange Ltd. or SEBI or any Statutory Authorities on any matter related to capital markets during the last 3 years.	None in last three years
Disclosure of Risk management	The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
Disclosure of Accounting Standards	The Company has followed the Accounting Standards prescribed by the Companies (Accounting Standard) Rules 2006 referred to in sub section (3C) of Section 211 of the Companies Act, in the preparation of the financial statements.

The Company has complied with the mandatory requirements of Clause 49.

6. CEO / CFO Certification:

Certificate from Mr. S. B. Ghia, Chairman & Managing Director and Mr. S. B. Chatterjee, Chief Financial Officer in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchanges for the financial Period ended 30th June, 2011 was placed before the Board of Directors of the Company in its meeting held on 25th October, 2011

7. Means of Communication:

Quarterly Results.	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.	www.futurapolyesters.com
Email – id for investors Grievance	Investorrelations@futurapolyesters.com
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 period under review.
Newspapers in which results are normally published in.	Free Press Journal/Nav Shakti
Whether MD & A is a part of Annual Report or not.	Management Discussion and Analysis Report forms part of this Annual Report.

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8. General Shareholder Information:

AGM: Date, Time and Venue	On Monday, 5 th December, 2011 at 11.00 a.m. At M. C. Ghia Hall, 4 th floor, Bhogilal Hargovindas Bldg, 18/20, K. Dubash Marg, Kalagoda, Mumbai 400 001.
Financial Calendar	1. July, 2011 to March, 2012. 2. First Quarterly Result - November, 2011. 3. Second Quarterly Result - February 2012 4. Last Quarterly Result - May 2012.
Date of Book Closure	25 th November 2011 to 2 nd December 2011. (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 period 2010-2011.

Bombay Stock Exchange Limited

Year	Month	High		Low		
		Rate (₹)	Date	Rate (₹)	Date	
2010	April	9.35	01/04/2010	8.02	29/04/2010	
	May	7.98	17/05/2010	6.62	31/05/2010	
	June	8.62	14/06/2010	6.60	01/06/2010	
	July	10.15	05/07/2010	7.37	28/07/2010	
	August	8.76	12/08/2010	7.16	20/08/2010	
	September	10.26	08/09/2010	7.68	01/09/2010	
	October	10.49	20/10/2010	8.01	08/10/2010	
	November	10.45	09/11/2010	7.93	26/11/2010	
	December	8.98	03/12/2010	7.69	10/12/2010	
	2011	January	8.93	03/01/2011	7.29	31/01/2011
		February	7.32	15/02/2011	6.00	28/02/2011
		March	6.63	09/03/2011	5.75	24/03/2011
April		8.53	05/04/2011	6.78	01/04/2011	
May		7.39	09/05/2011	6.18	27/05/2011	
June		6.63	09/06/2011	5.36	22/06/2011	

SENSEX information for the period April, 2010 to June, 2011.

Month	SENSEX			
	Open	High	Low	Close
April, 2010	8.90	9.73	7.54	8.09
May, 2010	7.82	8.35	6.06	6.62
June, 2010	7.34	8.94	6.18	8.01
July, 2010	7.80	10.93	7.28	7.75
August, 2010	7.47	9.15	7.11	7.32
September, 2010	7.26	10.71	7.26	8.19
October, 2010	8.06	11.01	7.88	9.26
November, 2010	9.50	10.97	7.55	8.07
December, 2010	8.39	9.40	7.54	8.51
January, 2011	8.60	9.18	7.00	7.29
February, 2011	7.72	7.72	5.65	6.00
March, 2011	5.80	6.94	5.65	6.56
April, 2011	7.69	9.50	6.51	7.01
May, 2011	7.00	7.90	6.00	6.24
June, 2011	6.20	6.75	5.25	6.10

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 Period were 34,693 with an average interval of 30 days between approvals.

DISTRIBUTION OF SHAREHOLDING AS ON 30.06.2011

Share holding of Nominal value of	Shareholders		Share Amount		
	No. of shareholders	% of shareholders to total	Number of Shares	Nominal value of shares ₹	% of share amount to total
Upto — 5,000	30,924	84.94	42,04,889	4,20,48,890	7.66
5,001 — 10,000	2,819	7.74	22,80,660	2,28,06,600	4.16
10,001 — 20,000	1,332	3.66	20,08,628	2,00,86,280	3.66
20,001 — 30,000	415	1.14	10,54,224	1,05,42,240	1.92
30,001 — 40,000	189	0.52	6,76,357	67,63,570	1.23
40,001 — 50,000	187	0.51	8,85,090	88,50,900	1.61
50,001 — 1,00,000	262	0.72	19,65,080	1,96,50,800	3.58
1,00,001 and above	278	0.76	4,17,96,751	41,79,67,510	76.17
TOTAL	36,406	100.00	5,48,71,679	54,87,16,790	100.00

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Shareholding pattern as on 30.06.2011:

	Category	No. of shares held	Percentage of shareholding
1	Promoter holding (including persons acting in concert)	2,28,37,875	41.62
2	Institutional Investors / Mutual Funds / Banks / FIs	32,06,161	5.84
3	Others		
	Indian Public	2,06,83,168	37.69
	Private Corporate Bodies	47,39,085	8.64
	NRIs / OCBs	33,83,917	6.71
	Foreign Bank	7,353	0.01
	Any other (Clearing Member)	14,120	0.03
	GRAND TOTAL	5,48,71,679	100.00

Dematerialization of shares and liquidity

86.11% of the value of the paid-up Share Capital comprising of 47250172 no of shares have been dematerialised as on June 30, 2011.

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

Address for Correspondence

Futura Polyesters Limited
Paragon Condominium, 3rd Floor, Pandurang Budhkar Marg, Mumbai – 400 013

Declaration – Code of Conduct

All Board members and senior management personnel have, for the Period ended 30th June, 2011, 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.

Place: Mumbai

Date: 25th October, 2011

For **Futura Polyesters Limited**
S. B. Ghia

Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **FUTURA POLYESTERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **FUTURA POLYESTERS LIMITED** for the Period ended 30th June, 2011, 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 Directors and 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 report issued by the Registrars of the Company to the Shareholders / Investor Grievance Committee, as at 30th June, 2011, there were no investor grievance matters against the Company 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. RAIJI & CO.,
Chartered Accountants
Registration No. 10829600

Y.N.THAKKAR

Partner

Membership No.33329

Place: Mumbai

Dated: 25th October, 2011

FIVE YEARS' FINANCIAL REVIEW

(Rupees in Lacs)

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Sales & Services	56,328.40	45,827.10	42,313.94	41,433.53	62,414.22
Net Sales (Net of Excise)	51,706.42	41,362.76	37,888.38	37,784.29	56,606.14
Gross Profit/(Loss) Before Depreciation, Investment Allowance Reserve & Taxation	3,284.73	3,520.47	456.54	801.32	(824.13)
Depreciation	1,570.98	1,693.42	1,943.43	2,227.88	3,095.39
Profit/(Loss) Before Taxation	1,713.75	1,827.05	(1,486.89)	(1,426.56)	(3,919.52)
Provision for Taxation	192.28	203.83	—	—	—
Provision for Wealth Tax	2.00	2.00	2.00	2.50	2.00
Provision for Fringe Benefit Tax	23.00	28.00	23.00	—	—
Deferred Tax Adjustment	433.94	466.61	(575.36)	(36.29)	(272.64)
Excess Provision of Earlier Years	—	(1.17)	—	(5.90)	(64.09)
Profit/(Loss) After Taxation	1,062.53	1,127.78	(936.53)	(1,386.87)	(3,584.79)
Assets:					
Gross Fixed Assets	44,413.64	62,466.73	65,967.83	69,277.82	74,990.28
Depreciation	23,776.81	25,997.55	28,662.85	31,673.30	35,707.08
Net Fixed Assets	20,636.83	36,469.18	37,304.98	37,604.52	39,283.20
Investments	2,381.22	2,621.11	448.76	558.59	466.16
Deferred Tax Asset	541.19	74.57	649.94	686.23	958.87
Current Assets, Loans and Advances	16,462.81	20,043.34	17,674.58	15,904.99	16,173.82
Total Assets	40,022.05	59,208.20	56,078.26	54,754.33	56,882.05
Liabilities and Provisions:					
Current Liabilities and Provisions	11,871.57	15,849.68	13,832.16	14,232.42	18,947.53
Bank Overdraft	3,993.18	3,940.72	3,930.26	3,808.99	3,811.92
Short Term Loans and Deposits	4,437.61	4,327.35	6,673.21	7,474.90	7,337.47
Long Term Borrowings	6,610.93	7,644.70	8,385.76	8,223.48	5,108.55
Total Liabilities and Provisions	26,913.29	31,762.45	32,821.39	33,739.79	35,205.47
NET WORTH:					
Represented by :					
Equity Share Capital	5,242.17	5,242.17	5,242.17	5,242.17	5,487.17
Preference Shares Capital	—	—	—	—	1,989.00
Reserves and Surplus	7,880.36	22,213.93	18,019.97	15,775.53	16,725.11
Less : Miscellaneous Expenditure	13.77	10.35	5.27	3.16	—
Less : Profit and Loss Account	—	—	—	—	2,524.70
Shareholders' Funds:	13,108.76	27,445.75	23,256.87	21,014.54	21,676.58
General:					
% of Profit/(Loss) Before Taxation to Net Sales	3.31	4.42	(3.92)	(3.78)	(6.92)
% of Profit/(Loss) After Taxation to Net Sales	2.05	2.73	(2.47)	(3.67)	(6.33)
Earning / (Loss) per Equity Share (₹)	2.03	2.15	(1.79)	(2.65)	(6.64)
Current Ratio	1.39	1.26	1.28	1.12	0.85
Liquid Ratio	1.04	1.01	1.00	0.88	0.71
Debt/Equity Ratio	0.48	0.28	0.35	0.38	0.23

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AUDITORS' REPORT

To the Members of FUTURA POLYESTERS LIMITED

1. We have audited the attached Balance Sheet of **FUTURA POLYESTERS LIMITED**, as at 30th June 2011, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the 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) Order, 2003 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 the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above and our comments in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 30th June 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 30th June 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2011;
 - (b) In the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

For **N. M. RAIJI & CO.**,
Chartered Accountants
Firm Registration No.108296W

CA. Y.N. THAKKAR

Partner

Membership No. 33329

Place : Mumbai
Date : 29th August, 2011

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets which are to be updated.
- (b) As per the information and explanation furnished by the management the physical verification of major Fixed assets was conducted during the period, 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) The Company has not disposed off substantial part of Fixed Assets during the period.
- (ii) (a) The stock of inventories have been physically verified by the management at on periodical basis. 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, clause 4(iii) (b), 4(iii) (c) and 4(iii) (d) are not applicable to the Company.
- (e) During the period the Company has taken unsecured loan amounting to ₹ 101 Lacs from a party, listed in the register maintained under section 301 of the Companies Act 1956 and there was nil balance of the loan at the end of the period.
- (f) The loan taken from a party listed under Section 301 is interest free and there are no terms and conditions accordingly Clause No. 4 (iii) (g) not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems 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) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, contracts or arrangements referred to in Section 301 of the Act have been entered in the Register.
- (b) The Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (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 account 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 others 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 30th June 2011 for a period of more than six months from the date of becoming payable;
- (b) According to the records made available to us and the information and explanations given by the

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management, the details of the dues of Income tax / Sales tax / Wealth tax / Service Tax / Custom duty / Excise duty / cess, which have not been deposited with the appropriate authorities on account of dispute, are given in the Appendix to this report.

- (x) The Company has accumulated losses at the end of the period which are less than fifty per cent of its net worth. The Company has incurred cash losses during the period covered by our report but has not incurred cash loss 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 cases 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) During the period the Company has not given any guarantee for loans taken by others from banks and other financial institutions.
- (xvi) During the period the Company has not raised any term loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, short-term funds of ₹ 4276.04 lacs have been used for revenue expenditure Capitalised and Repayment of Term Loan Installments which were due during the period.

- (xviii) The Company has made a preferential allotment of shares to companies covered in the register maintained under section 301 of the Companies Act, 1956. The price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) During the period the Company has not issued any debentures.
- (xx) During the period 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.

For N.M. Raiji & Co.
Chartered Accountants
Firm Reg No. 108296W

CA. Y. N. Thakkar

Partner

Place : Mumbai

Date : 29th August, 2011

Membership No: 33329

Appendix to Auditors' Report

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Financial period to which the matter pertains	Forum where dispute is pending
The Central Excise Act, 1944, Service Tax Act, 1994	CENVAT Duty Service Tax	0.52	2004-05	High Court
		541.17	2000-01, 2007-08	CESTAT *
		73.17	2005-06, 2006-07, 2008-09, 2009-10	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax, Interest	189.15	2000-01, 2001-02	High Court
		151.69	2005-06, 2006-07, 2007-08	Commissioner (Appeals)

* The Customs, Excise and Service Tax Appellate Tribunal.

BALANCE SHEET AS AT 30TH JUNE, 2011

 (₹ in Lacs)
 As at
 31.03.2010

	SCHEDULE	As at 30.06.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	7,476.17	5,242.17
Reserves and Surplus	2	16,725.11	15,775.53
		24,201.28	21,017.70
LOAN FUNDS			
Secured Loans	3	8,920.47	12,032.47
Unsecured Loans	4	7,337.47	7,474.90
		16,257.94	19,507.37
		40,459.22	40,525.07
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	74,911.57	68,311.22
Less: Depreciation		35,707.08	31,673.30
Net Block		39,204.49	36,637.92
Capital Work-in-Progress		78.71	966.60
		39,283.20	37,604.52
INVESTMENTS	6	466.16	558.59
DEFERRED TAX ASSET		958.87	686.23
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	9,410.36	8,379.21
Sundry Debtors	8	2,216.80	3,080.92
Cash and Bank Balances	9	1,741.50	2,024.33
Loans and Advances	10	2,805.16	2,420.53
		16,173.82	15,904.99
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	18,298.39	13,559.51
Provisions	12	649.14	672.91
		18,947.53	14,232.42
NET CURRENT ASSETS		(2,773.71)	1,672.57
MISCELLANEOUS EXPENDITURE (to the extent not written off (or adjusted))	13	—	3.16
PROFIT AND LOSS ACCOUNT		2,524.70	—
		40,459.22	40,525.07
NOTES FORMING PART OF ACCOUNTS	18		

 As per our Report Annexed
 For **N. M. RAIJI & CO.**,
 Chartered Accountants
C A Y. N. THAKKAR
 Partner

 For and on behalf of the Board
S. B. GHIA Chairman & Managing Director
M. D. DALAL Joint Managing Director
A. R. GADKARI Company Secretary
S. B. CHATTERJEE President - Finance

 Mumbai, 29th August, 2011

 Mumbai, 29th August, 2011

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST APRIL, 2010 TO 30TH JUNE, 2011

(₹ in Lacs)

	SCHEDULE	01.04.2010 To 30.06.2011	2009-2010
INCOME			
Sales		62,414.22	41,433.53
Less : Excise duty		5,808.08	3,649.24
Sales (Net)		56,606.14	37,784.29
Other Income	14	805.35	945.93
		57,411.49	38,730.22
EXPENDITURE			
Manufacturing and Other Expenses	15	55,956.91	35,116.99
Interest (Net) (Refer Note No. 15 of Schedule 18)	16	2,885.56	2,267.96
Depreciation		4,164.20	3,085.45
Less: Transfer from Revaluation Reserve		(1,068.81)	(857.57)
		61,937.86	39,612.83
(Less) / Add : (Increase) / Decrease in Stock	17	(610.01)	541.84
		61,327.85	40,154.67
OPERATING PROFIT / (LOSS)		(3,916.36)	(1,424.45)
EXTRA ORDINARY ITEM			
Less : Voluntary Retirement Scheme		3.16	2.11
PROFIT / (LOSS) BEFORE TAXATION		(3,919.52)	(1,426.56)
Excess Provision of Tax for Earlier Years		(64.09)	(5.90)
Provision for Wealth Tax		2.00	2.50
Deferred Tax (Refer Note No.20 of Schedule 18)		(272.64)	(36.29)
PROFIT / (LOSS) AFTER TAX		(3,584.79)	(1,386.87)
Balance brought forward from Previous Year		—	1,255.82
Less : Transfer from General Reserve		1,060.09	131.05
BALANCE CARRIED TO BALANCE SHEET		(2,524.70)	0.00
Earning per Share - Basic		(6.64)	(2.65)
Earning per Share - Diluted		(6.64)	(2.65)
NOTES FORMING PART OF ACCOUNTS	18		

As per our Report Annexed
For **N. M. RAIJI & CO.**,
Chartered Accountants
C A Y. N. THAKKAR
Partner

For and on behalf of the Board
S. B. GHIA Chairman & Managing Director
M. D. DALAL Joint Managing Director
A. R. GADKARI Company Secretary
S. B. CHATTERJEE President - Finance

Mumbai, 29th August, 2011

Mumbai, 29th August, 2011

CASH FLOW STATEMENT FOR THE PERIOD 01.04.2010 TO 30.06.2011

(₹ in Lacs)

	01.04.2010 To 30.06.2011	2009-10
(A) CASH FLOW FROM OPERATIONS		
Net Profit / (Loss) before tax and extra-ordinary item	(3,916.36)	(1,424.45)
Adjustment for		
Depreciation	3,095.39	2,227.88
Foreign Exchange Fluctuation (Net)	(273.44)	(293.73)
Interest / Dividend Income	(12.32)	(11.63)
Interest Expenses	2,885.56	2,267.96
Profit / (Loss) on Sale of Fixed Assets (Net)	2.30	5.24
Provision for Doubtful Debts and Advances	17.44	—
Profit / (Loss) on Sale of Investments	(6.77)	—
Provision for Diminution in the value of Investments	—	7.00
Provision no longer required written back	(4.00)	(211.24)
Credit balances written back	—	(1.11)
	5,704.16	3,990.37
Operating Profit before working capital changes	1,787.80	2,565.92
Adjustment for		
Trade and Other Receivables	364.22	855.45
Inventories	(1,031.15)	1,617.69
Trade Payables	5,047.80	918.53
	4,380.87	3,391.67
Cash generated from operations	6,168.67	5,957.59
Direct Taxes (Paid)	159.92	(63.88)
Cashflow before extra-ordinary item	6,328.59	5,893.71
NET CASH FROM OPERATING ACTIVITIES (A)	6,328.59	5,893.71
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,805.33)	(3,414.15)
Disposal of Fixed Assets	38.63	23.93
Sale / Purchase of Investments	99.20	(116.83)
Interest Received	11.79	1.06
Dividend Received	0.53	10.57
	(2,655.18)	(3,495.42)
NET CASH USED IN INVESTING ACTIVITIES (B)	(2,655.18)	(3,495.42)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	2,234.00	—
Repayment / Proceeds from Long Term borrowings	(3,200.34)	(283.55)
Proceeds from Short Term borrowings	(380.59)	630.02
Interest paid	(2,609.31)	(2,108.49)
	(3,956.24)	(1,762.02)
NET CASH USED IN FINANCING ACTIVITIES (C)	(3,956.24)	(1,762.02)
NET INCREASE IN CASH AND CASH ACTIVITIES (A + B + C)	(282.83)	636.27
Cash and cash equivalents as on 01.04.2010 (Opening Balance)	2,024.33	1,388.06
Cash and cash equivalents as on 30.06.2011 (Closing Balance)	1,741.50	2,024.33
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE	(282.83)	636.27

Notes :

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

As per our Report Annexed
For **N. M. RAIJI & CO.**,
Chartered Accountants
C A Y. N. THAKKAR
Partner

For and on behalf of the Board
S. B. GHIA Chairman & Managing Director
M. D. DALAL Joint Managing Director
A. R. GADKARI Company Secretary
S. B. CHATTERJEE President - Finance

 Mumbai, 29th August, 2011

 Mumbai, 29th August, 2011

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SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2011

SCHEDULE 1: SHARE CAPITAL

(₹ in Lacs)

	As at 30.06.2011	As at 31.03.2010
AUTHORISED:		
60,000,000 Equity Shares of ₹10 each (79,000,000)	6,000.00	7,900.00
2,000,000 Non-Cumulative Redeemable Preference (—) Shares of ₹100 each	2,000.00	—
— Cumulative Redeemable Preference (100,000) Shares of ₹100 each	—	100.00
	8,000.00	8,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
54,871,679 Equity Shares of ₹10 each, fully paid-up (52,421,679)	5,487.17	5,242.17
1,989,000 9% Non-Cumulative Redeemable Preference (—) Share of ₹100 each fully Paid Up	1,989.00	—
	7,476.17	5,242.17

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.
 3. 9% Non-Cumulative Redeemable Preference Shares of ₹100 each allotted on 17th September, 2010 shall be redeemed at the expiry of 15 years from the date of allotment. Provided however, that the Company shall have the option to redeem the same earlier but not earlier than 5 years from the date of allotment.

SCHEDULE 2: RESERVES AND SURPLUS

(₹ in Lacs)

	As at 30.06.2011	As at 31.03.2010
CAPITAL RESERVE	95.05	95.05
SECURITIES PREMIUM	4,441.96	4,441.96
GENERAL RESERVE	1,060.09	1,191.14
Less :- Transferred to Profit and Loss A/c.	1,060.09	131.05
REVALUATION RESERVE		
Opening Balance	10,178.43	11,036.00
Add : Net Revaluation during the Period (Refer note 2 of Schedule 18)	3,078.48	—
Less : Transferred to Profit and Loss account	1,068.81	857.57
	12,188.10	10,178.43
	16,725.11	15,775.53

SCHEDULE 3: SECURED LOANS

	As at 30.06.2011	(₹ in Lacs) As at 31.03.2010
(A) TERM LOANS		
IDBI Bank Limited (Note No.1) (Repayable within a year ₹762.56 Lacs, Previous Year ₹ 618.86 Lacs)	762.56	1,459.08
AXIS Bank Limited (Note No 2) (Repayable within a year ₹499.99 Lacs, Previous Year ₹ 250.00 Lacs)	499.99	750.00
YES Bank Limited (Note No 2) (Repayable within a year ₹601.74 Lacs, Previous Year ₹ 500.00 Lacs)	726.74	1,250.00
Canara Bank (Note No 3) (Repayable within a year ₹312.50 Lacs, Previous Year ₹ 234.38 Lacs)	849.13	1,171.50
State Bank of Patiala (Note No.2) (Repayable within a year ₹691.41 Lacs, Previous Year ₹ 832.80 Lacs)	691.41	1,593.85
State Bank of Hyderabad (Note No.4) (Repayable within a year ₹1,000.00 Lacs, Previous Year ₹ 500.00 Lacs)	1,473.88	1,973.91
Interest accrued and Due	88.34	—
(B) OTHER LOANS		
Cash Credit and Packing Credit Facilities from Banks (Note No.5)	3,811.92	3,808.99
Vehicle Loan (Note No 6) (Repayable within a year ₹ 9.54 Lacs, Previous Year ₹ 9.58 Lacs)	16.50	25.14
	8,920.47	12,032.47

NOTES :-
TERM LOANS

- The Term Loan sanctioned by IDBI Bank Ltd (IDBI) are secured by a first charge ranking pari passu inter alia by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties at Chinnasekkadu, Manali, Chennai, Tamil Nadu. IDBI has a first charge by way of hypothecation of the Company's all movable Fixed Assets both present and future (excluding those specifically charged in favour of the respective term lender). IDBI has a second charge on the current assets (other than book debts).
- The Term Loans sanctioned by Axis Bank Ltd, Yes Bank Ltd and State Bank of Patiala are secured/ to be secured by a first charge ranking pari passu inter alia by way of equitable mortgage by deposit of title deeds in respect of the Company's immovable properties at Chinnasekkadu, Manali, Chennai, Tamil Nadu. Axis Bank Ltd, Yes Bank Ltd, and State Bank of Patiala have first charge by way of hypothecation of the Company's all movable Fixed Assets both present and future (excluding those specifically charged in favour of the respective term lender). Yes Bank and State Bank of Patiala have a second Pari Passu charge on the current assets of the company.
- The Term Loan from Canara Bank is secured by way of an exclusive charge on certain Machineries which have been acquired/to be acquired under the project finance by the Bank. Canara Bank also has a Second Charge

ranking pari passu secured on the remaining Fixed Assets of the Company.

- The Term Loan from State Bank of Hyderabad is secured by way of an exclusive charge on assets which have been acquired/to be acquired for the specific project for the Loan. It also has first pari passu charge on all the fixed assets of the Company (excluding those specifically charged in favour of the respective Term Lenders) and second pari passu charge created / to be created on Current Assets of the Company.

OTHER LOANS

- Cash Credit and other facilities are secured by first charge by way of joint deed of hypothecation in the favour of consortium banks i.e. Bank of India, State Bank of India, UCO bank, Union Bank of India, Indian Bank, Canara Bank and State Bank of Hyderabad on Company's movable assets other than those related to plant & machinery. The facilities granted by the Banks to the Company are secured by second mortgage and charge in favour of the said banks ranking after the charge created or to be created in favour of term lenders of the borrowers on the borrower's immovable and movable properties both present and future in the form and manners acceptable to the said bank.
- Vehicle Loan: Secured by specific vehicles.

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SCHEDULE 4: UNSECURED LOANS

	As at 30.06.2011	As at 31.03.2010
(₹ in Lacs)		
FIXED DEPOSITS		
From Public, Shareholders, Employees (Repayable within a Year ₹186.13 Lacs, Previous Year ₹ 147.42 Lacs)	459.20	425.79
Director & Ex Director (Repayable within a Year ₹767.00 Lacs, Previous Year ₹ 767.00 Lacs)	767.00	767.00
Interest accrued and due on above	1,257.27	1,014.11
OTHER DEPOSITS		
Inter Corporate Deposits (Repayable within a Year ₹ 4,854.00 Lacs, Previous Year ₹ 4,518.00 Lacs)	4,854.00	5,268.00
	7,337.47	7,474.90

SCHEDULE 5: FIXED ASSETS

(₹ in Lacs)

Sr. No.	Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01.04.2010	Additions/ Adjustments	Deductions/ Adjustments	Total upto 30.06.2011	As at 01.04.2010	Deductions/ Adjustments	For the Year	Total upto 30.06.2011	As at 30.06.2011
1.	Freehold Land (Refer note no:1)	14,243.53 (14,243.53)	3,078.48 (—)	— (—)	17,322.01 (14,243.53)	— (—)	— (—)	— (—)	— (—)	17,322.01 (14,243.53)
2.	Buildings (Freehold)	1,514.04 (1,514.04)	0.19 (—)	— (—)	1,514.23 (1,514.04)	721.63 (678.11)	— (—)	35.93 (43.52)	757.56 (721.63)	756.67 (792.41)
3.	Plant and Machinery	42,098.54 (41,935.61)	1,426.22 (196.74)	117.68 (33.81)	43,407.08 (42,098.54)	28,682.62 (26,343.95)	93.49 (26.03)	2,901.71 (2,364.70)	31,490.84 (28,682.62)	11,916.24 (13,415.92)
4.	Furniture and Fixtures	175.02 (173.67)	0.77 (2.39)	— (1.04)	175.79 (175.02)	149.81 (145.53)	— (0.59)	5.49 (4.87)	155.30 (149.81)	20.49 (25.21)
5.	Motor Car and Vehicles	223.62 (259.19)	16.42 (31.71)	45.29 (67.28)	194.75 (223.62)	129.50 (151.08)	32.30 (47.47)	30.45 (25.89)	127.65 (129.50)	67.10 (94.12)
6.	Air—Conditioning Units and other Equipments	300.14 (301.07)	11.56 (1.10)	8.38 (2.03)	303.32 (300.14)	236.67 (225.25)	4.63 (0.90)	10.18 (12.32)	242.22 (236.67)	61.10 (63.47)
7.	Weigh Bridge	5.62 (5.62)	— (—)	— (—)	5.62 (5.62)	4.62 (4.47)	— (—)	0.19 (0.15)	4.81 (4.62)	0.81 (1.00)
8.	Research and Development									
(i)	Buildings	7.93 (7.93)	— (—)	— (—)	7.93 (7.93)	7.52 (7.48)	— (—)	0.01 (0.04)	7.53 (7.52)	0.40 (0.41)
(ii)	Plant and Machinery	295.70 (295.70)	— (—)	— (—)	295.70 (295.70)	280.90 (280.90)	— (—)	— (—)	280.90 (280.90)	14.80 (14.80)
9.	New Product Development	9,447.08 (6,339.48)	2,238.06 (3,107.60)	— (—)	11,685.14 (9,447.08)	1,460.03 (826.08)	— (—)	1,180.24 (633.95)	2,640.27 (1,460.03)	9,044.87 (7,987.05)
	TOTAL	68,311.22 (65,075.84)	6,771.70 (3,339.54)	171.35 (104.16)	74,911.57 (68,311.22)	31,673.30 (28,662.85)	130.42 (74.99)	4,164.20 (3,085.44)	35,707.08 (31,673.30)	39,204.49 (36,637.92)
	Capital Work-in-Progress (Including Advances on Capital Account)									78.71 (966.60)
	TOTAL									39,283.20 (37,604.52)

NOTES:

- During the Period Part of the Land which was revalued in the year 2007-08 has been revalued resulting in a net decrease of ₹ 3,760.13 Lacs. (Refer Note no.2 of Schedule 18).
- During the Period the Company has revalued the Land under existing Plant Area resulting in a Increase of ₹ 6,838.60 Lacs. (Refer Note no.2 of Schedule 18).
- Figures in brackets pertain to Previous Year

SCHEDULE 6: INVESTMENTS

Description	Face Value Per Unit	Holdings Numbers	(₹ in Lacs)		
			As at 30.06.2011	Holdings Numbers	As at 31.03.2010
LONG TERM (At Cost) Fully Paid					
QUOTED					
Non Trade:					
Equity Shares					
The Arvind Limited	₹10	18,241	72.97	18,241	72.97
Bank of India	₹10	7,200	3.24	7,200	3.24
Innovassynth Investments Limited	₹10	50,000	5.00	—	—
UNQUOTED					
Trade					
Birla Sunlife Savings Fund-Institutional (G)	₹10	—	—	311,957.62	53.83
Reliance Monthly Interval Fund- Series II (G)	₹10	401,312.516	51.53	—	—
UTI Dynamic Bond Fund	₹10	548,208.704	57.00	—	—
Canara HSBC OBC Balance Fund	₹10	27,467.44	2.70	—	—
Equity Shares					
The Shamrao Vithal Co-operative					
Bank Limited (Non Trade)	₹25	1,015	0.25	1,015	0.25
Beta Wind Farms Private Limited	₹10	35,105	6.67	—	—
Innovassynth Technologies (India) Limited	₹10	2,000,000	220.00	2,000,000	220.00
Aarkay Energy (Rameshwaram) Limited	₹10	—	—	1,575,000	157.50
Clarion Wind Farms Private Limited	₹10	1,130,000	113.00	1,130,000	113.00
Innovassynth Investments Limited	₹10	—	—	50,000	5.00
Subsidiary					
FPL Property Developers Private Limited	₹10	10,000	1.00	—	—
			533.36		625.79
Less : Provision for Diminution in the value of Investment			67.20		67.20
			466.16		558.59
Aggregate Value of Quoted Investments			81.21		76.21
Aggregate Value of Unquoted Investments			452.15		549.58
Market Value of Quoted Investments			47.23		30.70

Following Investment was acquired and sold during the Period	Face Value	Units
Birla Sunlife Cash Manager (Growth Plan)	₹10	109,035.44

SCHEDULE 7: INVENTORIES

	(₹ in Lacs)	
	As at 30.06.2011	As at 31.03.2010
Stores, Spares and Packing Materials	999.68	1,526.68
Stock-in-Trade :		
Raw Materials	3,906.89	2,958.75
(Includes Goods in Transit ₹121.40, Previous Year Nil)		
Semi Finished Goods	2,730.45	2,092.49
Finished Goods	1,773.34	1,801.29
	9,410.36	8,379.21

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SCHEDULE 8: SUNDRY DEBTORS

(₹ in Lacs)

	As at 30.06.2011	As at 31.03.2010
Over Six months		
Considered good	109.68	140.34
Considered doubtful	477.52	472.15
	587.20	612.49
Others: Considered Good	2,107.12	2,940.58
	2,694.32	3,553.07
Less: Provision for doubtful debts	477.52	472.15
	2,216.80	3,080.92

SCHEDULE 9: CASH AND BANK BALANCES

	As at 30.06.2011	As at 31.03.2010
Cash on hand	6.26	4.93
Balances with Scheduled Banks:		
In Current Accounts	567.11	935.08
In Deposit Accounts *	1,168.13	1,084.32
	1,741.50	2,024.33

* Lien with Banks

SCHEDULE 10: LOANS AND ADVANCES

(Unsecured - Considered good unless otherwise stated)

	As at 30.06.2011	As at 31.03.2010
Advances recoverable in Cash or in kind or for value to be received:		
Considered good	1,756.73	1,594.58
Considered doubtful	142.90	142.90
	1,899.63	1,737.48
Less: Provision for Doubtful Advances	142.90	142.90
	1,756.73	1,594.58
Deposits Others	528.30	300.39
Advance Payment of Tax (Net of Provisions)	186.41	284.24
Balances with Excise, Customs, etc.	333.72	241.32
	2,805.16	2,420.53

SCHEDULE 11: CURRENT LIABILITIES

(₹ in Lacs)

	As at 30.06.2011	As at 31.03.2010
Sundry Creditors	13,868.91	11,182.03
Interest accrued but not due	29.61	84.86
Liability towards Investors Education and Protection Fund under section 205 C of the Companies Act, 1956	—	—
Share Application Refund - Right Issue	0.39	0.39
Other Liabilities	4,177.70	1,988.30
Advance from Customers	221.78	303.93
	<u>18,298.39</u>	<u>13,559.51</u>

SCHEDULE 12: PROVISIONS

	As at 30.06.2011	As at 31.03.2010
Provision for Leave encashment	82.01	89.68
Provision for Gratuity	525.33	541.43
Provision for Superannuation	41.80	41.80
	<u>649.14</u>	<u>672.91</u>

SCHEDULE-13: MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	As at 30.06.2011		As at 31.03.2010
Deferred Revenue Expenses			
Voluntary Retirement Scheme	3.16	5.27	
Less: Amortisation	3.16	2.11	3.16
	<u>—</u>		<u>3.16</u>
	<u>—</u>		<u>3.16</u>

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST APRIL, 2010 TO 30TH JUNE, 2011
SCHEDULE 14: OTHER INCOME

(₹ in Lacs)

	01.04.2010 To 30.06.2011	2009-2010
Dividend on Investments (Non trade)	0.53	10.57
Interest on Tax refund	11.79	1.06
Profit on sale of Investment	6.77	—
Provision no longer required written back	4.00	211.24
Miscellaneous Income	508.82	428.22
Foreign Exchange Fluctuations (Net)	273.44	293.73
Sundry Credit Balances written back	—	1.11
	<u>805.35</u>	<u>945.93</u>

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SCHEDULE 15: MANUFACTURING AND OTHER EXPENSES

(₹ in Lacs)

	01.04.2010 To 30.06.2011	2009-2010
Raw Material Consumed :		
Opening Stock	2,958.75	3,809.30
Add : Purchases	36,604.98	20,570.43
	39,563.73	24,379.73
Less : Cost of Raw Materials sold	244.30	242.92
	39,319.43	24,136.81
Less : Closing Stock	3,785.49	2,958.75
	35,533.94	21,178.06
Stores, Spares, Packing Materials and Process		
Chemicals consumed	5,667.96	3,613.91
Salaries, Wages and Bonus		
(including Directors' Remuneration)	2,517.23	1,997.89
Contribution to Provident Fund and Other Funds	498.95	274.90
Staff Welfare	447.91	322.25
Power and Fuel	9,422.81	7,595.22
Rent	160.03	177.03
Rates and Taxes	84.04	110.04
Sales Tax	—	0.23
Insurance	110.33	61.23
Repairs to :		
Building	24.45	10.77
Plant and Machinery	205.05	119.77
Others	422.59	432.47
Directors' Fees	1.60	1.15
Auditors' Remuneration :		
Audit Fees	15.00	12.13
Fees for Taxation Matters	5.46	5.00
Certification Services	15.30	8.52
Out-of-pocket Expenses	0.55	0.86
Travelling and Conveyance	83.98	66.54
Freight	1,034.98	671.89
Legal, Professional and Technical Fees	198.71	290.68
Commission and Brokerage on Sales	400.13	334.29
Claims Others	—	49.37
Miscellaneous Expenses	1,302.23	861.24
Loss on Sale of Fixed Assets (Net)	2.30	5.24
Bad Debts / Advances Written Off	22.00	16.91
Provision for Doubtful debt and advances	17.44	—
Provision for Diminution in value of Investments	—	7.00
	58,194.97	38,224.59
Less: Expenses Capitalised (Refer Note. No.8 of Schedule 18)	2,238.06	3,107.60
	55,956.91	35,116.99

SCHEDULE 16: INTEREST

(₹ in Lacs)

	01.04.2010 To 30.06.2011	2009-2010
On Fixed Loans	1,278.06	1,176.01
On Other Loans	1,607.50	1,091.95
	2,885.56	2,267.96

SCHEDULE 17: (INCREASE) / DECREASE IN STOCKS
OPENING STOCK:

Semi Finished Goods	2,092.49	1,876.45
Finished Goods	1,801.29	2,559.17
	3,893.78	4,435.62

CLOSING STOCK:

Semi Finished Goods	2,730.45	2,092.49
Finished Goods	1,773.34	1,801.29
	4,503.79	3,893.78
(Increase) / Decrease in Stock	(610.01)	541.84

SCHEDULE 18: NOTES FORMING PART OF THE ACCOUNTS
1. SIGNIFICANT ACCOUNTING POLICIES
A. System of Accounting

The Financial Statements are prepared on accrual basis of accounting and in accordance with the Standard on Accounting notified by the Companies (Accounting Standard) Rules, 2006 and referred to in section 211 (3C) of the Companies Act, 1956 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 / revalued amount 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 as 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.

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D. Inventories

Inventories are valued as under:

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)

E. Sales

Sale of goods is recognised on despatch to customers. Sales include amounts recovered towards excise duty, but exclude amounts recovered towards sales tax.

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.

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 recognised 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 Gratuity 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. During the year 2007-08 the Company had revalued Part of the Land as on 16th February 2008. The net increase in the net book value arising out of revaluation had been credited to Revaluation Reserve Account. Revaluation is based on the valuation report of M/s Kanti Karamsey & Co. dated 18th February 2008.

The details are as under:	₹ In Lacs
Gross Book Value	3.49
Accumulated depreciation	—
Net Book Value	3.49
Net Revaluation	14,089.94

During the Period the Company has revalued the above part of Land as on 17th May 2011. The net decrease of ₹ 3,760.13 Lacs in the net book value arising out of revaluation has been charged to Revaluation Reserve Account. Revaluation is based on the valuation report of M/s Kanti Karamsey & Co. dated 20th May 2011.

The details are as under:	₹ In Lacs
Gross Book Value	3.49
Accumulated depreciation	—
Net Book Value	152.73
Net Revaluation	10,333.30

During the Period the Company has revalued the Land under existing Plant Area as on 17th May 2011. The net increase in the net book value arising out of revaluation has been charged to Revaluation Reserve Account. Revaluation is based on the valuation report of M/s Kanti Karamsey & Co. dated 20th May 2011.

The details are as under:	₹ In Lacs
Gross Book Value	149.24
Accumulated depreciation	—
Net Book Value	149.24
Net Revaluation	6,838.60

3. Estimated amount of contracts remaining to be executed on capital account paid and not provided on 30th June, 2011 ₹76.24 Lacs, (net of advances); (Previous year ₹105.96 Lacs).

4. a) Contingent Liabilities :

Sr. Items No.	Amt (₹ Lacs)
(i) Regarding Income tax on account of disputes raised by the Income tax department under the Income tax, Act 1961.	
Supreme Court	238.22 (324.09)
Madras High Court	303.73 (303.73)
Demand Notice for TDS, I T O, Mumbai.	151.69 (—)
(ii) Service Tax and Penalty demanded on technology transfer agreement.	
CESTAT	485.00 (603.18)
Service Tax demand on Goods Transport Agency during the Year 1997-98.	6.37 (6.37)
Service tax credit denial on outward freight and canteen services 2005-06, 2006-07, 2007-08 and 2008-09	
Commissioner Appeals	43.46
CESTAT	<u>16.76</u>
	60.22 (56.90)
(iii) Central Excise: Claims against the company on various issues pending	
Commissioner Appeals	47.86
CESTAT	106.58
High Court	<u>19.65</u>
	174.09 (392.74)
(iv) Central Excise: Method of calculation of duty under notification 2 / 95 & other valuation issues.	
Supreme Court	121.00 (121.56)
(v) Sales Tax on Input use for Exports	— (9.00)
(vi) Guarantees given by the Company.	3,300.00 (3,300.00)
(vii) Pending Export obligations under Advance Licences	274.45 (—)
(viii) Labour Matters	9.72 (—)
b) Claims against the Company not acknowledged as debts ₹54.87 Lacs Previous year (₹173.40 Lacs).	

5) 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.

6) **EMPLOYEE BENEFITS**

Gratuity - Fibre (₹ In Lacs)

(a) Defined benefits plan (Funded) – As per actuarial valuation as on June 30, 2011

	01.04.2010	2009-10
	To	
	30.06.2011	_____
I Change in Obligation during the period ended June 30, 2011		
1. Present Value of Defined Benefit Obligation at beginning of the year	541.43	697.10
2. Current Service Cost	127.86	29.48
3. Interest Cost	52.43	53.21
4. Actuarial (Gains) / Losses	2.26	(174.52)
5. Benefits Paid	(107.29)	63.84
6. Present value of Defined Benefit Obligation at the end of the period.	616.69	541.43
II Change in Assets during the period ended June 30, 2011		
1. Plan assets at the beginning of the period.	—	697.10
2. Settlements	107.29	—
3. Expected return on plan assets	1.81	55.76
4. Contribution by Employer	89.50	72.00
5. Actual benefits paid	107.29	63.84
6. Actuarial Gains / (Losses)	0.05	(55.77)
7. Plan Assets at the end of the period	91.36	705.25
III Net Asset / (Liability) recognized in the Balance Sheet as at June 30,2011		
1. Present Value of Defined Benefits Obligation as at June 30, 2011.	616.69	541.43
2. Fair value of plan assets as at June 30, 2011	91.36	705.25
3. Fund status (Surplus / (Deficit))	(525.33)	163.82
4. Net Assets / (Liability) as at June 30, 2011	(525.33)	163.82
IV Expenses recognized in the statement of Profit & Loss for the period ended June 30, 2011.		
1. Current Service Cost	127.85	29.48
2. Interest Cost	52.43	53.21
3. Expected return on plan assets	(1.81)	55.76
4. Net Actuarial (Gains) / Losses	2.21	(118.75)
5. Total Expenses	180.68	(91.82)
V The major categories of plan assets as a percentage of total plan Insurer Managed Funds		
VI Actuarial Assumptions:		
1. Discount Rate	8.50%	8%
2. Expected rate of return on plan assets	8.50%	8%
3. Mortality Table	LIC	LIC
	(1994-96)	(1994-96)
	Ultimate	Ultimate
4. Retirement Age	Officers 60;	Officers 60;
	Others 58	Others 58

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Gratuity - Polymers & Preforms (₹ In Lacs)

(a) Defined benefits plan (Funded) – As per actuarial valuation as on June 30, 2011

	01.04.2010	2009-10
	To	
	30.06.2011	
I Change in Obligation during the period ended June 30, 2011		
1. Present Value of Defined Benefit Obligation at beginning of the period	42.05	41.79
2. Current Service Cost	19.08	3.38
3. Interest Cost	4.52	3.34
4. Actuarial (Gains) / Losses	(1.70)	(1.33)
5. Benefits Paid	7.07	(5.13)
6. Present value of Defined Benefit Obligation at the end of the period.	71.02	42.05
II Change in Assets during the period ended June 30, 2011		
1. Plan assets at the beginning of the period.	43.91	38.70
2. Settlements	—	—
3. Expected return on plan assets	5.21	3.84
4. Contribution by Employer	7.60	6.51
5. Actual benefits paid	(1.08)	(5.13)
6. Actuarial Gains / (Losses)	0.06	—
7. Plan Assets at the end of the period	55.70	43.92
III Net Asset / (Liability) recognized in the Balance Sheet as at June 30, 2011		
1. Present Value of Defined Benefits Obligation as at June 30, 2011	71.02	42.05
2. Fair value of plan assets as at June 30, 2011	55.70	43.92
3. Fund status (Surplus / (Deficit))	(15.32)	(1.87)
4. Net Assets / (Liability) as at June 30, 2011	(15.32)	(1.87)
IV Expenses recognized in the statement of Profit & Loss for the period ended June 30, 2011		
1. Current Service Cost	19.09	3.38
2. Interest Cost	4.52	3.34
3. Expected return on plan assets	(5.21)	(3.84)
4. Net Actuarial (Gains) / Losses	6.38	(1.33)
5. Total Expenses	24.78	1.55
V The major categories of plan assets as a percentage of total plan Insurer Managed Funds		
VI Actuarial Assumptions:		
1. Discount Rate	8.50%	8%
2. Expected rate of return on plan assets	8.50%	8%
3. Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4. Retirement Age	Officers 60; Others 58	Officers 60; Others 58

Amount recognised 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:

	01.04.2010	2009-10
	To	
	30.06.2011	
Fibre		
Present value of Defined benefit obligation	616.69	541.43
Fair Value of Plan Assets	91.36	705.25
Surplus / (deficit)	(525.33)	163.82
Resin & Preforms		
Present value of Defined benefit obligation	71.02	42.05
Fair Value of Plan Assets	55.70	43.92
Surplus / (deficit)	(15.32)	1.87

7 Revenue expenses on Research and Development have been regrouped under the respective heads :-	
Salaries, Wages and Bonus	22.03 (27.47)
Contribution to Provident Fund and Other Funds	1.35 (1.73)
Stores, Spares, etc. consumed	0.40 (0.60)
TOTAL	23.78 (29.80)

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

(₹ in Lacs)

Sr. No.	Goods Produced	Unit	Licensed Capacity Per Annum	Installed Capacity Per Annum	Production for the year	Opening Stock as at 01.04.2010		Closing Stock as at 30.06.2011		Sales during the Period 01.04.10 to 30.06.11	
						Quantity	₹	Quantity	₹	Quantity	₹
1	Polyester Staple Fibre/Chips	M.Ts.	N.A.	38,500 (38,500)	30,363 (27,027)	349 (475)	259.07 (317.16)	104 (349)	117.74 (259.07)	30,608 (27,153)	29,850.55 (19,512.33)
2	Amorphous Grade	M.Ts.	N.A.	58,000 (58,000)	3,666 (1,253)	769 (1,455)	433.89 (919.27)	508 (769)	484.46 (433.89)	3,927 (1,939)	4,041.39 (1,367.98)
3	Solid State Polymer	M.Ts.	N.A.	57,000 (57,000)	24,527 (18,423)	583 (939)	686.61 (835.75)	271 (583)	756.73 (686.61)	24,839 (18,779)	20,022.29 (13,009.62)
4	PET Preform	M.Ts.	N.A.	20,000 (20,000)	17,252 (15,188)	208 (361)	405.16 (470.43)	224 (207)	397.85 (405.16)	17,236 (15,342)	8,499.99 (7,543.60)
5	Custom Synthesis	M.Ts.			— (—)	— (—)	16.56 (16.56)	— (—)	16.56 (16.56)	— (—)	— (—)
TOTAL							1,801.29 <u>(2,559.17)</u>	1,773.34 <u>(1,801.29)</u>		62,414.22 <u>(41,433.53)</u>	

NOTES:

- 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.
 - 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".
- Installed capacity is based on optimum utilisation of the plant as certified by the Management, upon which the auditors have relied.

18. Related Party Transactions : (As Certified by the Management)

	List of Related Parties	Nature of Relationship
Mr. S. B. Ghia - Managing Director	Bhupati Investments & Finance Private Limited Chika Pvt. Ltd Viraj Invt. Pvt. Ltd (VIPL) Innovassynth Investments Limited	Significant influence (through VIPL), Spouse Mrs. R.S. Ghia as Chairperson and brother's Wife Mrs. V.D. Ghia as Director Son Mr. N.S. Ghia as Chairman Son as Chairman and Spouse, brother's wife as Directors Common Key management personnel
Mr. M. D. Dalal - Jt. Managing Director	Sonata Software Limited Daltreya Investments & Fin. Pvt. Ltd	Common Key management personnel Spouse and sister are Directors (Significant influence)
Subsidiary	FPL Property Developers Pvt Ltd	Holding Company



18(a). RELATED PARTY TRANSACTIONS DURING THE PERIOD 01.04.2010 To 30.06.2011

(₹ In Lacs)

Sr. No.	Nature of Transaction	Key Management Personnel	Company in which key Mgmt personal have significant influence	Relatives of Key Management Personnel	Subsidiary
1	Receiving of Services	—	—	—	—
2	Interest Paid	(—) 2.23 (1.87)	(1.85) — (7.58)	(—) — (—)	(—) — (—)
3	Sale of Goods & Services	—	—	—	—
4	Claims For Expenses	(—)	(—)	(—)	(—)
5	Remuneration	— 28.35 (23.86)	— — (401.92)	— — (—)	— — (—)
6	Deposits received	17.00 (17.00)	350.00 (1,000.00)	— (—)	— (—)
7	Share Capital	—	—	—	1.00
8	Amount outstanding as on 30.06.11 receivables	(—)	0.66 (715.15)	— (—)	— (—)
9	Deposits / Amount outstanding as on 30.06.11 payable	17.00 (17.00)	639.23 (3,858.01)	— (—)	— (—)

19. EARNINGS PER SHARE

(₹ In Lacs)

Sr.No.	PARTICULARS	30.06.2011	31.03.2010
1	Profit / (Loss) after Tax - ₹ In Lacs	(3,584.79)	(1,386.87)
2	Weighted average number of equity shares-Basic (Nos)	53,963,675	52,421,679
3	Weighted average number of equity shares-Diluted (Nos)	53,963,675	52,421,679
4	Earnings Per Share (Basic) ₹	(6.64)	(2.65)
5	Earnings Per Share (Diluted) ₹	(6.64)	(2.65)

20. DEFERRED TAX:

(₹ in Lacs)

	As at 30.06.2011	As at 31.03.2010
Deferred Tax Liability:		
a: Related to Fixed Assets	2,266.13	2,281.11
b: Others	31.55	35.77
	2,297.68	2,316.88
Deferred Tax Asset:		
a: Carried forward Loss	3,048.14	2,796.52
b: Others	208.41	206.59
	3,256.55	3,003.11
Deferred Tax Asset / Liability Net (B-A)	958.87	686.23

In view of the Tax loss, no provision for tax has been made for the year ended March 31, 2011. Provision for Tax, if any for the period April, 01 2011 to June 30, 2011 will be considered for the Tax year ending March 31, 2012. Consequently deferred tax asset has also been considered on this basis.

- The Company has Pledged 20,00,000 Equity Shares of Innovassynth Technologies (India) Limited as Security for Certain Current Liabilities.
- The Company operates in one segment i.e Polyesters Products.
- The Company has entered into a Memorandum of Understanding (MOU) with its wholly owned subsidiary FPL Property Developers Private Limited for sale of its part of the land subject to required approvals and certain terms and conditions stipulated therein. No effect has been given to this MOU in the accounts.
- Consolidated accounts have not been prepared since the Company's Subsidiary FPL Property Developers Private Limited is covered by Clause 11 (a) of Accounting Standard 21 issued by the ICAI.
- Figures in bracket pertain to Previous Year.
- Figures of the Previous Year have been regrouped wherever necessary to confirm to Current Years Classification.
- These accounts being for the period of 15 months hence the previous years figure are not comparable with Current Period.

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28. 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.

1	1	5	7	9
---	---	---	---	---

 State Code

1	1
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Balance Sheet Date

3	0	0	6	1	1
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ii. **Capital Raised during the year (Amount in ₹ Thousands)**

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Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>0</td><td>4</td><td>5</td><td>9</td><td>2</td><td>2</td></tr></table>	4	0	4	5	9	2	2	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>0</td><td>4</td><td>5</td><td>9</td><td>2</td><td>2</td></tr></table>	4	0	4	5	9	2	2						
4	0	4	5	9	2	2															
4	0	4	5	9	2	2															
Sources of funds																					
Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Deferred Tax Liability <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																					
Application of funds																					
Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>9</td><td>2</td><td>8</td><td>3</td><td>2</td><td>0</td></tr></table>	3	9	2	8	3	2	0	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>													
3	9	2	8	3	2	0															
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(-)</td><td>2</td><td>7</td><td>7</td><td>3</td><td>7</td><td>1</td></tr></table>	(-)	2	7	7	3	7	1	Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>													
(-)	2	7	7	3	7	1															
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Deferred Tax Asset <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

Turnover <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>7</td><td>4</td><td>1</td><td>1</td><td>4</td><td>9</td></tr></table>	5	7	4	1	1	4	9	Total expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>1</td><td>3</td><td>3</td><td>1</td><td>0</td><td>1</td></tr></table>	6	1	3	3	1	0	1						
5	7	4	1	1	4	9															
6	1	3	3	1	0	1															
Profit / (Loss) Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(-)</td><td>3</td><td>9</td><td>1</td><td>9</td><td>5</td><td>2</td></tr></table>	(-)	3	9	1	9	5	2	Profit / (Loss) After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(-)</td><td>3</td><td>5</td><td>8</td><td>4</td><td>7</td><td>9</td></tr></table>	(-)	3	5	8	4	7	9						
(-)	3	9	1	9	5	2															
(-)	3	5	8	4	7	9															
Earning per share (₹) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Dividend <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

b) Item Code No. (ITC code)

5	5	0	3	2	0	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

P	O	L	Y	E	S	T	E	R	S	T	A	P	L	E	F	I	B	R	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

c) Item Code No. (ITC code)

3	9	2	6	.	9	0
---	---	---	---	---	---	---

Product Description

P	R	E	F	O	R	M	S
---	---	---	---	---	---	---	---

d) Item Code No. (ITC code)

3	9	0	7	.	6	0
---	---	---	---	---	---	---

Product Description

S	O	L	I	D	S	T	A	T	E	P	O	L	Y	M	E	R	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

As per our Report Annexed
For **N. M. RAIJI & CO.**,
Chartered Accountants
C A Y. N. THAKKAR
Partner

For and on behalf of the Board
S. B. GHIA Chairman & Managing Director
M. D. DALAL Joint Managing Director
A. R. GADKARI Company Secretary
S. B. CHATTERJEE President - Finance

Mumbai, 29th August, 2011

Mumbai, 29th August, 2011

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

- | | | |
|--|---|---|
| 1. Name of the Subsidiary Company | : | FPL Property Developers Private Limited |
| 2. Financial year of the Subsidiary Company ended on | : | 30 th June, 2011 |
| 3. Holding Company's interest | | |
| No. of Equity Shares | : | 10,000 of ₹ 10/- each |
| Extent of holding | : | 100% |
| 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. | : | N. A. |
| (a) for the financial year of the subsidiary | | |
| (b) for the previous financial years of the subsidiary since it became the Holding company's subsidiary | | |
| (ii) Dealt with in the Holding Company's Accounts. | : | N. A. |
| (a) for the financial year of the subsidiary | : | N. A. |
| (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

S. B. GHIA

Chairman & Managing Director

M. D. DALAL

Joint Managing Director

A. R. GADKARI

Company Secretary

S. B. CHATTERJEE

President - Finance

Mumbai, 29th August, 2011

1ST ANNUAL REPORT 2011

DIRECTORS' REPORT

To
The Members,

Yours Directors submit the 1st Annual Report of the Company along with the Audited Statement of Accounts for the period ended 30th June 2011.

1. FINANCIAL RESULTS :

The company has not carried out any business during the year. An amount of ₹ 18,985/- has been incurred towards preliminary expenses

2. DIVIDEND:

Your Directors do not recommend any dividend for the period under review.

3. OPERATIONS:

The Company was incorporated on 20TH June, 2011 The Accounts of the Company has been made upto 30th June, 2011 in order to comply with the requirements of Companies Act, i.e. the subsidiary company's accounts are to be attached to holding company's Accounts. Futura Polyesters Limited is the holding company who have closed their Accounts for the period ended 30th June, 2011, and hence our Company's Accounts are also closed upto 30th June, 2011.

The main objective for which the Company was incorporated, is as follows:-

To undertake and engage either alone or on joint venture basis development of properties whether commercial, business, residential, educational, etc., and such other related business.

The Company has entered into a Memorandum of Understanding with FPL for purchase of part of the premises of FPL at Manali consisting of interalia 126.34 acres of land for a total consideration of ₹ 101.07 crores. Since the transaction is subject to several approvals, this transaction has not been recognized in the Books of Accounts for the year ended 30th June, 2011. The Company has not carried any business since incorporation.

4. HOLDING COMPANY

The Futura Polyesters Limited (FPL) is holding Company of your company. Holding Company

formed this subsidiary Company essentially with a limited purpose of acquiring and developing part of the holding Company's premises at Chennai. The subsidiary status of this company is temporary in nature, and will not continue as subsidiary for long.

5. FIXED DEPOSITS AND LOANS:

During the period under review, the Company had not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956.

6. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

Since the Company does not own any manufacturing/production facility, information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. During the year under review, the company did not have any foreign exchange earnings and outgo.

7. PERSONNEL:

None of the Company's employees was in receipt of remuneration aggregating to ₹ 60,00,000/- or more per annum or ₹ 5,00,000/- or more per month during the year under review.

8. DIRECTORS:

Mr. S. B. Ghia, Mr. M. D. Dalal are first Directors of Company as mentioned in Article 107 of Articles of Association of the Company. In accordance with Section 255 of the Companies Act, 1956, Mr. M. D. Dalal retires by rotation and, being eligible, offers himself for re-appointment.

9. 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.

FPL PROPERTY DEVELOPERS PRIVATE LIMITED

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 30th June, 2011 and of the loss of the Company for the period 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.

10. 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.

For and on behalf of the Board

Place: Mumbai
Date: 26th September, 2011

S. B. GHIA
Chairman

1ST ANNUAL REPORT 2011

AUDITORS' REPORT

TO THE MEMBERS OF FPL PROPERTY DEVELOPERS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **FPL PROPERTY DEVELOPERS PRIVATE LIMITED**, as at 30th June 2011, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the 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 the Company satisfies all the conditions mentioned in paragraph 2(iv) of the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, reporting under the said order is not required.
 4. Further to our comments in the Annexure referred to above and our comments in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 30th June 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 30th June 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2011;
 - (b) In the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

For **N. M. RAJI & CO.**,
Chartered Accountants
Firm Registration No.108296W

CA. Y.N. THAKKAR

Partner

Place : Mumbai

Date : 26th September, 2011

Membership No. 33329

FPL PROPERTY DEVELOPERS PRIVATE LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2011

	Schedule	(Amount in ₹) As at 30.06.2011
I SOURCES OF FUNDS		
1 SHAREHOLDERS' FUNDS :		
a) Capital		
Authorised Share Capital		
10,000 Equity shares of ₹ 10 each		1,00,000
Issued Subscribed and Paid up		
10,000 Equity shares of ₹ 10 each	1,00,000	
(Above shares are held by the Futura Polyesters Limited		
being holding Company and its Nominees)		
b) Reserves and Surplus	—	1,00,000
2 LOAN FUNDS		
a) Secured Loans	—	
b) Unsecured loans	—	
		1,00,000
II APPLICATION OF FUNDS		
1 FIXED ASSETS		
Gross Block	—	
Less : Depreciation	—	
Net Block	—	
Capital Work-in-Progress	—	
2 INVESTMENTS		—
3 DEFERRED TAX ASSET		—
4 CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	—	
Sundry Debtors	—	
Cash and Bank Balances	84,065	
Loans and Advances	—	
	84,065	
Less : Current Liabilities and Provisions		
Current Liabilities	10,965	
Provisions	—	
	10,965	
NET CURRENT ASSETS		73,100
5 Profit and Loss Account		26,900
		1,00,000

Notes forming part of the Accounts

1

As per our Report annexed

For and on behalf of the Board

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

S. B. GHIA Director

CA. Y. N. THAKKAR
Partner

M. D. DALAL Director

Mumbai, 26th September, 2011

Mumbai, 26th September, 2011

1ST ANNUAL REPORT 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 20.06.2011 TO 30.06.2011

	Schedule	(Amount in ₹) 20.06.2011 To 30.06.2011
Income		_____
		—
Expenditure		_____
Preliminary Expenses		14,990
Audit Fees		5,515
Professional fees		5,000
Printing and Stationery		1,395

		26,900
Loss before Taxation		26,900
Less : Provision for Taxation		—
Loss after Tax carried to Balance sheet		26,900
Notes forming part of the Accounts	1	

As per our Report annexed

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

CA. Y. N. THAKKAR
Partner

Mumbai, 26th September, 2011

For and on behalf of the Board

S. B. GHIA Director

M. D. DALAL Director

Mumbai, 26th September, 2011

FPL PROPERTY DEVELOPERS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD 20.06.2011 TO 30.06.2011

(Amount in ₹)

20.06.2011 To 30.06.2011

(A) CASH FLOW FROM OPERATIONS

Net Profit before tax and extra-ordinary item (26,900.00)

Adjustment for

Operating Profit before working capital changes (26,900.00)

Adjustment for

Trade and Other Receivables —

Trade Payables 10,965.00

10,965.00

Cash generated from operations

(15,935.00)

Direct Taxes (Paid) —

Cashflow before extra-ordinary item (15,935.00)

Extra Ordinary Item —

NET CASH FROM OPERATING ACTIVITIES (A) (15,935.00)

(B) CASH FLOW FROM INVESTING ACTIVITIES:

NET CASH USED IN INVESTING ACTIVITIES (B) —

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Issue of Share Capital 100,000.00

NET CASH USED IN FINANCING ACTIVITIES (C) 100,000.00

NET INCREASE IN CASH AND CASH ACTIVITIES (A + B + C) 84,065.00

Cash and cash equivalents as on 30.06.2011 (Closing Balance) 84,065.00

Notes :

1. Cash and Bank Balances as per accounts have been classified as cash and cash equivalent.
2. All figures in brackets are outflows.
3. Since this is the first financial period of the Company hence previous year's figures are not given.

As per our Report annexed

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

CA. Y. N. THAKKAR
Partner

For and on behalf of the Board

S. B. GHIA Director

M. D. DALAL Director

Mumbai, 26th September, 2011

Mumbai, 26th September, 2011

1ST ANNUAL REPORT 2011

SCHEDULE FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 30.06.2011

Schedule- 1

Notes forming part of Accounts

1. Significant Accounting Policies

a) System of Accounting:

The financial statements are prepared under Historical cost convention on accrual basis.

b) Preliminary Expenditure

Preliminary Expenses are charged to the Profit and Loss account when it has been incurred.

c) Taxes on Income

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

(ii) 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. Provision for Tax, if any for the period June 20, 2011 to June 30, 2011 will be considered for the Tax year ending March 31, 2012.

3. The Company has entered into a Memorandum of Understanding (MOU) with its Holding Company Futura Polyesters Limited for purchase of land at Manali Chennai subject to required approvals and certain terms and conditions stipulated therein. No effect has been given to this MOU in the accounts.

4. Related Party Transactions : (As Certified By The Management)

(a)	List of Related Parties	Nature of Relationship
Holding	Futura Polyesters Limited	Subsidiary Company

(b) Related Party Transactions during the period 20.06.2011 to 30.06.2011

Sr. No.	Nature of Transaction	Holding company (₹)
1	Share Capital	100,000

5. Earnings Per Share

Sr. No.	Particulars	30.06.2011
1	Profit / (Loss) after Tax - ₹	(26,900)
2	Weighted average number of equity shares-Basic (Nos)	10,000
3	Weighted average number of equity shares-Diluted (Nos)	10,000
4	Earnings Per Share (Basic) ₹	(2.69)
5	Earnings Per Share (Diluted) ₹	(2.69)

6. Accounts are prepared from June 20, 2011 to June 30, 2011.

7. Other Provisions of Paragraph 4 (C) of Part II of schedule VI of the Companies Act, 1956 are not applicable.

8. This is the first financial period of the Company; hence previous year's figures are not given.

As per our Report Annexed

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

C A Y. N. THAKKAR
Partner

Mumbai, 26th September, 2011

For and on behalf of the Board

S. B. GHIA Director

M. D. DALAL Director

Mumbai, 26th September, 2011

1ST ANNUAL REPORT 2011

Dear Shareholders,

Re : Green Initiative in Corporate Governance

As a sequel to the initiative about environment protection, initiative by the Ministry of Corporate Affairs (MCA) in sending communication such as annual report and such other documents in electronic mode to the shareholders instead of sending through the conventional postal department, your Company would encourage the same by following the initiative of MCA.

Shareholders are aware that several advantages will fall out by such on initiative, for example, receiving communication promptly, avoid loss in postal transit, conserve valuable paper and save on printing and postage cost. To fully support this, it is proposed to send communication through documents to shareholders by electronic mode through e-mail which include Notice, Audited financial statements, Auditors Report, Directors Report, Corporate Governance Disclosures, etc.

To enable use of electronic mode, it is requested that the e-mail address be registered with the Company / Satellite Corporate Services Pvt. Ltd. (The Registrar and Share Transfer Agents (RTA) in the following manner.

1. By sending e-mail request giving therein your registered folio number / demat ID and DP ID to the e-mail address of the Company at p.b.kansara@futura polyesters.com or to its RTA at service@satellitecorporate.com

2. By sending a scanned copy of dully filled in attached from through e-mail to the dedicated e-mail address of the Company at p.b.kansara@futura polyesters.com or to its RTA at service@satellitecorporate.com

Your communication by e-mail in the above manner will kindly be noted as your consent for receiving all the above documents by electronic mode. Should you want to change in future you may write to us a separate letter to send by physical mode.

A fully annual report of the Company will however, be made available on the website of the Company www.futura polyesters.com

Your support and co-operation is solicited for the eco-friendly measures encouraged by MCA and followed by the Company.

Yours faithfully,

For FUTURA POLYESTERS LIMITED

A. R. Gadkari
Company Secretary

FUTURA POLYESTERS LIMITED

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

E-Communication Registration Form

To : Satellite Corporate Services Pvt. Ltd.
(Unit : Futura Polyesters Limited)

Dear Sirs,

Re : Green Initiative in Corporate Governance

I/We agree to receive all communication from the Company through e-mail. Please register my/our email ID in your records for sending communication. Please note my/our said request in your records.

Registered Folio No. (as given overleaf).....

Name of the 1st Registered Holder :
(as given overleaf)

email ID :

Date : Signature of the first shareholder

Note : On registration, all the communication will be sent to the email ID registered in the Folio.