THINKING AFRESH

INDO RAMA
Synthetics (India) Limited

Annual Report 2011-12

Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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About Indo Rama

Statutory Reports

Financial Section

CORPORATE INFORMATION

Board of Directors

M. L. Lohia, Chairman Emeritus

O. P. Lohia, Chairman & Managing Director

O. P. Vaish

A. K. Ladha

Dr. Arvind Pandalai

Vishal Lohia, Whole-time Director

Company Secretary

Jayant Sood

Corporate Executives

Anant Kishore, Chief Operating Officer

Deepak Singhal, Chief Financial Officer

M G Birajdar, Plant Head

Auditors

B S R and Associates, Gurgaon

Bankers

Axis Bank Limited

Bank of India

HDFC Bank Limited

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Travancore

Standard Chartered Bank

Institutions

DEG-Deutsche Investitions-und

Entwicklungsgesellschaft mbH

IKB Deutsche Industriebank AG

Life Insurance Corporation of India

At Indo Rama Synthetics (India) Limited, we are committed to create stakeholder value in a vastly changed economic and business landscape. Today, conditions are shaped not only by financial and economic crises globally, but by the prospering emerging market economies and India in particular.

These contrasting realities have created a scenario in which growth is possible only in an ecosystem of execution brilliance, involving optimal resource utilisation and consistent process innovation.

To live up to these responsibilities, now and in the future, we are recalibrating our business model with a definite objective.

Our initiatives encompass process re-engineering, technology up-gradation, recyclability and enhanced value-addition to emerge as a future-ready enterprise.

PROPELLING THE POLYESTER INDUSTRY

BUSINESS FOCUS GLOBAL REACH
ACCREDITATIONS ACCOLADES
TECHNOLOGY ALLIANCES

Since inception, we have played a pivotal role in widening and enriching the polyester market, on the strength of our technological proficiency and cost competitiveness.

Indo Rama Synthetics (India) Limited is the country's second largest dedicated polyester manufacturer (at a single location), with an integrated manufacturing facility at Butibori, near Nagpur (Maharashtra).

Business focus

Products	Installed capacity
Polyester Staple Fibre (PSF)	2,63,550 TPA
Polyester Filament Yarn (PFY)	2,59,000 TPA
Draw Texturised Yarn (DTY)	71,200 TPA
Polyester Chips	87,500 TPA

Global reach

Diversified customer portfolio, spanning:

Asia

Europe

Africa

Americas

Accreditations

ISO 9001:2008 certification, ensuring stringent quality protocol

ISO 14001:2004 certifications for globally benchmarked environment standards

OEKO Tex certification for meeting human and ecological requirements

Technology alliances

- Zimmer AG, Germany
- Chemtex Intl. Inc. USA
- Oerlikon Barmag, Germany
- Teijin Seiki, Japan
- Toyobo, Japan
- LTG Ameliorair, France
- Wartsila Diesel, Finland
- Bertrams, Switzerland
- LVD, Belgium
- Foxbro Invensys, Singapore
- Autefa, Germany

Accolades

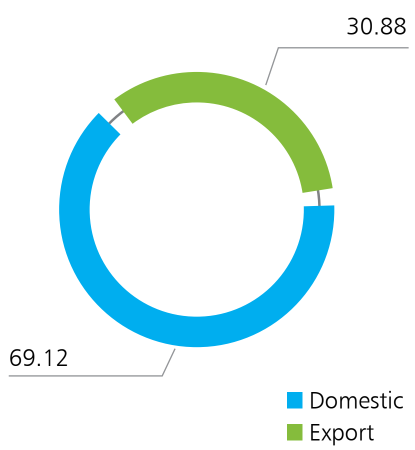
- Best export performance in Synthetic and Rayon Textile Export Promotion Council Award; bronze medal for three consecutive years (2008-09, 2009-10 and 2010-11); best performance in exports in textile category
- Indo Rama has been adjudged among India's most admired companies by 'Fortune India' in its latest issue (March 2012)
- Gold Medal for quality circle and 1st Prize in model and quiz competition organised by the Indian Institute of Engineers, Nagpur chapter
- Gold Award to IRSL Kaizen Team in quality circle convention (manufacturing category) by the Indian Institute of Engineers, Nagpur chapter

6,10,050
tonnes per annum
Cumulative polyester capacity

1,662
Motivated workforce at Indo Rama

15
Offices in textile belts at Ahmedabad, Bhilwara, Coimbatore, Erode, Guntur, Gurgaon, Hyderabad, Kolkata, Ludhiana, Madurai, Mumbai, Panipat Silvassa, Surat and Tirupur

Revenue pie, 2011-12 (%)



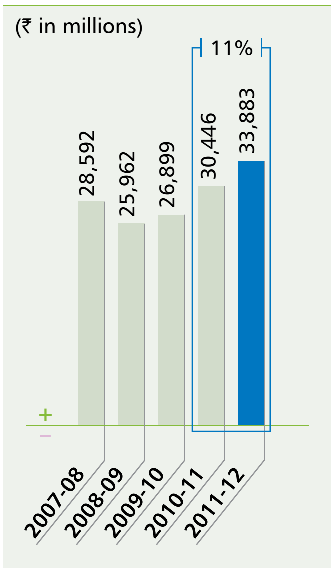
ABOUT INDO RAMA
STATUTORY REPORTS
FINANCIAL SECTION

TOTAL INCOME EBIDTA GROSS FIXED ASSETS PRE-TAX PROFIT

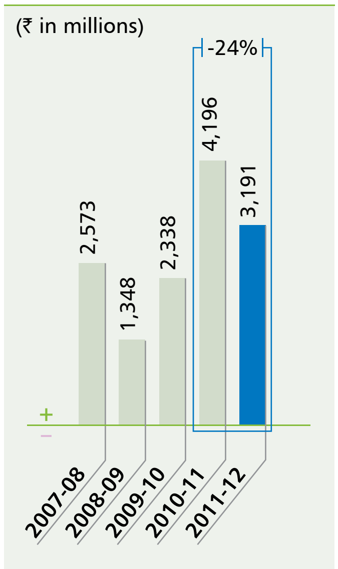
STABILITY IN CHALLENGING TIMES

POST-TAX PROFIT EARNINGS PER SHARE BOOK VALUE PER SHARE KEY FINANCIAL RATIOS RETURN ON CAPITAL EMPLOYED

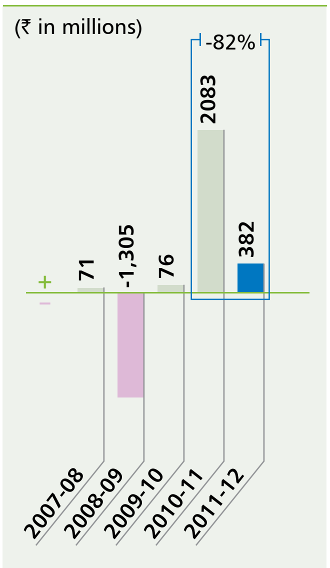
Total income



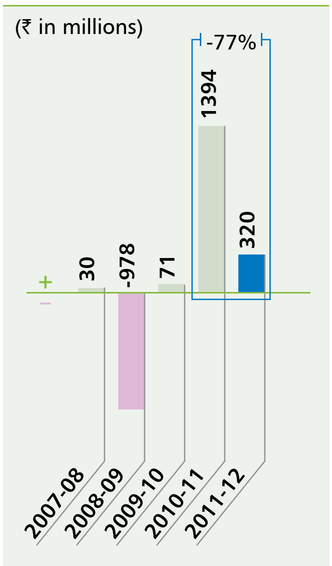
EBIDTA



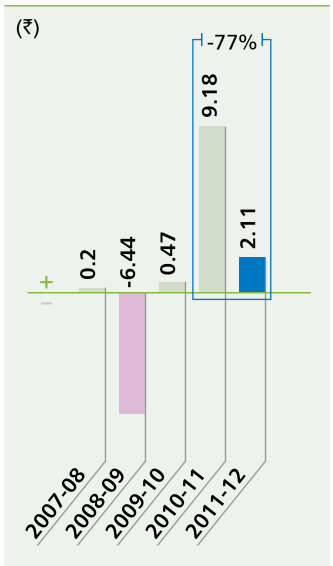
Pre-tax profit



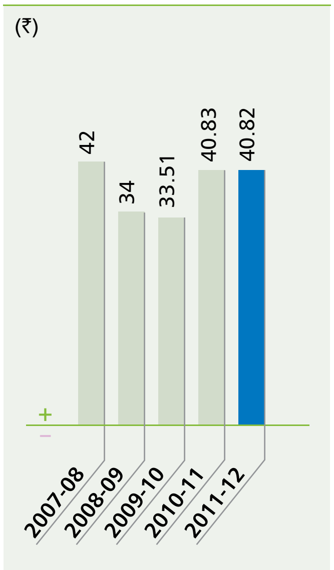
Post-tax profit



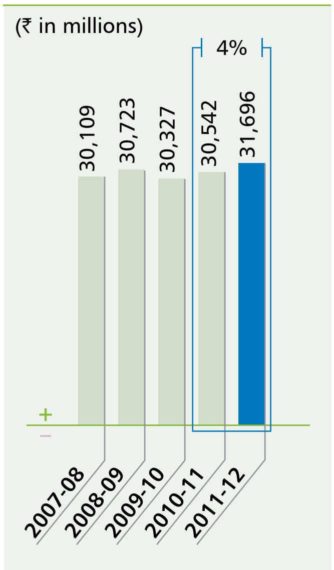
Earnings per share (basic)



Book value per share



Gross fixed assets



Key financial ratios

Ratios	2009-10	2010-11	2011-12
Debt-equity ratio	1.59	0.93	0.58
Interest coverage ratio	3.35	7.04	5.02
Debt service coverage ratio	1.56	1.59	1.51
Current ratio	0.84	0.99	0.81
Fixed asset coverage ratio	2.03	2.47	3.79

INSIGHT FINANCIAL FLEXIBILITY

IMPROVE PERFORMANCE STRENGTHENING DEAR SHAREOWNERS WIDER PRODUCT RANGE NEW GENERATION MACHINES

Dear Shareowners,

In the present economic environment, it has become customary to talk about challenges at the beginning of any business communication. However, I believe that for the tough and the efficient, there are always opportunities. Moreover, I would like to take a longer-term view, and I believe that the worst will be over by mid 2012-13.

America's fragile recovery continues in fits and starts, and after a difficult 2011, Japan is on track, owing to a boost from reconstruction spending. The German powerhouse will support Europe. Besides, China is managing the slowdown well. The IMF's latest World Economic Outlook predicts 3.5% global growth in 2012. This will translate into an improved business environment and a positive investment horizon from the second half of 2012-13.

Buffeted by global slowdown, India's growth estimates have moderated. But the long-term prospects look bright. In the textile arena polyester remains the fabric for the future. In 2011-12, polyester production globally grew by around 8% and in India by over 3%; exports increased by 17%. The demand is expected to remain buoyant on account of growing population, rising income levels, rapid urbanisation, increased organised players and enhanced penetration of retailers into smaller cities. India possesses an abundant supply of raw material (polyester) and labour to cater to the enormous opportunities in the domestic and export markets.

At Indo Rama, we are currently focusing on cost rationalisation and consolidation of capabilities. In the past few years, we have witnessed that oil prices have shown significant volatility. To mitigate this risk, we have made a strategic shift in our heat generation from oil to coal, resulting in substantial savings. Proactive renegotiations in logistics and swift change-over from road transport to railways have helped us optimise costs. While focusing on quality raw material at the right price, we have renegotiated prices and explored new vendors for uninterrupted supply. To strengthen our market position and enhance customer satisfaction, we have introduced several value-added variants of POY, FDY and DTY products.

In 2011-12, we achieved a turnover of ₹ 2,943.27 crore, an escalation of only 5.26% over 2010-11, owing to moderate polyester demand. We reported a ₹ 319.06 crore EBIDTA, against ₹ 419.62 crore in 2010-11 and a net profit of ₹ 31.96 crore against ₹ 139.41 crore in 2010-11. Our earnings per share stood at ₹ 2.11. The lower profitability was on account of rising input costs of petroleum derived raw materials, and 'mark to market' forex losses on account of a significant rupee depreciation.

In the year under review, we have further strengthened and diversified our competitive capabilities to deliver more consistent growth. Our fundamentals are robust, and that is the source of our confidence in the future. This is a time when we need to tighten our belts, widen our innovation bandwidth and sharpen our focus on ways and means to rationalise cost.

Going ahead, our future priorities will be:

- Commissioning of our 11 MW coal-based captive power plant to further reduce energy costs;
- Review and commissioning of a PSF recycle plant to reduce wastage and enhance productivity;
- Enhancing PSF production to improve performance of fine denier products;
- Increasing DTY production capacity by the addition of new generation machines with a wider product range to increase value-addition;
- Growing the fleet size; introducing longer and modernised trucks; using private trailers to strengthen our logistic arrangement and reduce costs;
- Encouraging a culture of pan-organisational recyclability;
- Strengthening our balance sheet and ensuring financial flexibility.

The demand for PSF and PET is poised to grow aggressively, targeting Asian markets for growth. India faces shortages for PTA supply and is a net importer. So, we have entered into a joint venture with Indorama Ventures to set up a state-of-the-art and integrated facility in India for producing PTA (Purified Terephthalic Acid), PET (Polyethylene Terephthalate) and PSF (Polyester Staple Fiber), with investments of over ₹ 4,000 crore.

> “ ”
> In the year under review, we have further strengthened and diversified our competitive capabilities to deliver more consistent growth. Our fundamentals are robust, and that is the source of our confidence in the future.

The aspirations of our stakeholders remain high on our radar, and we will continue to formulate policies to translate those aspirations into vibrant realities, notwithstanding challenges. Our strength is our people: strong, agile and dedicated professionals, with acumen to elevate our corporate performance to the next level.

In conclusion, I would like to reiterate our organization's commitment to innovation for creating a value-driven enterprise. On behalf of the Board, I take this opportunity to convey my gratitude to Indo Rama's shareowners, management team, employees, suppliers, associates and our loyal customers for their continued support.

O. P. Lohia
Chairman & Managing Director

INTEGRATED FACILITY

WORLD-CLASS STATE-OF-THE-ART
STRATEGIC JOINT VENTURE INITIATIVE

INTEGRATION IS A JOURNEY...

STATE-OF-THE-ART INTEGRATED FACILITY
STRATEGIC JOINT VENTURE WORLD-CLASS

...to achieve economies of scale, insulation against raw material volatility and capability to cater domestic and foreign customers.

As a strategic move for the company's growth, Indo Rama Synthetics (India) has signed a MoU with the Thailand based Indorama Ventures to set up a world-class, state-of-the-art integrated facility in India to produce PTA (Purified Terephthalic Acid), PET (Polyethylene Terephthalate) and PSF (Polyester Staple Fiber). With an investment of nearly ₹ 4,000 crore, the plant will have an annual capacity of 1.2 million tonnes of PTA, 0.42 million tonnes of PET and 0.21 million tonnes of PSF. On commissioning, the plant will help Indo Rama's backward integration, serve Indian customers and expand the Group's market globally.

ENHANCE SUSTAINABILITY

COST-SAVING STABILISE GROWTH
INITIATIVES ENHANCE SUSTAINABILITY OIL TO COAL

RESOURCE OPTIMISATION IS AN IMPERATIVE...

RESOURCE-SCARCE DE-RISK ROAD TO RAIL
ENVIRONMENT

...to reduce uncertainty, stabilise growth and enhance sustainability in a resource-scarce environment.

Oil to coal

To enhance our cost efficiency in operations, we have replaced the existing heat treatment medium from furnace oil to coal. A cost of ₹ 88 crore was incurred for this purpose. Moreover, this strategic migration has de-risked us from oil price volatility.

Road to rail

Transportation medium of PTA from ports (Visakhapatnam port and Jawaharlal Nehru Port Trust) and MEG from Mumbai was shifted from road to rail. This enabled us to avoid high congestions at container freight stations, due to which the truck loading was delayed. This helped minimise possibilities of transit theft, adulteration and pilferages. This facilitated significant savings of around ₹ 7 crore in 2011-12.

Other cost-saving initiatives

- Reduced Custom House Agents charges for export and import clearance, after renegotiation with vendors
- Entered into long-term contracts with road transporter to derive economical rates
- Designed and attested specialised side-open truck bodies and long-body chassis trucks for better loadability and minimal transit damages.

EXPANDING PRODUCTION CAPABILITIES VALUE-ADDED QUALITY TRANSCENDING GEOGRAPHIC

VALUE CREATION IS A QUEST...

INTERNATIONAL MARKET CUSTOMER SATISFACTION

... to elevate the quality of life, transcending geographic and cultural barriers.

Expanding DTY capacity

We are expanding the production capacity for value-added product Draw Texturized Yarn (DTY) from 64,800 tonnes to 98,145 tonnes by mid 2012 by a cumulative installation of 56 machines. Currently, we are running 48 machines. Moreover, we have installed new generation DTY machines, which will facilitate improved productivity and efficiency.

DTY is a value-added product, suitable for fabric end uses like garments, skin-clinging garments, furnishings and upholstery, among others. This is a replacement of cotton and cotton blend yarns with very low moisture content.

Expanding value-added product basket

- Developed a new variety of POY and FDY products to enhance customer satisfaction and drive margins;
- The development of new DTY stretch yarn products (220/144 IM) is most suited for weft application in denim; another product (65/34 NIM) enjoys application in knitting; these products will expand our capabilities to cater to the premium market segment;
- Introduced a new PSF product (1.2 Den Spunlace) to cater to the domestic and international market for the production of hygienic non-woven products; it has enriched our product basket with increased market share.

POLYESTER STAPLE FIBRE
POLYESTER CHIPS PARTIALLY ORIENTED

FOCUSED ON CUSTOMER NEEDS TODAY AND TOMORROW

YARN
POLYESTER STAPLE FIBRE FULLY DRAWN YARN
PARTIALLY ORIENTED POLYESTER CHIPS
YARN FULLY DRAWN YARN
POLYESTER CHIPS

Polyester Staple Fibre (PSF)

Polyester Staple Fibre (PSF) has emerged as the fastest growing fibre amongst all types of manufactured fibres. Polyesters are made by polymerisation of Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG). The polymer thus obtained is melt spun and the bundle of continuous filaments obtained by melt spinning is called tow. The tow is subjected to further processes, such as drawing, crimping, spin finish application and then cut into fixed lengths to get cut fibres almost equal in length to cotton fibres. These cut fibres are known as PSF.

Product differentiator

- Constant on-line checks maintain consistent quality
- Superior spin-finish application ensures smoother working of fibre during spinning
- Standard bale weight is maintained

Partially Oriented Yarn (POY)

Polymer in the melted form from polycondensation section is cooled in polymer cooler, filtered and after pressure boosting, it is distributed to the spinning manifolds and then to the spinning positions. The polyester melt from spinning position is extruded through spinnerets by variable speed driven spinning pumps. The extruded filaments are cooled by precisely controlled conditioned and filtered air in quench chamber. The filaments are then passed through the finish application system. The filaments are taken on take up winders and finally wound on bobbins. The yarn produced is extremely fine and the unit of fineness is denier. The spinnerets and spinning manifold are jacketed and heated with dowtherm vapour.

Product differentiator

- Strict quality control of denier orientation and spread, along with computer-controlled draw force testing, ensures maximum consistency of yarn performance during and after texturising
- A special proprietary spin finish protects the colour and lubricity of the yarn over long periods of storage

Fully Drawn Yarn (FDY)

Fully Drawn Yarn (FDY) is produced by a process similar to POY manufacturing except that the yarn is produced at higher spinning speeds, coupled with intermediate drawing integrated in the process itself. This allows stabilisation through orientation and crystallisation.

Product differentiator

- Intermingled FDY yarns are suitable for direct twisting, warping and weaving
- Less waste and high efficiency in subsequent processes due to higher package weight (10 kg)
- The fabric made from these yarns have a feel and drape similar to fabrics; produced from pure silk resulting in high realisation of product quality
- These yarns eliminate draw-twisting and sizing process, reducing product cost for light and medium range of fabrics
- There is high efficiency and low breakages in warping, owing to excellent package quality produced on craft winder
- Excellent dyeing consistency

Draw Texturised Yarn (DTY)

Draw Texturised Yarn (DTY) is a fully drawn, fully oriented polyester multifilament yarn with soft crimp, high bulk and texture with cotton feel and very high durability and retention properties. This is manufactured by texturising partially oriented yarn using texturising machines.

Product differentiator

- DTY is produced on the latest high-speed draw texturising machines with identical capability
- Total quality checks are done with respect to dye ability. Bulk and elongation is closely monitored for consistency on captive weaving installations
- Electronic package-size measuring units ensure uniform texturised yarn package
- A consistent level of high quality anti-static lubricating oils, together with an option of incorporating adequate interlacement, is applied for purposes of warping without sizing

Polyester Chips

The balancing stream of the polymer melt from polycondensation section is discharged through metering pumps to the casting head. The molten ribbons coming out of the casting head are taken on the cooling chambers of chips cutter where the molten ribbons are cooled by chilled DM water system. The solidified polymer ribbons are then cut in chips cutter and dried in the dryer. The dried chips are then passed through the classifier. The properly cut chips are stored in chips silo. The chips are conveyed to the bagging silo for bagging.

Product differentiator

- Produced in a continuous polyester polymerisation plant
- Uniform chemical and physical properties

PERFORMANCE SOURCES OF FUNDS

EVALUATING OUR FINANCIAL COMPETITIVENESS

REVENUES
COST ANALYSIS MARGINS EXTERNAL FUNDS
APPLICATION OF FUNDS TAXATION
SOURCES OF FUNDS REVENUES
EXTERNAL FUNDS

Performance

(₹ in crore)

Parameters	2011-12	2010-11
Total income*	3,388	3,044
EBIDTA	319	419
PBT	382	208
PAT	32	139
Book value per share (₹)	40.82	40.83
Earnings per share (₹)	2.11	9.18

* Total income includes gross sales and other income

Revenues

The net revenue from the Company's sales increased 5.36% from ₹ 2,817.75 crore in 2010-11 to ₹ 2,968.80 crore in 2011-12, on account of increased sale of all products, moderate polyester demand and enhanced realisations.

Export: The Company enjoys a healthy export presence; export sales grew from ₹ 805 crore in 2010-11 to ₹ 909 crore in 2011-12. Export sales contributed 28.79% to the Company's net sales in 2010-11 and 30.88% in 2011-12. The growth was on account of growing global footprints and foray into unexplored markets and new customers.

Other income: Other income saw 811.43% surge from ₹ 22.74 crore in 2010-11 to ₹ 207.26 crore in 2011-12; other income primarily comprised dividend, interest income and profit on sale of investments.

Cost analysis

The Company's operating costs increased from ₹ 2,420.87 crore in 2010-11 to ₹ 2,857.00 crore in 2011-12, owing to inflationary trend in key input costs and growing scale.

Raw material: The raw material costs increased 5.76% from ₹ 2,154.87 crore in 2010-11 to ₹ 2,278.98 crore in 2011-12, following growing scale and the rising costs of PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol).

Financial expense: A 12.12% decline in financial expenses from ₹ 69.66 crore in 2010-11 to ₹ 61.22 crore in 2011-12, following reduced debt component.

Depreciation: A 2.98% increase in depreciation from ₹ 149.90 crore in 2010-11 to ₹ 154.36 crore in 2011-12.

Margins

Parameters	2011-12	2010-11
EBIDTA margin to Net Sales	10.84	15.00
Net profit margin to Net Sales	1.08	4.98

Sources of funds

Own funds: The Company's net worth stood at ₹ 619.63 crore as on 31 March 2012 as against ₹ 619.79 crore as on 31 March 2011.

Equity: The Company's equity comprised 151,822,242 equity shares with a face value of ₹ 10 per share. The promoters held 64.10% in the Company as on 31 March 2012.

Reserves: Reserves (zero-cost fund) stood at ₹ 447.51 crore as on 31 March 2012 (₹ 447.67 crore as on 31 March 2011) largely due to a surplus ploughback. The Company continued to retain a major part – more than 44% of the year's earnings – to fund capex and working capital needs.

External funds

The Company's liabilities portfolio declined 16.44% from ₹ 1,776.91 crore as on 31 March 2011 to ₹ 1,484.87 crore as on 31 March 2012.

The decline in debt portfolio was on account of quick payoff during the year. As a result, debt-equity ratio moderated from 0.93 as on 31 March 2011 to 0.58 as on 31 March 2012.

Debt comprised secured long-term loans, which also decreased 36.28% from ₹ 517.91 crore in 2010-11 to ₹ 330.01 crore in 2011-12; and short term loans increased from ₹ 90.57 crore in 2010-11 to ₹ 257.20 crore in 2011-12.

Application of funds

There was an increase in the deployment of funds to finance growing gross block and working capital.

Gross block: The Company's gross block increased from ₹ 3,054.20 crore as on 31 March 2011 to ₹ 3,169.60 crore as on 31 March 2012. However, the Company predominantly continued capacity expansion.

Capital work-in-progress: The Company's capital work-in-progress grew 214.81% from ₹ 8.44 crore in 2010-11 to ₹ 26.57 crore in 2011-12 due to miscellaneous projects across the Company.

Working capital: The overall working capital requirement increased during the year following an increase in the volume of operations. However, the overall working capital cycle improved during the year.

The year-end inventory and receivables decreased from ₹ 682.01 crore in 2010-11 to ₹ 363.60 crore in 2011-12 and ₹ 101.68 crore in 2010-11 to ₹ 96.05 crore in 2011-12, respectively. The setting aside to Profit and Loss Account due to a provision for doubtful debts and bad debts was ₹ 5.29 crore in 2010-11 as against ₹ 0.01 crore in 2011-12. Trade Payables decreased from ₹ 781.00 crore as on 31 March 2011 to ₹ 540.65 crore as on 31 March 2012.

Taxation

Current tax charge declined from ₹ 68.93 crore in 2010-11 to ₹ 6.27 crore in 2011-12 on account of lower profitability.

Foreign exchange management: The Company's foreign exchange exposure (imports and exports) - in 2011-12 resulted in a foreign exchange loss of ₹ 65.25 crore on account of volatile currency scenario.

RISK MANAGEMENT FRAMEWORK

RIDING HIGH ON RISK MANAGEMENT

INDUSTRY RISK COST RISK RAW MATERIAL RISK MARKETING RISK PEOPLE RISK OPERATIONAL RISK QUALITY RISK FOREX RISK

Value is hard earned, but easily lost. A minor omission, a strategic error, a dilution of focus could prove business impacting. At Indo Rama, we think, regardless of industry peaks and troughs a comprehensive risk-management mechanism (comprising structured norms and reporting framework) is indispensable.

Risk management framework

Risk identification	Risk assessment and analysis	Proactive risk governance measures	Comprehensive risk reporting
This function involves pre-emptive strategies to identify potential risks and evolve a framework for mitigation.	Risk assessment is the objective evaluation of the quantitative and qualitative value of risk related to the uncertainties of a specific situation.	This requires the organisation to ascertain action plans to address identified issues and forestall potential damage.	Record the causes and mitigation measures for future reference.

Industry risk

A sluggish downstream demand could impact the Company's business

Risk mitigation

- Rapid urbanisation, rising working population, an increase in disposable incomes and increasing affordability of vehicles are driving demand in the downstream industry
- Domestic market size of ready-made garments has grown (CAGR is 6.4%) over the past 5 years (2006 to 2011). By 2016, the domestic apparel market size is expected to reach ₹ 1,855 billion, translating into a 7% CAGR (Source: CRISIL Research)
- The technical textiles industry is one of the fastest growing segments of the textiles industry. The estimates of the industry size are expected to be around ₹ 640 billion in 2010-11. Going forward, growth will be led by relatively small but fast growing segments, such as meditech, sportech, geotech and oekotech. The larger segments, packtech, clothtech, hometech and mobiltech, will grow at a steady pace over the same period (Source: CRISIL Research).

Raw material risk

Inconsistent raw material supply and price volatility could impact production.

Risk mitigation

- Indo Rama enjoys a long-term relationship with Indian and overseas raw material suppliers
- Maintains a raw materials buffer to ensure smooth operations
- Renegotiation with existing vendors and inclusion of new vendors, resulted in uninterrupted supply at a better rate

Cost risk

An inability to manage key operational costs might affect profitability

Risk mitigation

- Indo Rama's 11 MW coal based power plant has been initiated in 2010, which is likely to come on stream by mid 2012, resulting in a significant reduction in power cost
- Strategic shift from furnace oil to coal for heat treatment medium, resulting in a significant cost saving
- Change-over from road to rail for raw material transit, resulted in substantial cost savings
- Renegotiation with store and spare vendors, resulted in cost optimisation
- Major reduction in packaging cost by direct import of Kraft paper against advance license

Operational risk

Inefficient shop-floor operations could impact production cost and competitive edge.

Risk mitigation

- Indo Rama initiated a number of initiatives across its units for increasing productivity and reducing costs
- Innovative process modifications facilitated a reduction in the batch cycle time of production
- Focus on preventive maintenance enhanced equipment availability and reduced losses due to untimely shut-downs

Quality risk

Any quality deviation across batches could lead to client attrition

Risk mitigation

- Indo Rama invested in a fully-equipped quality-control laboratory with contemporary equipment to act as a quality radar
- It institutionalised a multiple-stage quality control system at the material handling, operations and finished goods stage
- It received ISO 9001:2000 certification for its quality systems and processes

Marketing risk

In a commodity-driven business inadequate marketing initiatives, may result in lower product offtake

Risk mitigation

- Indo Rama's increased portfolio of value-added (DTY and several value-added variants of POY and PSF) products has resulted in higher sales and realisations
- Presence at strategic locations around textile manufacturing belts of Ahmedabad, Bhilwara, Coimbatore, Erode, Guntur, Gurgaon, Hyderabad, Kolkata, Ludhiana, Madurai, Mumbai, Panipat Silvassa, Surat and Tirupur; facilitating product offtakes
- Enhanced export income through proactive foray into new markets and geographies
- Added several new customers in 2011-12

People risk

Inability to attract and retain skilled people might impact organisational growth

Risk mitigation

- Indo Rama has engaged qualified and well experienced personnel in key positions for better execution
- Recruits graduate engineer trainees from campuses of reputed colleges and institutes
- Provides continuous training to all employees in specialised areas to enhance competencies
- Imparts regular safety training to all the employees; to drive a zero accident culture

Forex risk

Adverse currency fluctuations could dent overall profitability

Risk mitigation

- Strikes a cautious balance between imports and exports to hedge against foreign currency volatilities
- Enters into forward contracts to mitigate forex fluctuations
- Undertakes strategic hedging initiatives as and when required to mitigate price volatility

SOCIAL COMMITMENTS
HEALTHCARE EDUCATION GREEN APPROACH

BEING SOCIALLY RESPONSIBLE

RECYCLED WATER SOCIAL COMMITMENTS
RECYCLABILITY MEDICAL CHECK-UP CAMPS
AIDS AWARENESS BLOOD DONATION CAMPS
PROGRAMME
ENVIRONMENT MANAGEMENT SYSTEM

At Indo Rama, we align our business priorities with social commitments as a part of our sustainability initiatives.

Healthcare

- B.M.D camps and regular medical check-up camps in association with leading hospitals and research institutions
- Annual health check-up of all employees and counselling session for better health
- Health check-up of IRA International school children
- Diet counselling session for 153 participants
- Healthy lifestyle awareness programmes and diabetic camps
- AIDS awareness programme for truck drivers
- Training on industrial occupational hazards for nursing students
- First Aid training for 195 employees
- Blood donation camps and other healthcare initiatives (polio eradication and malaria prevention organised by the State Government)

Education

- Imparting education through Public Private Partnership (PPP); as per Memorandum of Understanding (MoU) with the Directorate of Vocational Education and Training, Maharashtra Government, for the up-gradation of ITI Nagpur and ITI Butibori. The Company's senior managers have worked as faculty members to train students on various systems, such as safety, electronic drives, pumps, inverters, relay, switches and transformers, among others
- Continued association with Ira International School, run by Ira Education Society; it provides quality education to nearly 1,200 students from Class 1 to 12 at Butibori and nearby areas
- For employees, the Company has organised regular workshops and seminars by prominent industry personnel and consultants

Green approach

We are focused on the '5R Concept' — reduction at source, reuse, recycling, recovery and rethinking alternative and improved solutions. The initiatives below validate our green consciousness.

- Ambient air quality, water and waste water quality is regularly measured through the Ministry of Environment and Forests (MOEF) approved laboratory
- Environment Management System (EMS): ISO 14001:2004 certification reinforcing the Company's environmental policy
- The coal-fired heat treatment facility was installed, which replaced furnace oil with coal, reducing fuel cost
- Reduced water consumption by 19% over the last two years
- Effluents from the production areas are treated and recycled to achieve 'near zero discharge pollution'
- Timely measures to continuously increase the use of recycled water
- Installed in-plant low-power consuming LED lights to help reduce power cost
- Installation of on-line continuous ambient air quality monitoring station at IRSL complex in progress
- Initiated recyclability of pallets (plastic, polyester and wooden) and other packing materials, enhancing our green quotient

Management Discussion and Analysis

Global Economy

The year 2011 witnessed near-stagnant growth in developed and emerging economies. The growth rate of advanced economies is expected to be 1.9% and that of emerging and developing economies around 6.1% in 2011.

The US is witnessing the first hint of growth after prolonged stagnation and euro-zone economies expect a near-term revival. The inflation worries are less acute and central banks are safeguarding their economies against a momentum slowdown.

Real GDP growth rates (%)

Country	2010	2011	2012 (E)	2013 (E)
USA	3	2.7	2.8	2.7
UK	1.4	1.6	2.3	2.4
China	10.4	9.5	9.5	9.4
Japan	4	1.3	2	1.6
European Union	2	1.7	2	2.1

[Sources: Forecasts (2011, 2012 & 2013), IMF; Actual Data (2010) and World Bank]

Indian Economy

At the beginning of 2011, the Indian economy commenced its journey with considerable confidence and a stable currency. However, as the year progressed, an unfortunate combination of high inflation fuelled by spiralling commodity-fuel prices, declining industrial output, high interest rates, weakening rupee and policy gridlock choked the growth momentum. This has lead to decrease in growth rate from estimated 6.9% in 2011-12 against 8.4% in 2010-11.

However, the long-term prospects of the country continue to be optimistic. The fundamentals are strong in the medium-term, driven by positive growth prospect with increasing consumer spending.

GDP progress

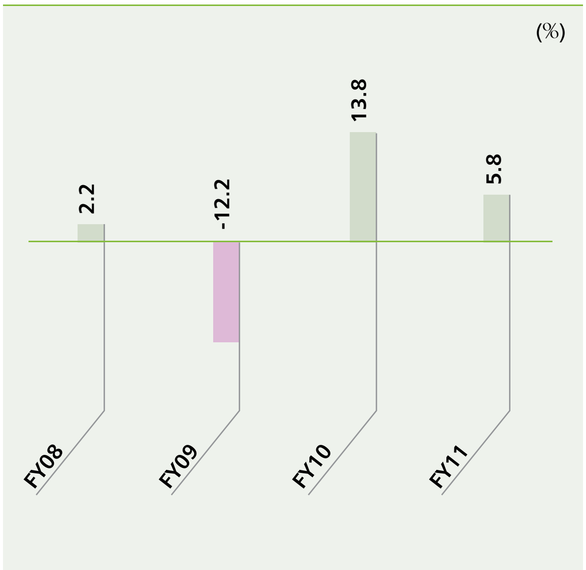
	2007-08	2008-09	2009-10	2010-11	2011-12E
GDP	9.3	6.7	8.4	8.4	6.9
Agriculture	5.5	0.4	1.7	6.8	2.5
Industry	10.3	4.7	8.6	7.4	4.5
Services	39.9	10.0	10.5	9.3	9.4

[Source: Economic Survey]

Global Trade Scenario

The global trade grew by an estimated 5.8% in 2011 (13.8% in 2010). The growth in 2012 is likely to slow down to 3.7%. The world merchandise export jumped 19% to US$ 18.2 trillion in 2011.

World merchandise export trend



[Source: WTO]

The trade primarily suffered from the third and fourth quarters of 2011, with lower trade in euro zone and growth faltering in developing economies like India, China and Brazil. In 2011, India emerged as fastest growing export economy at 16.0%, followed by China and the US.

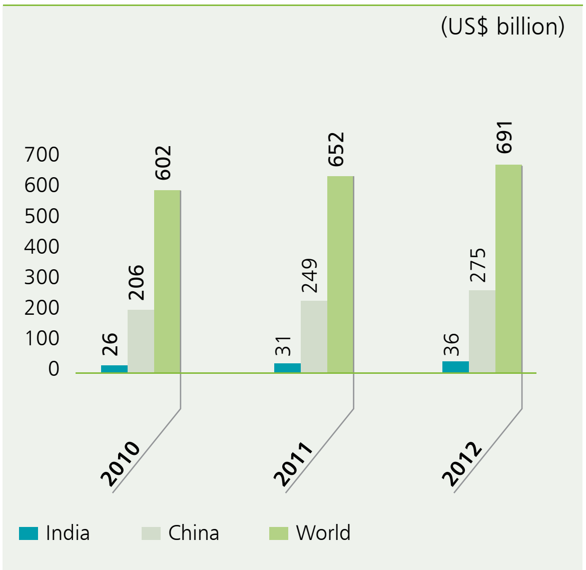
Textile Industry Scenario

Global Textile

The global textile and clothing trade is estimated to grow at 8-8.5% in 2011 from US$ 602 billion to US$ 652 billion. China's share continues to remain unchallenged at US$ 249 billion, accounting for 38% (2010: 34%) of the global textile and clothing trade. In 2011, China registered 21% growth over 2010, despite increased manufacturing cost. In 2011, India is expected to grow 16% to reach US$ 31 billion in the global textile and clothing exports.

The other Asian economies (Vietnam, Thailand, Bangladesh and Indonesia) witnessed positive growth. The year 2012 will remain a year of significant challenge for major exporting countries in textile and clothing trade, as they depend heavily on traditional western markets. The lower GDP growth rates, estimated by World Bank and IMF, economic uncertainties triggered by recession and rising resource cost do not give an encouraging picture.

Global textile and clothing scenario 2010-2012



[Source: WTO , 2012 estimates]

The world yarn and fabric output in 2011 continued to swing from quarter to quarter, resulting in yarn and fabric inventories. The yarn and fabric production moderated in Q3 and is likely to be volatile in Q4 of 2011, due to trade uncertainties.

Global yarn and fabric production in 2011 (%)

	Q1	Q2	Q3	Q4
World yarn production	+11.3	+12.1	+2.5	+5 to 5.5
Asia yarn production	-11.8	+13.9	+2.7	+5 to 6
World fabric production	-11.8	+4.4	+5.9	+2 to 3
Asia fabric production	-14.3	+5.1	+7.5	+ 2 to 3

[Source: ITMF, Q4 - Industry Estimates]

Indian Textile Industry

India's textile sector contributes 4% to the country's gross domestic product (GDP), accounting for 14% of industrial production and 17% to country's export. The industry employs around 35 million people, and is the second largest provider of employment after the agricultural sector.

During 2011-12, the industry witnessed a negative growth owing to high volatility in raw material prices, combined with unfavourable exchange rate fluctuations. The industry is valued around US$ 70 billion with approximated exports comprising US$ 31 billion.

The country has the potential to increase its textile and apparel share in the world trade from the current level of 4.5% to 8%, and reach US$ 80 billion by 2020.

Trends in the domestic textile sector

- Increasing investment in TUFS: The Ministry of Textiles is encouraging investments through increasing focus on schemes, such as TUFS and cluster development activities. Investments under TUFS increased to US$ 43 billion in 2010, with spinning accounting for the largest share of 33%.
- Multi-Fibre Arrangement (MFA): With the expiry of MFA in January 2005, India's cotton prices are now fully integrated with international rates.
- Public-Private Partnership (PPP): The Ministry of Textiles commenced an initiative to establish institutes under the public-private partnership (PPP) model to encourage private sector participation to develop the industry.
- Technical textiles: Technical textiles, growing at around twice the rate of textiles for clothing applications, now account for more than half of total textile production.

Growth driver: Strong demand and policy-support driving investments

Growing demand → Inviting → **Policy support** → Result → **Increasing investments**

Growing demand
- Rising demand in exports
- Increasing demand in domestic market
- Growing population driving textile demand

Inviting

Policy support
- 100 % FDI in textile sector
- Government setting up (SITPs)
- Increasing loans under TUFS

Result

Increasing investments
- Growing domestic and foreign investments
- Commitment of US$ 140 billion of foreign investments

[Source: IBEF]

Fibre Industry Scenario

Global Fibre Industry

In 2011, the global fibre production is estimated to grow by 7.9% to around 77 million tonne. The natural fibre accounted for 28 million tonne, while man-made fibre accounted for 48.7 million tonne. However, the global consumption grew by 1% to 81 million tonne as per Lenzing reports.

The natural fibre accounted for 30 million tonne consumption with cotton leading the way with 23.13 million tonne and man-made fibres accounted for 50 million tonne. The natural fibre consumption is anticipated to decline by 1.9%, synthetic fibre consumption will grow by 2.8% and cellulosic fibre consumption is expected to increase by 4.2%.

The combined cotton and polyester fibre production accounts for 86% of the global fibre production. The global per capita consumption stood at around 12 kg of all textile fibres.

Cotton

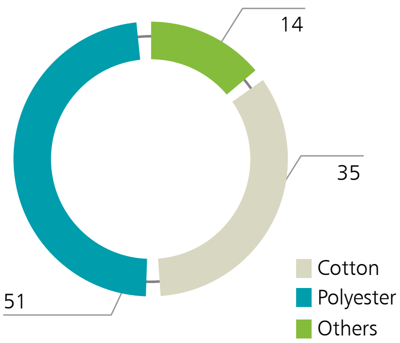
Cotton fibre production grew by an estimated 7.4% from 25.10 million tonne in 2010 to 26.96 million tonne to 2011, whereas consumption declined by 5.6% from 24.49 million tonne in 2010 to 23.13 million tonne in 2011. The global closing stocks grew to an all-time high of 13.13 million tonne as per ICAC.

Polyester

The polyester fibre production share remained more than 50% in global fibre in 2011. The production increased by 8.2% to 38.9 million tonne. The staple fibre production grew 7.8% to 14.38 million tonne and Polyester Filament Yarn (PFY) surged 11.6% to 24.56 million tonne. The global polyester production of 38.9 million tonne accounts for 78% capacity utilisation.

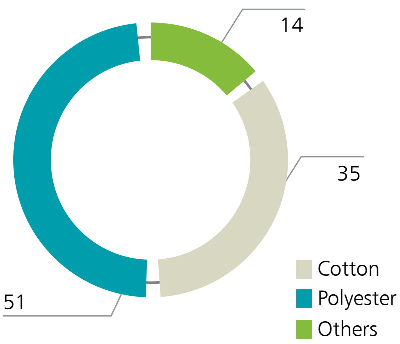
Global fibre production scenario

Fibre Production : 2010 : 71 million tonne (%)



[Source: JCFA/Industry Reports]

Fibre Production : 2011 : 77 million tonne (%)



[Source: JCFA/Industry Reports]

Other fibres

In 2011, Nylon fibre production increased 0.2% to 3.7 million tonne, acrylic fibre grew 2.6% to 2.04 million tonne and cellulosic fibre grew 10.5% to 3.52.

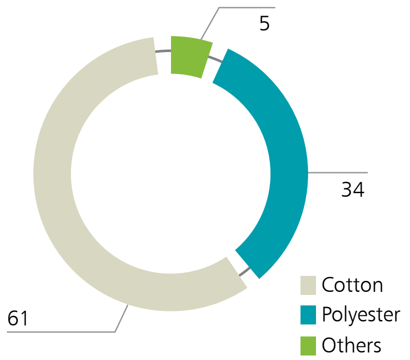
Indian Fibre Industry

India's fibre production increased 3.1% to estimated 9.7 million tonne in 2011 from 9.4 million tonne in 2010. Cotton fibre production grew marginally 2.4% from 5.76 million tonne in 2010 to 5.86 million tonne in 2011. The production accounts for 60% of the total fibre production. Polyester fibre production grew 3.1% from

3.18 million tonne in 2010 to 3.28 million tonne in 2011, and polyester fibre accounts for 34% of the total fibre production.

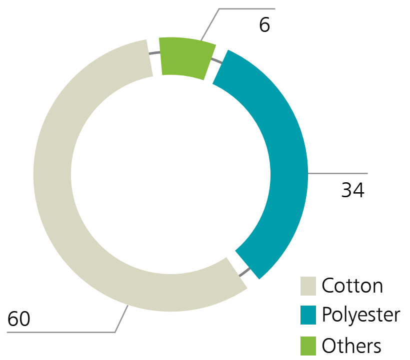
Indian fibre production scenario

India Fibre Production : 2010 : 9.4 million tonne (%)



Source: CAB / Industry Estimates

India Fibre Production : 2011 : 9.7 million tonne (%)



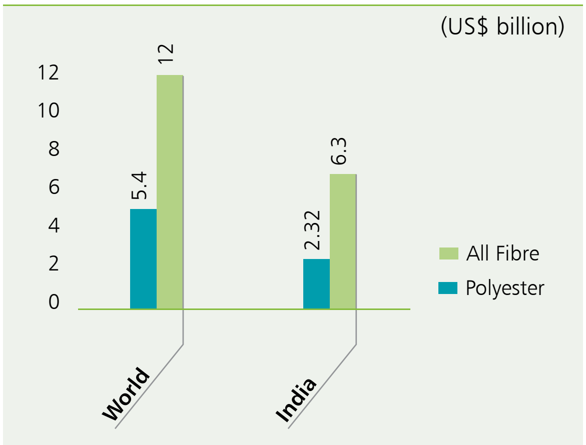
Source: CAB / Industry Estimates

India's estimated fibre consumption declined by 2.4% on account of sluggish economic conditions in the third and fourth quarter of 2011-12 at 7.50 million tonne in 2011-12, compared to 7.68 million tonne in 2010-11. The cotton fibre consumption declined by 5.7%, whereas polyester fibre consumption estimated to rise marginally by 2.6% from 2.71 million tonne in 2010-11 to 2.78 million tonne in 2011-12.

The decline in cotton consumption has multiple reasons: higher prices; increasing preference for polyester fibre (substitute fibre); challenging economic scenario; liquidity crunch; and finally reduced downstream offtake.

The current per capita consumption of all fibre in India is 6.3 kg. Polyester fibre per capita consumption stood at 2.32 kg, against 5.4 kg of global polyester fibre per capita consumption.

Global and India fibre per capita consumption in 2011 (Kg)



In 2011, polyester fibre capacity utilisation stood at 76% at total production of 3.28 million tonne. India's capacity and production both accounts for an estimated 8.4% of the global capacity and production.

However, India's yarn and fabric production declined and exhibit the same trend as in fibre. The fabric production is estimated to decline by 2.9% and the yarn production is likely to decline by 7.9%.

Cotton fabric production is estimated to decline by 4.3% and cotton yarn by 7.9%. However, blended and 100% non-cotton fabric has witnessed positive growth in 2011-12. In yarn segment blended yarn production marginally declined 1.8% but 100% non cotton yarns saw 7% growth on account of growth in 100% viscose yarn segment.

Fabric production			(million sq. meters)
Types	2009-10	2010-11	2011-12E
Cotton	28,914	31,718	30,339
Blended	7,767	8,278	8,401
100% non cotton	22,840	21,765	21,238
TOTAL	**59,521**	**61,761**	**59,978**

[Source: Textile Ministry, 2011-12E], Excluding Khadi, Wool and Silk]

Yarn production			(million Kg)
Types	2009-10	2010-11	2011-12E
Cotton	3,079	3,490	3,102
Blended	707	796	782
100% non cotton	407	427	457
TOTAL	**4,193**	**4,713**	**4,341**

[Source: Textile Ministry, 2011-12E]

Indian Polyester Industry: Snapshot

3.1%
Growth in production in 2011-12

6.1%
Increase in capacity in 2011-12

75%
Capacity utilisation on demand up in 2011-12

76%
Capacity utilisation on production in 2011-12

17%
Escalation in exports in 2011-12

Polyester fibre demand and production managed to stay positive in 2011-12. The second half of the year saw demand tapering off due to sluggish economic growth, poor buying sentiments, price volatility and margin pressures.

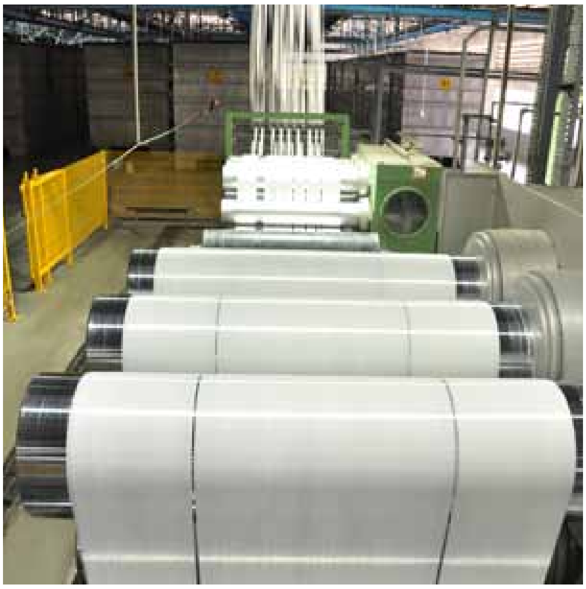
Polyester fibre outlook remains positive with more capacity additions anticipated between 2013 and 2015. The prices are expected to stabilise with reduced competition from fibres like cotton and viscose, and an improving raw material scenario. The growth in home textiles, furnishing fabrics, technical textile segments will help boost polyester fibre consumption. Consumers will finally decide the growth momentum, and their buying patterns will be a key factor for growth in retail and institutional segments.

Polyester Filament Yarn (PFY)

- PFY remains the preferred capacity addition segment. The capacity grew around 9% to 3.18 million tonne in 2011-12 from 2.91 million tonne in 2010-11
- PFY estimated production grew 10.7% to 2.38 million tonne in 2011-12 from 2.15 million tonne in 2010-11
- In 2011-12, estimated domestic demand stood at 2.08 million tonne against 1.91 million tonne in 2010-11, growing 8.9%
- Exports registered an estimated impressive growth of 24% to 0.25 million tonne in 2011-12 from 0.20 million tonne in 2010-11
- Capacity utilisation on total demand stood at estimated 73% in 2011-12
- PFY is estimated to grow at 8-10% between 2013 and 2015; due to higher growth in home textiles, women's wear and automotive segment

Polyester Staple Fibre (PSF)

- PSF estimated demand declined to 0.69 million tonnes in 2011-12, owing to suppressed demand of spun yarn-based fabrics, poor buying sentiments and sluggish yarn-based exports



- Production declined 13.6% to estimated 0.89 million tonne in 2011-12 from 1.03 million tonne in 2010-11; No capacity addition came up in 2011-12
- Exports estimated at 0.20 million tonne in 2011-12 up by 8.1%, even after price volatility, and lower offtake from Europe
- Capacity utilisation on total demand stood at 79% in 2011-12
- PSF is estimated to grow at 6-8% between 2013 and 2015, following anticipated higher retail growth, home textiles, non-woven segment and industrial textiles

About Indo Rama Synthetics (India) Limited (Indo Rama)

Indo Rama is India's largest dedicated polyester manufacturer with an integrated manufacturing complex at Butibori near Nagpur (Maharashtra), with an annual capacity of 6,10,050 tonnes comprising Polyester Stable Fibre (PSF), Filament Yarn, Draw Texturised Yarn, Fully Drawn Yarn and Textile grade Chips.

Key differentiators

- Two decades of presence in the polyester arena
- One of India's most cost-efficient polyester manufacturers
- Technical collaborations with various technology leaders in Japan, Germany and USA
- Globally acclaimed quality standards and innovative business practices
- Captive power generation capabilities

Production and sales performance (₹ in million)

Particulars	2011-12	2010-11
Total exports (₹ in million)	9,089	8,053
Polyester Staple Fibre (TPA)	130,628	184,081
Polyester Filament Yarn (TPA)	159,954	169,516
Draw Texturised Yarn (TPA)	58,916	45,527
Polyester Chips (TPA)	23,916	10,745
Electrical power (MWPH)	24.4	29.8

Financial performance (₹ in million)

Particulars	2011-12	2010-11
Total Income*	33,883	30,446
EBIDTA	3,190	4,196
PBT	382	2,083
PAT	320	1,394
Book value per share (₹)	40.82	40.83
Earning per share (₹)	2.11	9.18

** Total Income includes Gross Sales and Other Income but excludes exceptional item.*

Marketing foray

In the polyester business, the key to Indo Rama's success is its comprehensive product range to generate attractive returns. The Company increased its capacity and the proportion of value-added products in its portfolio. Besides, it strengthened its presence in the present challenging market condition. It is looking to widen the product basket, catering to evolving customer needs. Exports focus is renewed with wider spread and competitive pricing.

Key highlights, 2011-12

- Increased sales and realisations through consistent product improvement, meeting customer needs
- Enhanced thrust on retaining the existing customers
- Added 22 customers, enriching the customer portfolio
- Ensured repeat business from existing customers
- Increased focus on the Middle East and Latin American markets
- Expanded markets for DTY globally

Raw material procurement

The main raw materials of polyester are PTA (Purified Terephatalic Acid) and MEG (Mono Ethylene Glycol). These petrochemical derivates are highly prone to fluctuate along with crude oil prices.

The lowered prices of PTA and MEG can be accounted to negative cycle initiated by much lowered demand for finished goods resulting in unprecedented stock of finished goods with the polyester manufacturers, forcing them to reduce their productions levels and, thus, demand fall of PTA and MEG in last two quarters of 2010-11.

The prices of PX, PTA and MEG went down drastically. In first quarter, PX Price went from US$ 1722 to US$ 1450. PTA nosedived from US$ 1515 to US$ 1195 and MEG also witnessed a price drop from US$ 1250 to US$ 1100. Despite of capacity additions in fibre and filament and no new PTA and MEG capacities, prices did not show any improvement. The prices of PTA and MEG were at US$ 1170 and US$ 1000 due to low demand.

Looking ahead, availability of PTA is expected to ease due to new plants of PTA starting this year, though new polyester capacities have been added. MEG is expected to remain tight as no new capacities are coming up. At the same time, demand for MEG will increase due to higher polyester capacities. The polyester demand is expected to increase from 2nd quarter of 2012.

Purified Terephthalic Acid (PTA)

It was expected that PTA price will continue to remain high but the reverse happened. Prices started falling in April 2011 only and could not get corrected. Although in 2nd quarter the price went up but could not maintain that level due to low demand.

Due to low demand, the polyester capacities in China were operating on 70% to 80%. The PX prices reached to all time high November – December 2011, which forced PTA producers to cut down their production as they couldn't recover their conversion cost.

In India, imports of PTA had come down from 70000 MT to 25000 MT per month by March 2012, due to lower demand of finished goods. Despite frequent shutdown of domestic PTA producers, availability of PTA was there due to lower demand of finished goods. Furthermore, cotton crop also has been good and prices of cotton were also 40% lower than last year which also affected polyester industry.

PTA availability likely to remain comfortable as new capacities in China, Portugal and Poland has come up.

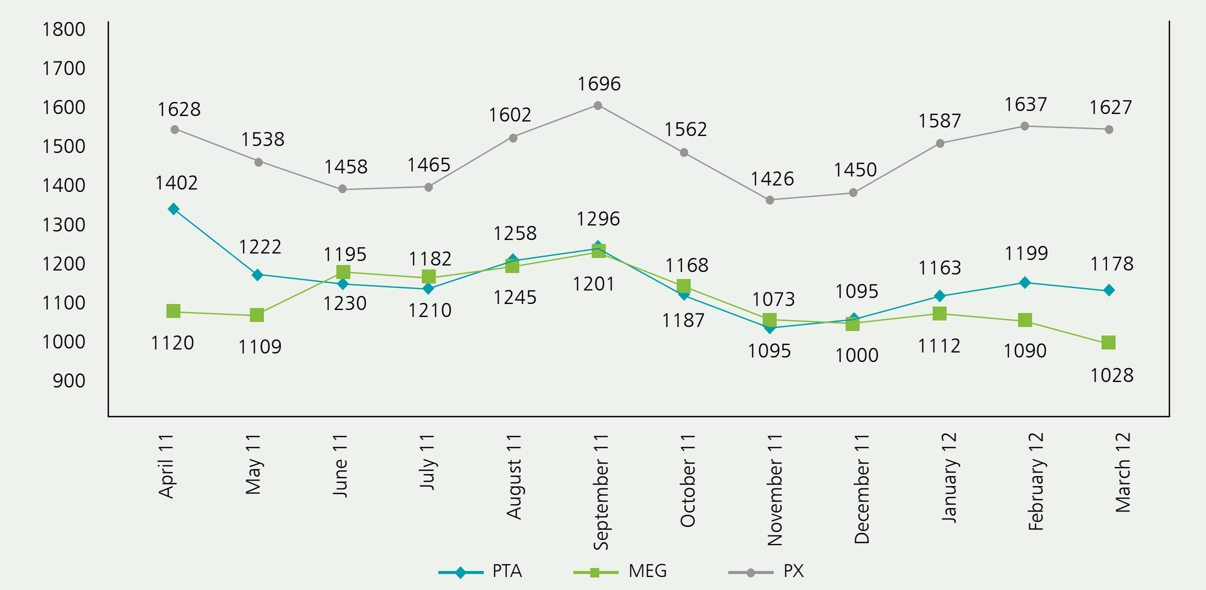
Monoethylene Glycol (MEG)

MEG did not fluctuate much in the beginning of the year as PX and PTA did, but it came down from US$ 1245 to US$ 1110 in May 2011 owing to lower demand. In anticipation of MEG shortage since no new plant was coming until 2013, MEG stocks accumulating & holding were observed in 2nd quarter in China. This resulted in higher prices in the 2nd quarter.

But, due to lower than expected demand in polyester, the prices of MEG started falling down and ended up at US$ 990 level by March 2012. In local market also, MEG was abundantly available and most of the tankages at port were full till 3rd quarter as the polyester manufactures had to pick up their quantities as per the agreement but due to lower production higher inventories got accumulated. Even MEG manufacturers were having extra stock till 3rd quarter. The prices of MEG continued falling from October 2011 onwards and were around US$ 990 by the year end.

MEG in general is likely to remain tight as no new MEG capacities are coming up in the world in the year 2012-13 and higher capacity utilisation is likely to result in upward trend of prices.

Prices of PTA, MEG & PX (US$ per metric tonne)



Power business overview

Indo Rama possesses captive power source of 82.5 MW, consisting of 52.5 MW (3x13.5 MW + 3x4 MW) of diesel generating (DG) sets and 30 MW of co-gen captive facility based on coal.

Key highlights 2011-12

- To reduce captive power cost an 11 MW STG project was envisaged for additional power generation due to increasing captive demand by virtue of proposed expansion of DTY/CFHTM plant.
- The project execution is targeted to commission by June/July 2012. This project was initiated to produce additional 11.0 MW coal-based power from the surplus steam of captive power plant (CPP)/boilers as a substitute for expensive DG Power. Following the commissioning of project, the overall captive power cost of polyester production shall reduce.
- After addition of 11.0 MW STG, the installed capacity of power generation shall be 93.5 MW. The capacity comprises 52.5 MW DG sets based on furnace oil and 41.0 MW based on coal.
- The DG operation was restricted to emergencies and power generated used for captive consumption through coal-based captive power plant. Moreover, imported power from state grid, a cheaper option, will be procured if required.

Future initiatives in power

- Cost reduction of power generation, enhancing power generation capacities, such that, to reduce the overall power cost of polyester production and increase contribution to core business profitability.
- Preliminary assessment conducted for viability of 1.0 MW solar power generation at complex by availing the roof top space.

People practices

Sound Human Resource (HR) practices are the corner stone of Indo Rama's management philosophy. The HR systems are modified, to suit the changes in the business environment. This philosophy has positioned Indo Rama as one of the most professionally managed Company in the polyester sector in India.

HR policy

The basic principles of HR policies include:-

Recruitment based on merit by following well defined and systematic selection procedures eliminating discrimination; sustain motivated and quality work force through appropriate and fair performance evaluation, reward and recognition systems; identifying training needs internally, design and implement those training programmes resulting in continuous upgradation of knowledge, skills and attitudes of the employees; maintain a quality HR Management System to meet the international ISO standards; plan, design, train, equip and motivate the staff to meet the standards.

Regular and sustained training programmes form the core of Indo Rama functions and operations. The year 2011-12 witnessed several initiatives being undertaken in this regard. The Company followed a stringent training policy for its employees after identifying the needs. Cultural and sports activities are organised for the employees and their family members and also for the entire industrial area to facilitate cordial and healthy relations. Effective cost-saving measures have become a major part of the employees' work profile. The sincere efforts of the employees have resulted in major savings in administrative expenses.

Work culture emphasis

- Freedom to experiment
- Continuous learning and training
- Transparency
- Quality
- Rewards based on performance

HR frame work

Indo Rama has adopted a sound reward and recognition policy which leads to an impressive career for executives and workmen. Workmen are promoted to higher positions on the basis of their performance, attitude and potential to ensure their general advancement in the society.

With a view to upgrade the skills of employees, Indo Rama conducts regular training programmes for all employees, leading to upgradation of skills and better understanding of contemporary management practices. On the job training at shop floor is imparted to the operators to make them aware of the product quality and the method of improving the same. Safety training is given on regular basis to all the employees including temporary employees.

Training needs of employees are identified by conducting interviews, assessment, and feedback through performance appraisals. In-house managers and leading consultants in behavioural science and technical fields are invited to conduct in-house training programmes annually.

To involve junior employees in operational efficiency initiatives, quality circles have been constituted across all major departments. These quality circles focus on issues like energy conservation, cost reduction, operational efficiency. Initiatives like cultural programmes, sports activities are organised for the employees and their family members.

Recruitment and training

Indo Rama encourages meritocracy, supported by a multi-layered selection process. Candidates with high potential and acknowledged pass achievement are inducted. Graduate engineer trainees are inducted from the campuses of reputed colleges. The newly recruited employees undergo a comprehensive induction programme.

Risk management

[For a detailed response, please read the section on risk management].

Safety, health and environment

Aligned with the principle of sustainable development, the Company continues to practise safety, health and environment as its key business enablers.

Safety

- State-of-the-art fire and safety installations to meet emergencies within the Company, as well as nearby areas. The Company complies with all statutory requirements as per the Factory Act
- Completion of several project safety critical activities (Coal Fired HTM, DTY and 11 MW power plant expansions) without any accidents
- Promoting 'safety for all' through proactive training; 2,413 employees including contract workers were imparted safety training in 2011-12; moreover, in 2011-12 there has been 30% reduction in minor accidents compared to 2010-11
- To enhance a culture of safety, active employee participation is ensured through regular safety meetings, safety awareness programmes, competitions, audits and safety drills during the year
- Conducting regular mock drills to ensure safety preparedness
- Conducting external and internal safety audits
- Regular participation in all the safety based competitions and seminars organised by the various local, state and national level organisations
- Mutual aid member of various nearby organisations and provides its services to the nearby villages
- Organises safety awareness competitions for its employees and their families (including children) annually in February. In 2011-12, around 500 participants took part in various competitions

Health

Indo Rama possesses a well-equipped health centre with qualified medical staff round the clock at its manufacturing site in Butibori for regular health check-ups.

The Medical Centre organised awareness programmes, comprising:

- B.M.D camps
- Regular medical check-up camps in association with leading hospitals and research institutions
- Annual health check-up of all employees and counselling session for better health
- Health check-up of IRA International school children
- Diet counselling session for 153 participants
- Healthy lifestyle awareness programmes
- Diabetic camps
- AIDS awareness programme for truck drivers

- Training on industrial occupational hazards for nursing students
- First Aid training for 195 employees
- Blood donation camps
- Healthcare initiatives (polio eradication and malaria prevention organised by the State Government)

Environment

Indo Rama is certified for Environment Management System (EMS): ISO 14001:2004 and accordingly EMS has been developed along with 'Environment Policy'. The Company had undertaken the following initiatives:

- Ambient air quality, water and waste water quality is regularly measured through Ministry of Environment and Forests (MOEF) approved laboratory
- Sale of Polymer and fibre wastes for recycled use
- Other solid wastes are handled through registered recyclers authorised by the concerned pollution boards and the MOEF
- Electro static precipitators are provided in boiler house to control the emissions within norm
- Installation of on-line continuous ambient air quality monitoring station at IRSL complex in progress
- Various in-house training programs were conducted to enhance awareness level towards environment
- World Environment Day was celebrated by organising tree plantation activities and other competitions
- Reduced water consumption by 19% over the last two years
- Effluents from the production areas are treated and recycled
- Proactive measures to increase usage of recycled water
- Continued to collect rainwater from the roofs of the staff colony, main administration building and plant building and diverting the water to storage areas for use

Information Technology (IT)

The Company is upgrading its IT capabilities to accelerate operational excellence. It is in the process of automating various processes to enable seamless operations. Indo Rama continues to use contemporary IT tools for business excellence.

The Company implemented SAP in 2000 in the Sales and Distribution (SD), Finance & Costing (FI/CO), Material Management (MM) and Plant Maintenance (PM). Further to make our ERP system IFRS compliant Indo Rama has taken an initiative to implement new GL functionality, along with additional SAP modules like PP, QM, CO and BI.

Initiatives

- The current SAP version was upgraded to ECC 6.0 so as to enable for IFRS functionalities in future.
- SAP Production Planning (PP), Quality Management (QM), Business Information Warehouse (BIW) modules and Costing (CO) new modules were implemented.

New implementation benefits

Business benefits

- Product range profitability
- Product cost structure for cost control and benchmarking for variable and fixed costs

- Comparison of planned vis-à-vis actual cost for understanding deviations to improve planning and taking countermeasures

Customer profitability

- Customer profitability is available based on region and product range. Customer profitability to be maximised based on sales mix.
- Quick identification of high or low profitability customers and products

Region based profitability

- Comparative profitability of sales offices and products sold on sales volumes
- Actual contribution (₹/KG) realised in each product sold for the month
- Enables review and control over the cost of generation of utilities
- Actual cost trends and comparison now available between periods for review and control

New GL, Profit Center Accounting (PCA) and Business Information Warehouse (BIW) business benefits

- Managing a number of books (ledgers)
- Real-time document splitting (online split)
- Plant-product profitability available
- Drill downs to analyse information and root cause analysis

2012-13, the road ahead

- Further optimisation of new SAP modules
- Implementation of SAP MRP (Material Requirement planning) to create purchase requisitions for externally procured material and plan orders for in-house manufacturing material
- Implementation of SAP FM (Fund management) for budgeting, monitoring and control of expenses and income
- Up-gradation of the existing mailing system with more emphasis on functionality

Internal controls and their adequacy

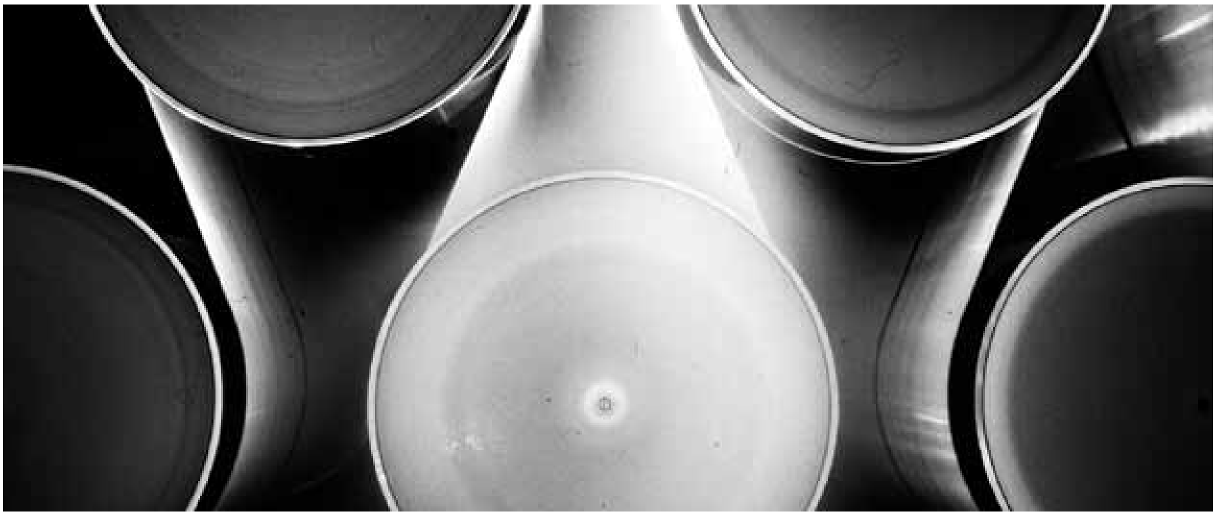
Internal Audit is used as an effective tool to check and enhance efficacy of systems, processes and controls of the Company. It is carried out by an independent agency and internal enterprise risk management team The review plan covers all the major areas. The plan is drawn in consultation with senior management. Compliance with standard operating procedures and policies duly approved by management is reviewed and areas of improvement, if any, are identified. All the observations and suggestions for improvement form a part of report. The report is discussed with Senior Management and audit committee of the Board. Where ever necessary, adequate corrective measures are initiated to ensure compliance.

Statutory compliance

The Managing Director makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes after obtaining confirmation from all the units of the Company. The Company Secretary ensures compliance accordance to SEBI regulations and provisions of the Listing Agreement.

Cautionary statement

The Management of Indo Rama Synthetics (India) Limited has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India. The Management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Management has made these statements based on its current expectations and projections about future events. Wherever possible, it has tried to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance. Such statements, however, involve known and unknown risks, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs, which may cause actual results to differ materially. The management cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in making these assumptions. The Management undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Report on Corporate Governance

The Company's Philosophy on code of Corporate Governance

Corporate Governance is an integral part of Indo Rama's value system, management ethos and business practices. The Company's corporate governance initiatives are based on:-

- Commitment to excellence and customer satisfaction;
- Commitment to maximising long-term shareholder value;
- Commitment to responsible and ethical corporate conduct; and
- Concern for the environment and sustainable development.

The Company regularly evaluates and defines its management practices which are aimed at enhancing its commitment to ensure that these basic tenets of corporate governance are met. At Indo Rama, the basic Corporate Governance norms have been institutionalised as an enabling and facilitating business process at the Board, Management and Operational levels. Business practices are regularly reviewed and reaffirmed against these tenets and all steps are taken to ensure that Company operates beyond the mandatory regulatory framework of good corporate governance.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Indo Rama's compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

Composition of the Board, Board meetings and Attendance

As on 31 March 2012, Indo Rama's Board comprised of six Directors. There are two Executive Directors on the Board, including the executive Chairman. One director is non-executive and non-independent; the remaining three Directors are non-executive independent Directors. The number of non-executive independent Directors on the Board meets the 'composition criterion' as laid down by SEBI.

During 2011-12, the Board of the Company met four times on 26 April 2011; 18 July 2011; 14 November 2011 and 3 February 2012. The maximum gap between any two Board meetings was less than four months. Table 1 gives the details of the Board of Directors, their directorships in other companies, their participation in the Board Meetings and the last Annual General Meeting of the Company is as under.

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Number of Board Meetings		Last AGM Attended	No. of Other Directorships [1]	No. of Board Level Committees where chairperson or member	
		Held	Attended			Committee Chairmanships	Committee Memberships
Mr. M. L. Lohia # (Chairman Emeritus)	Promoter, Non-Executive	4	-	No	-	-	-
Mr. O. P. Lohia # (Chairman & Managing Director)	Promoter, Executive Chairman	4	3	Yes	2	2	1
Mr. Vishal Lohia # (Whole time Director)	Executive	4	4	Yes	-	-	4
Mr. A. K. Ladha	Independent	4	4	No	7	3	2
Mr. O. P. Vaish	Independent	4	4	No	6	-	2
Dr. A. Pandalai	Independent	4	4	Yes	-	-	2

Notes:

1. *The Directorships held by the Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.*

\# *Mr. M.L. Lohia, Mr. O.P. Lohia and Mr. Vishal Lohia are related to each other.*

There is no Director who has relinquished office during the year ended 31 March 2012.

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor Chairman of more than five such Committees.

Directors with Material Pecuniary or Business Relationship with the Company

As mandated by Clause 49, the Independent Directors of the Company:

- Apart from receiving Director's remuneration (sitting fee), do not have any material pecuniary relationships or transactions with the Company, its promoters or Directors, its senior management which may affect independence of these Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
  - a) Statutory audit firm or the internal audit firm that is associated with the Company.
  - b) Legal/consulting firm(s) that have a material association with the Company.

- Are not material suppliers, service providers or customers or lessors or lessees to the Company which may affect independence of the Directors.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Transactions with related parties are disclosed in Note No. 36 of 'Notes to the Financial Statements' for the year ended 31 March 2012. There has been no material pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors during the year 2011-12.

Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, annual operating plans and budgets, Quarterly details of foreign exchange exposures, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc., are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable.

The Board of Directors of the Company is presented with detailed notes along with the agenda papers well in advance of the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances.

Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company, www.indoramaindia.com. All Board members and senior management personnel have affirmed compliance with the code of conduct during the year 2011-12. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

Risk Management

Please refer to the details stated in the Management Discussion & Analysis Report.

Committees of the Board

Audit Committee

As on 31 March 2012, the Audit Committee of the Company comprise of four Directors, namely Mr. A. K. Ladha, Mr. O.P. Vaish, Mr. Vishal Lohia and Dr. A. Pandalai. Mr. A.K. Ladha, Mr. O.P. Vaish and Dr. A. Pandalai are independent Directors. Mr. A.K. Ladha is the Chairman of the Audit Committee. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement. All the members of the Audit Committee are financially literate and have accounting and financial management expertise. Due to illness, the Chairman of the Audit Committee authorised Dr. A. Pandalai vide letter dated 13 July 2011 to attend the 25th Annual General Meeting (AGM) held on 14 July 2011 on his behalf.

During 2011-12, the Audit Committee of the Company met four times on 26 April 2011; 18 July 2011; 14 November 2011 and 3 February 2012. Table 2 gives the attendance record of the members of the Audit Committee.

Table 2: Attendance record of the Audit Committee Meetings for 2011-12

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A. K. Ladha	Independent	Chairman	4	4
Mr. O.P. Vaish	Independent	Member	4	4
Mr. Vishal Lohia	Executive Director	Member	4	4
Dr. A. Pandalai	Independent	Member	4	4

The Chairman & Managing Director in his capacity as Chief Executive Officer (CEO), the head of Finance, representatives of the statutory auditors and internal auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the secretary to the Audit Committee.

The functions of the Audit Committee of the Company include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

   b. Changes, if any, in accounting policies and practices and reasons for the same.

   c. Major accounting entries involving estimates based on the exercise of judgment by management.

   d. Significant adjustments made in the financial statements arising out of audit findings.

   e. Compliance with listing and other legal requirements relating to financial statements.

   f. Disclosure of any related party transactions.

   g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. Approval of appointment of CFO after assessing the qualifications, experience and background.

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

13. Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results;

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered pursuant to its terms of reference:

a) to investigate any activity within its terms of reference and to seek any information from any employee.

b) to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions, submitted by management;

- Management letters / letters of internal control weaknesses issued by the statutory auditors, whenever required;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor.

Remuneration Committee

The Company has a Remuneration Committee to review and recommend payment of annual salaries, commission, service agreements and other employment conditions of the Executive Directors comprising Managing Director and Whole-time Directors. The Committee periodically reviews and recommends suitable revision in the remuneration package of Executive Directors to the Board.

One meeting of Remuneration Committee took place on 26 April, 2011 during 2011-12.

Remuneration Policy and Details of Remuneration paid to Directors:

Subject to the approval of Board of Directors and subsequent approval by the Shareholders at the General Body Meeting and such authorities as the case may be the remuneration of the Managing Director and whole-time Directors of the Company is fixed by the Remuneration Committee. Remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, commission linked to profits, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them. Remuneration paid or payable to the Directors of the Company during the year ended 31 March 2012 is set forth in Table 3 below.

Table 3: Remuneration paid or payable to Directors for the year ended 31 March 2012. (₹ '000)

Name of the Director	Relationship with other Directors	Salary	Perquisites	Deferred Benefits (PF and Gratuity) @	Commi-ssion	Sitting Fees for Board and Committee Meetings	Total
Mr. M L Lohia (Chairman Emeritus)	Father of Mr O.P. Lohia and Grandfather of Mr Vishal Lohia	-	-	-		-	-
Mr. O P Lohia (Managing Director)	Son of Mr M.L. Lohia and Father of Mr. Vishal Lohia	22,200	687	2,016	-	-	24,903
Mr. Vishal Lohia (Whole time Director)	Grandson of Mr M.L. Lohia and Son of Mr O.P. Lohia	15,204	965	1,008		-	17,177
Mr. A K Ladha	None	-	-	-		300	300
Mr. O P Vaish	None	-	-	-		180	180
Dr. A. Pandalai	None	-	-	-		180	180
Total		37,404	1,652	**3,024**		**660**	**42,740**

@ With regard to Leave Encashment and Gratuity Fund, the amount applicable to an individual is not ascertainable and hence not indicated.

Shares held by Non-executive Directors

Table 4: Details of the shares* held by the non-executive Directors as on 31 March 2012.

Name of the Director	Category	Number of shares held
Mr. M L Lohia	Promoter	300,028
Mr. A K Ladha	Independent	17,713
Mr. O P Vaish	Independent	14,120
Dr. A. Pandalai	Independent	NIL

* The Company has not issued any convertible securities to any Non Executive Director.

Shareholders/Investors Grievances Committee

The Shareholders/Investors Grievance Committee comprises of three members: Mr. A. K. Ladha, Mr. O. P. Lohia and Mr. Vishal Lohia. Mr. A.K. Ladha is the Chairperson of this Committee. The Committee met four times during the year 2011-12 on 30 June 2011, 30 September 2011, 27 December 2011 and 31 March 2012. Table 5 gives the details of attendance.

Table 5: Attendance record of the Shareholders' / Investors' Grievances Committee for 2011-12.

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A K Ladha	Independent	Chairman	4	4
Mr. O P Lohia	Executive	Member	4	4
Mr. Vishal Lohia	Executive	Member	4	3

The Shareholders/Investors Grievance Committee reviews complaints received and action taken by the Company in this regard. In addition, the Committee oversees investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services. As on 31 March 2012, no investor complaint was pending with Registrar and Transfer Agent. Table 6 gives data on the Shareholders/Investors complaints received and redressed during the year 2011-12.

Table 6: Shareholders and Investors complaint received and redressed during 2011-12.

Total Complaints Received	Total Complaints Redressed	Pending as on 31.03.2012
84	84	Nil

Mr. Jayant Sood, Asst Vice President (Corp. HR) & Company Secretary is the Compliance Officer of the Company.

Banking and Finance Committee

The Banking and Finance Committee presently comprises of three Directors: Mr. O. P. Lohia, Mr. A.K. Ladha and Mr. Vishal Lohia. The Chairman of the Committee is appointed by a voice vote at each meeting and any two members present form a quorum. The Committee is authorised to decide and oversee matters relating to banking operations and to decide the investment strategy with regard to the available short term surplus funds with the Company as well as the borrowings from banks and financial institutions. The Committee enjoys the delegation of the Board in matters relating to the borrowings/ placement of funds in normal and routine course of business. The other terms of reference, inter-alia, include review of capital structure, financial policies, treasury and foreign exchange risk management. During 2011-12, the Banking and Finance Committee met six times on 11 April 2011, 6 May 2011, 5 July 2011, 29 September 2011, 8 December 2011 and 9 January 2012.

Allotment and Share Transfer Committee

The Company has a Committee of Directors known as the 'Share Allotment and Transfer Committee' to look into and decide matters pertaining to share allotment, transfers, duplicate share certificates and related matters. As on 31 March 2012, the Committee comprises of Mr. O.P. Lohia, Mr. A.K. Ladha and Mr. Vishal Lohia. The Chairman is appointed by a voice vote and quorum is any two members present. During 2011-12, the Share Allotment and Transfer Committee met seven times on 9 May 2011, 7 July 2011, 6 September 2011, 13 October 2011, 2 December 2011, 29 February 2012 and 31 March 2012.

The details of attendance of the Committee members are given below in Table 7.

Table 7 : Attendance record of the share Allotment and Transfer Committee for 2011-12.

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. O P Lohia	Executive	Member	7	7
Mr. A K Ladha	Independent	Member	7	-
Mr. Vishal Lohia	Executive	Member	7	7

Subsidiary Companies

The Company has no subsidiary as on 31 March 2012.

Management

Management Discussion and Analysis

This annual report has a detailed chapter on Management Discussion and Analysis.

Disclosures

1. There are no materially significant related party transactions that might have potential conflict with the interest of the Company at large.
2. No penalty or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter relating to capital markets during the last three years.
3. The Company has complied with all the mandatory requirement of clause 49 of the Listing Agreement. As regards non-mandatory requirements, the extent of compliance has been stated in this report.
4. Indo Rama has followed the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.
5. In compliance with the SEBI regulation on prevention of insider trading, the Company has laid down a comprehensive code of conduct for its management and staff. The code lays down guidelines which advise them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

MD / CFO Certification

The Managing Director and Chief Financial Officer (CFO) of the Company have certified to the Board of Directors the accuracy of financial statements and adequacy of internal controls for financial reporting purposes, as required under Clause 49 (V) of the Listing Agreement, for the year ended 31 March 2012.

Shareholders

Appointment / Re-appointment of Directors

Mr. O. P. Vaish and Mr. A. K. Ladha are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of these Directors are given in the notice of the 26th Annual General Meeting.

Communication to Shareholders

Indo Rama Synthetics (India) Limited puts forth key information about the Company and its performance, all data relating to quarterly financial results including Annual Reports of the Company, official news releases, and presentations to analysts, if any, on its website www.indoramaindia.com regularly for the benefit / information of the public at large. The Company updates the media, analysts, institutional investors etc. through briefings and individual discussion on its financial as well as other business developments as and when required from time to time.

During the year, the quarterly results of the Company's performance have been published in leading newspapers, namely, "The Economics Times" (English) and "Lokmat" (Marathi). Hence, these are not separately sent to individual shareholders. The Company, however, furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out reconciliation of share capital Audit, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depositary Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

General Body Meetings

The date, time and venue for annual general meetings for the last three years are given in Table 8 below.

Table 8: Details of General Meetings held during the last three years.

Financial year	Meeting	Date	Time	Venue	Special Resolutions Passed
2008-09	AGM	11 September 2009	11:00 AM	A-31, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	None
2009-10	AGM	25 October 2010	12:00 Noon	A-31, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	1. Approval for re-appointment and remuneration of Mr. Vishal Lohia as Whole-time Director,
					2. Issuance of Securities to QIP.
					3. Issuance of Fully Convertible Preferential warrants.
2010-11	AGM	14 July 2011	12:00 Noon	A-31, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	1. Revision in remuneration of Mr. O. P. Lohia
					2. Revision in remuneration of Mr. Vishal Lohia
					3. Raising of additional long-term funds through further issuance of securities in the Company

Postal Ballot

No resolution has been passed through Postal Ballot Mechanism during the year 2011-12.

Compliance

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49.

Adoption of Non- Mandatory Requirements

Remuneration Committee: A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement.

Auditor's Certificate on Corporate Governance

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this Report.

Additional Shareholder Information

26th Annual General Meeting

Date: Thursday, the 21 June 2012.

Time: 12.00 Noon.

Address: A-31, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra.

Book Closure: from 14 June 2012 to 21 June 2012 (both days inclusive)

Financial Calendar

Year ending	31 March
1st Quarter Results	1st /2nd Week of August
2nd Quarter Results	1st /2nd Week of November
3rd Quarter Results	1st /2nd Week of February
Audited Annual Accounts for the year ended 31 March 2013	3rd /4th Week of April

Listing of Equity and Stock Codes

Equity shares of Indo Rama Synthetics (India) Ltd are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE). The stock codes of the Company are as follows:

- BSE: 500207
- NSE: INDORAMA

The ISIN number for Equity Shares of the Company on both the NSDL and CDSL is **INE 156A 01020**.

All listing and custodial fees to the Stock Exchange and depositories have been paid to the respective institutions.

Listing of GDRs

The Company's GDRs, each comprising eight underlying shares of the Company, are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, 11, Avenue de la Porte – Neuve, L-2227 Luxembourg.

1,286,420 GDRs were outstanding as on 31 March 2012, representing 10,291,360 Equity Shares of ₹ 10/- each, constituting 6.78% of the share capital of the Company. The Company has already issued the underlying shares for GDRs which are held by the Depository, namely, The Bank of New York Mellon.

There are no convertible instruments which could result in increasing the equity capital of the Company.

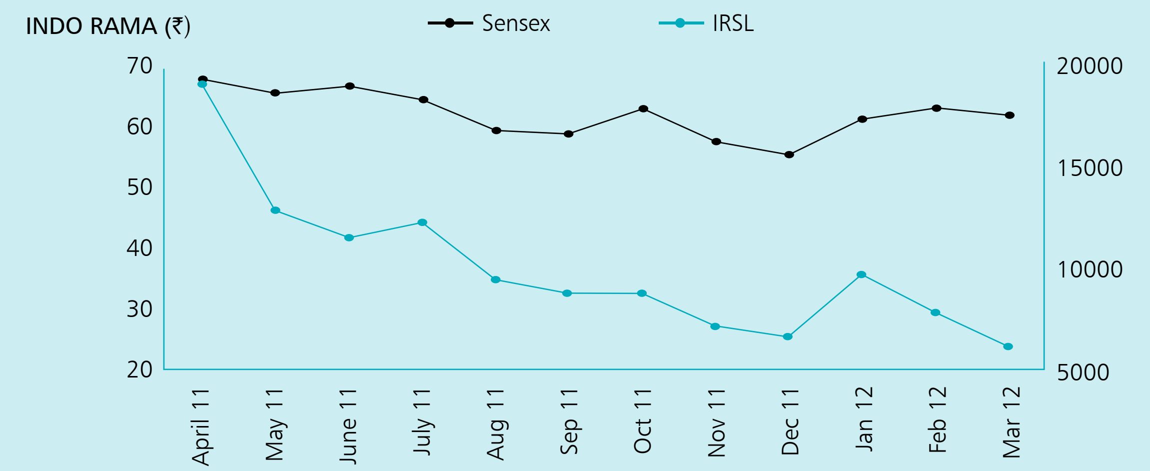
Stock Market Data

Table 9 below gives the monthly high and low prices of Indo Rama Synthetics (India) Limited equity shares at Bombay Stock Exchange Limited (BSE), the National Stock Exchange of India Limited (NSE) for the year 2011-12.

Table 9 : Monthly High and Low quotations of shares traded at the BSE and NSE.

Month	**Bombay Stock Exchange (BSE)**		**National Stock Exchange (NSE)**	
	High (₹)	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2011	80.85	64.40	80.70	62.00
May 2011	67.90	44.10	68.00	43.65
June 2011	48.30	37.60	48.50	37.60
July 2011	51.00	41.20	51.70	40.60
August 2011	44.75	31.85	44.90	31.60
September 2011	37.80	32.10	42.50	32.00
October 2011	33.20	30.15	34.00	30.50
November 2011	33.45	25.20	34.00	25.00
December 2011	28.00	20.40	28.15	20.50
January 2012	36.05	25.25	36.00	25.25
February 2012	35.10	28.25	35.00	28.00
March 2012	30.80	22.50	30.55	22.00

Chart A: Share prices of Indo Rama versus BSE Sensex for the year ended 31 March 2012.



Note: Based on Monthly closing Share price on BSE (April 2011 to March 2012)

Share Transfer Agents and Share Transfer and Demat system

M/s MCS Limited, New Delhi, is the Registrar and Share Transfer Agent of the Company:-

MCS Limited
F-65, First Floor,
Okhla Industrial Area, Phase-1
New Delhi-110 020.
Tel. No.: +91-11-4140 6149-52
Fax No.: +91-11-4170 9881
E-mail: admin@mcsdel.com

Share Transfers received in physical form are processed and share certificates are returned within an average period of 21 days from the date of receipt, subject to the documents being complete and valid in all respects. Shares under objection are returned within two weeks from the date of lodgement.

The Company's equity shares are under compulsory dematerialised trading as per SEBI's notification dated 31 May 1999. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e. NSDL and CDSL. The Registrar and Share Transfer Agent of the Company periodically receive data regarding the beneficiary holdings, so as to enable it to update its records.

There are no legal proceedings against the Company on any share transfer matter.

Table 10 below gives the position of shares held in electronic form as on 31 March, 2012.

Table 10 : Status of Dematerialisation as on 31 March 2012.

No. of Shares Dematerialised	15,08,45,749	99.36% of total share capital
No. of shareholders in Demat Form	15,305	71.16% of the total shareholders

Shareholding Pattern and Distribution of Shareholding as on 31 March, 2012. Tables 11 and 12 give the pattern of shareholding by ownership and share class respectively.

Table 11 : Pattern of shareholding by ownership as on 31 March 2012.

		No. of Equity Shares	Shareholding (%)
A.	PROMOTERS' HOLDING	97,324,491	64.10
B.	NON-PROMOTERS' HOLDING		
a)	Banks, Financial Institutions, Insurance Companies, Central / State Govt Institutions, Non-government Institutions	6,425,693	4.23
b)	Foreign Institutional Investors (FIIs)	13,051,978	8.60
c)	Foreign Direct Investment (FDI)	-	-
d)	Mutual Funds (including UTI)	5,384,162	3.55
e)	Private Corporate Bodies	8,487,492	5.59
f)	Indian Public	10,357,649	6.82
g)	NRIs / OCBs	499,417	0.33
h)	Shares held by custodians against which Depository Receipts have been issued	10,291,360	6.78
	Grand Total	151,822,242	**100.00**

Table 12: Pattern of shareholding by share class as on 31 March 2012.

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 500	18,404	27,52,173	1.81
501 to 1,000	1,703	13,33,762	0.88
1,001 to 5,000	1,084	23,77,352	1.57
5,001 to 10,000	146	11,31,053	0.75
10,001 to 50,000	108	24,44,733	1.61
50,001 to 100,000	24	16,75,485	1.10
100,001 and above	38	14,01,07,684	92.28
TOTAL	**21,507**	**15,18,22,242**	**100.00**

Plant Location

The Company has its manufacturing and operating complex at:

A-31, MIDC Industrial Area,
Butibori-441122, Distt. Nagpur, Maharashtra
Tel. : 07104-663000-01
Fax. : 07104-663200

Compliance Officer for Investor Redressal

Mr. Jayant Sood,
Asst Vice President (Corp HR) & Company Secretary
Indo Rama Synthetics (India) Ltd
20th Floor, DLF Square, DLF Phase-II, NH-8
Gurgaon-122002
Tel No. 91-0124-4997000; Fax: 91-0124- 4997070
E-mail ID: jayant.sood@indorama-ind.com

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956, Table 13 below details the dates of declaration of Dividend and corresponding dates when unclaimed dividends are due for transfer to Investor Education and Protection Fund (IEPF).

Table 13: Dates of dividend declaration and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Financial Year	Whether Interim / Final	Date of declaration of Dividend	Last date for transfer to IEPF
2004-05	Final	15 July 2005	14 August 2012
2005-06	Final	15 July 2006	14 August 2013
2006-07	Final	31 August 2007	30 September 2014
2007-08	Final	12 September 2008	11 October 2015
2008-09	NIL	-	-
2009-10	NIL	-	-
2010-11	Interim	14 February 2011	13 March 2018
2010-11	Final	14 July 2011	13 August 2018

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

Address for Shareholder Correspondence

Registered Office	Corporate Office	Registrar & Transfer Agent
Indo Rama Synthetics (India) Limited	Indo Rama Synthetics (India) Limited	MCS Limited
A-31, MIDC, Industrial Area,	20th Floor, DLF Square,	F-65, First Floor,
Butibori-441122, Distt. Nagpur	DLF Phase - II, NH-8,	Okhla Industrial Area, Phase-1
Maharashtra	Gurgaon 122002.	New Delhi 110 020.
Tel. No. 07104-663000-01	Haryana, India.	Tel. No. 011-4140 6149-52
Fax No. 07104-663200	Tel. No. 0124-4997000	Fax No. 011-4170 9881
	Fax No. 0124 4997070	E-mail: admin@mcsdel.com

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.	Central Depository Services (India) Ltd.
4th Floor, 'A' Wing, Trade World	Phiroze Jeejeebhoy Towers,
Kamala Mills Compound, Senapati Bapat Marg,	17th Floor, Dalal Street, Fort
Lower Parel, Mumbai 400013	Mumbai 400001
Telephone : 91-22-24994200	Telephone : 91-22-22723333
Fax : 91-22-24976351	Fax : 91-22-22723199
E-mail : info@nsdl.co.in	E-mail : investors@cdslindia.com
Website : www.nsdl.co.in	Website : www.cdslindia.com

Declaration regarding Code of Conduct

As provided under clause 49 of the Listing Agreement, all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the financial year 2011-12.

Place : Gurgaon
Date: 25 April 2012

O. P. Lohia
Chairman & Managing Director

Auditors' Certificate

(Under Clause 49 of the Listing Agreement)

To the Members of
Indo Rama Synthetics (India) Limited

We have examined the compliance of conditions of Corporate Governance by Indo Rama Synthetics (India) Limited ("the Company") for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For B S R and Associates
Chartered Accountants
Firm Registration No. 128901W

Kaushal Kishore
Partner
Membership No.090075

Place : Gurgaon
Dated: 25 April 2012

MD & CFO Certificate

To

The Board of Directors,
Indo Rama Synthetics (India) Limited,
20th Floor, DLF Square,
DLF Phase-II, NH-8,
Gurgaon -122002

We, O. P. Lohia, Chairman & Managing Director and Deepak Singhal, Chief Financial Officer of Indo Rama Synthetics (India) Limited, certify that -

a) We have reviewed the Financial Statements and the cash flow statement of Indo Rama Synthetics (India) Limited ('The Company") for the year ended 31 March 2012, and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

d) We also certify that we have indicated to the auditors and the Audit Committee:

   (i) Significant changes in internal control over financial reporting during the year;

   (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to accounts to the financial statements; and

   (iii) Instances of significant fraud of which we have become aware and that involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

e) We further declare that all Board Members and senior management personnel have affirmed compliance with the Code of Conduct in respect of the Financial Year 2011-12.

O. P. Lohia
(Chairman & Managing Director)

Place : Gurgaon
Dated: 25 April 2012

Deepak Singhal
(Chief Financial Officer)

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the 26th Annual Report together with the audited accounts for the financial year ended 31 March 2012.

Financial Highlights

The financial performance of your Company for the year ended 31 March 2012 is summarised below.

(₹ million)

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
Net Sales and Other Income	31,760.60	28,404.90
Profit before Financial Costs, Depreciation, Exceptional item and Tax (EBIDTA)	3,190.60	4,196.20
Finance Costs	612.20	696.60
Profit before Depreciation, Exceptional item and Tax (EBIDTA)	2,578.40	3,499.60
Depreciation	1,543.60	1,499.00
Profit / (Loss) before Exceptional item and Tax	1,034.80	2,000.60
Exception item - Foreign exchange fluctuations (expenses)/ Income	-652.50	82.80
Profit / (Loss) before Tax	382.30	2,083.40
Tax	62.70	689.30
Profit / (Loss) after Tax	319.60	1,394.10
Profit brought forward from previous year	1,703.70	863.60
Profits available for Appropriation	2,023.30	2,257.70
Appropriations :		
Interim Dividend	-	151.80
Proposed Dividend on equity shares	151.80	151.80
Corporate Tax on Proposed Dividend	24.60	50.40
Transfer to general reserve	-	200.00
Surplus carried to Balance Sheet	1,846.90	1,703.70
Total Appropriation	**176.40**	**554.00**

The Board of Directors has recommended dividend of ₹ 1 per equity share of the face value of ₹ 10/- each for the financial year ended 31 March 2012 amounting to ₹ 15,18,22,242/-.

Operational and Financial Review

During the year under report, your Company recorded gross sales of ₹ 31,810 Million as against ₹ 30,001 Million in previous year, representing an increase of 5.27% which is considered satisfactory considering the present market scenario. EBIDTA is ₹ 3,125 Million as against ₹ 4,279 Million last year. Profit before Tax stood at ₹ 382 Million against ₹ 2,083 Million for the previous year.

The extremely challenging and prevailing recessionary economic conditions leading to slowdown in demand and inflation pushed up the scale of input costs resulting in an adverse environment for overall performance in 2011-12. Directors are pleased to inform that despite difficult times, your Company, based on its core strengths and sincere efforts of all the Indo Rama family members, has resulted in a sustainable performance.

The demand for polyester remained positive during 2011-12; at the backdrop of lower economic growth, input price volatility and affected margins. The outlook for polyester continues to be optimistic owing to proposed capacity additions between 2013 and 2015.

Moderating demand for home textiles, furnishing fabrics, technical textile, garments will enhance demand from polyester.

In 2011-12, we completed the heat treatment media (HTM) project of replacing Furnace Oil (FO) to coal for heat treatment; resulting in saving on energy cost, continued expansion in high capacity Draw Texturised Yarn (DTY) machines will convert additional POY into value added DTY products and introduction of new variety of POY, FDY, DTY and PSF products will enhance our offerings.

Moving forward, in 2012-13, we will commission a 11 MW coal based captive power plant, install a PSF recycle plant, and enhance PSF and DTY capacities. Moreover, as a consistent drive we will continue our endeavour to enhance operational efficiency through process innovations and rationalise costs to increase profitability.

Dividend

The Board of Directors has recommended dividend of Re. 1 per equity share of the face value of ₹ 10/- each for the financial year ended 31 March 2012, amounting to ₹ 15,18,22,242/- (excluding the Corporate Dividend Tax), and is as per the financial needs of the business.

Corporate Governance

A detailed report on the corporate governance system and practices of your Company along with auditor's certificate on its compliance are given as a separate chapter in the Annual Report.

Management Discussion and Analysis

A detailed report on Management Discussion and Analysis is provided as a separate chapter in the Annual Report.

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

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure forming part of this Report.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report.

Fixed Deposits

The Company has not invited /accepted any deposits during the year ended on 31 March 2012 within the meaning of Section 58 A of the Companies Act, 1956 and the Rules made thereunder.

Directors

In accordance with Article 133 of the Articles of Association of the Company, Mr. O. P. Vaish and Mr. A. K. Ladha retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. A Brief resume of these Directors is given in the notice of the 26th Annual General Meeting to the Shareholders of the Company.

Directors' Responsibility Statement

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

(i) in the preparation of annual accounts for the financial year ended 31 March 2012, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

(ii) the Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and of the profits of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts for the financial year ended 31 March 2012 on a going concern basis.

Auditors

M/s B S R and Associates, Chartered Accountants, the Statutory Auditors of the Company shall retire at the conclusion of the forthcoming Annual General Meeting, and have confirmed their eligibility for re-appointment in accordance with Section 224(1B) of the Companies Act, 1956.

With regard to the observation made by the auditors at point number XI and XVII of the annexure referred to in para 3 of their report, we would like to inform that a long downturn in the industry compounded by weak rupee had impacted the cash flows of the Company in this financial year. The Company could not meet a small part of its payment commitments to one bank. The Company has substantially reduced the outstanding owed to this bank by paying an amount of ₹ 115.86 Crore during the year. The balance of ₹ 20.37 Crore outstanding at the year end is expected to be cleared within a short span of time in the new financial year from internal accruals. The cash accruals are expected to improve in the next financial year with improvement in business, while the scheduled debt repayments will go down. This is expected to correct the temporary mismatch in the shot term liabilities and assets.

Cost Auditors

Pursuant to a directive of the Central Government, your Company is required to conduct a Cost Audit in respect of its Polyester operations every year until further notice. Accordingly, qualified cost auditors were appointed to carry out audit of the cost accounts maintained by the Company for the year ended 31 March 2012.

Secretarial Due Diligence Report

In order to achieve highest level of Corporate Governance, Secretarial Audit of the records of the Company was conducted by qualified practicing Company Secretaries to carry out audit of the secretarial records maintained by the Company for the year ended 31 March 2012.

Industrial Relations/Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under report. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company.

Acknowledgements

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, government agencies, financial institutions, banks, shareholders, customers, employees and other related organisations, who through their continued support and co-operation, have helped in your Company's progress.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

O.P. Lohia
Chairman & Managing Director

Place: Gurgaon
Date: 25 April 2012

Annexure to Directors' Report

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31 March 2012.

A. Conservation of Energy:

Energy Saving measures taken and proposals under implementation.

- Power Saving by Optimising the catalyst agitator.
- Optimisation of Circulating Glycol Temperature in DRR Immersion vessel for reduction in refrigeration load.
- Energy Saving by Installation of energy efficient Cooling Tower in Plant II.
- Optimisation of PGP discharge pressure for reduction in power consumption.
- Reduction in steam consumption by reducing operating pressure of steam Ejectors.
- Reduction in Intermingling air consumption by using modified nozzles.
- Power saving after providing the inverter in quench return air fan.
- Power savings by reducing inverter frequency of comfort air from 45 to 30 Hz.
- Installation of new spray pump in AHU for energy savings.
- Installation of in-house low head pump at ETP to discharge water to CETP.
- Energy efficient Screw compressors against Reciprocating compressor.
- Installation of low head pumps in stabilisation pond at TTP area.
- Power saving by Operation of new energy efficient VC Chiller in place of old VAC chiller.
- Installation of inverter in PSF Take up RAF.
- Providing lighting supply to the M/c's from a 380 V common transformer instead of 440V supply to DTY.
- Saving in Energy consumption in Blue star AHU Supply Air Fan by replacing the star delta starters with Inverters and running it on reduced frequency.
- Conversion of three stage in to two stage air compressors to reduce the specific power consumption
- Upgrade of 6 bar centac air compressors to 8 bar in place of Reciprocating air compressors reduction of pressure drop across the instt air system to reduce the energy.
- De-super heater under installation in PSF HP steam line to minimise the line loss.

Form- A

Form for disclosure of Particulars with respect to Conservation of Energy:

Particulars	Current Year 31.03.12	Previous Year 31.03.11
(A) POWER & FUEL CONSUMPTION		
1) ELECTRICAL		
a) Purchases From MSEDCL & Other		
Units (kwh in '000)	2295	5999
Total Amount (₹ in '000)	20714	33380
Rate / kwh (in ₹) *	9.03	5.56
For 11-12 & 10-11 MSEB Power purchase rate is abnormal due to Fixed Demand charges against low import of power from Grid.		
b) Generation for own consumption		
(Net of power sale including auxiliary consumption)		
i) Through DG (FO Based)		

Form- A (Contd.)

Form for disclosure of Particulars with respect to Conservation of Energy:

Particulars			Current Year 31.03.12	Previous Year 31.03.11
		Units (kwh in '000)	7507	46275
		Units / Ltr of FO	4.29	4.38
		Cost / Unit (₹ / Unit)	7.65	5.57
	ii)	Through STG (Coal based)		
		Units (kwh in '000)	229252	204143
		Units / kg of Coal	1.06	1.06
		Cost / Unit (₹ / Unit)	2.76	2.23
2)	COAL			
	Quantity in MT		330277	303230
	Total Cost (₹ in ' 000)		967327	716740
	Average Rate (₹ / MT)		2929	2364
3)	FURNACE OIL			
	Quantity (KL)		14618	40169
	Total Cost (₹ in ' 000)		480093	979332
	Average Rate (₹ / Lt)		32.84	24.38
(B)	CONSUMPTION PER UNIT OF PROD'N			
	Production of Polymer products (Fresh) - MT		373339	409953
	Electricity / Kg (in kwh)		0.64	0.63

B. Technology Absorption

Form for disclosure of particulars with respect to technology absorption.(Form-B).

Research & Development

1. Specific Areas in which R&D carried out by the Company.

(Product Development & Process Improvement Areas)

- Energy cost reduction by installation of coal based thermic fluid heaters in place of oil based heaters.
- New POY Product introduced - 335/72
- Development of new FDY Product - 95/34.
- Spandex Stretch Yarn 220/144 IM and 65/34 NIM a speciality yarn developed in DTY.
- Introduced new PSF Product - 1.2 X 38 for spunlace non-woven application.
- Process optimisation for production enhancement in 1.5 Denier Spunlace PSF.
- Process optimisation for production enhancement in 1.4 Denier.
- Crimper performance improved by optimising crimper roller roughness.
- Installation of energy efficient VFD in PSF Drawline in place of Cycloconverter.
- Process modification to recover Dowtherm losses in CP Process.
- Energy saving by process modification to keep FO HTM heaters in hot standby condition without using oil through CFHTM Vapours.
- Conversion of DC Motor to Multi AC Induction motor in DTY Machines.
- Enhancement of new DTY product range by installing new generation DTY machines.

2. Benefit Derived as a result of above Product development and process improvement.

- Energy cost saving has improved the bottom line of the Company and competitiveness in the market.
- Development of new POY and FDY products has widen IRSL product range basket and enhanced customer satisfaction.
- Development of new DTY stretch yarn products 220/144 IM is most suited for Weft application in air jet loom in Denim end uses and 65/34 NIM has got application in

Knitting, thus both products have widened IRSL product range to cater fashion market segment.

- New product 1.2 Den Spunlace PSF introduced to cater domestic and international market for the production of hygiene non-woven products which has enriched IRSL product basket with increased market share.
- Production increase in 1.5 Denier has saving potential of ₹ 5.3 Million.
- Production increase in 1.4 Denier has saving potential of 15.8 Million.
- Higher Crimper life has resulted in cost saving of ₹ 1.01 Million.
- Replacement of PSF Drawline Cycloconverter by VFD has resulted in savings of ₹ 3.4 Million.
- Dowtherm recovery has resulted in saving of ₹ 1.88 Million.
- Process modification to keep F.O heaters in warm standby condition without use of F.O has resulted in saving of ₹ 3.12 Million.
- Conversion of DC Motor to Multy AC Induction motor in DTY M/c-23 has given savings of ₹ 0.39 Million.
- Installation of new generation DTY machine has improved productivity, efficiency with wider product basket.

3. Import Substitution :

*Indigenous Development:

- Development of Cutter Rotor, DL Braking Unit Gear Boxes.
- Development of Crimper Rollers.
- Upgradation of Draw Line Drives.
- Development of heater assembly of prepolymer filter.
- Development of SIO card of Guide PC.
- Development of Spin Finish Circulation Pumps.
- Power ride thru unit (I Dip) for Critical Drives.
- Development of Centac -Compressor controller unit.

4. Future Plan of Action (2012-13)

- Commissioning of 11 MW Coal based captive power plant.
- Proposal under review for installation of Recycle PSF plant.
- PSF production enhancement and performance improvement in fine denier products by installation of higher number of spinerette hole.
- Replacement of DC drive with AC drive in DTY machines to save power and increase m/c utilisation.
- Upgradation of metering system at various service points in Utility area.
- Modification of 6 Bar centac air compressor to generate 8 Bar air for energy saving.
- Installation of additional R.O. Plant to recycle Cooling Tower blow down water.
- Enhancement of DTY Production Capacity by addition of 11 new generation machines with wider product range.

5. Expenditure on Research & Development :

- Capital (₹ in '000)	- Nil
- Recurring	- Nil
- Total	- Nil
- Total R&D expenditure as % of Turnover	- Nil

6. Technology Absorption, Adaptation and Innovation.

- Installation of Modified pack adopter in two POY machines.
- Saving by replacing IM Jets with Air Efficient Jets for DTY Micro and SIM products.
- Reduction in off grade fibre generation by auto operation of off grade damper with timer setting without line stoppage.
- Installing of auto moisture drain valve in air dryers and air receivers instead of manual valve in 8.0 Bar system.
- Production increase for 285/96/2 DTY product by using 6 Pole Friction motor with AC drive.
- Conversion of DC Motor to Multi AC Induction motor in one DTY M/c.
- Optimisation of steam ejectors operating pressure in Continuous Polymerisation to reduce steam consumption.

7. Benefits derived as a result of above efforts.

- Installation of Modified pack adopter in two POY machines has resulted in saving of ₹ 6.2 Million.
- Use of Air Efficient Jets for Micro and SIM DTY products has resulted in saving of ₹ 1.51 Million.
- Auto operation of off grade damper has reduced generation of off grade fibre and saving of ₹ 1.13 Million.
- Installing of auto moisture drain valve has reduced air loss and has given saving of ₹ 0.93 Million.
- Production increase in 285/96/2 DTY product by using 6 Pole Friction motor with AC drive has given saving of 0.72 Million.
- Conversion of DC Motor to Multy AC Induction motor in one DTY M/c has resulted in savings ₹ 0.54 Million.
- Optimisation of steam ejectors operating pressure has resulted in saving of ₹ 0.26 Million.
- Develop of baler pump resulted in saving of ₹ 0.8 Million.
- Modified lid in Jumbo Box has resulted in saving of ₹ 4.8 Million.

C. Foreign Exchange Earnings and Outgo of the Company

Earnings in foreign currency (accrual basis)

(₹ crore)

Particulars	**2011-12**	**2010-11**
F.O.B. value of exports	844.95	725.66
Dividend	21.14	6.09
Sale of current non trade investments (Gross consideration)	175.58	3.66
Income from renunciation of subscription rights in a rights issue	-	5.67
Others	-	0.05
Total	**1,041.67**	**741.13**

CIF value of imports

(₹ crore)

Particulars	**2011-12**	**2010-11**
Raw materials	1,494.87	1,744.13
Packing material	1.00	0.88
Stores and spares	1.66	4.16
Capital goods	44.44	4.30
Total	**1,545.97**	**1,753.47**

Expenditure in foreign currency (accrual basis)

(₹ crore)

Particulars	**2011-12**	**2010-11**
Travelling	0.72	0.75
Commission	3.50	4.93
Interest	15.44	10.11
Consultancy charges	-	0.69
Others	0.52	0.49
Total	**20.18**	**16.97**

Net dividend remitted in foreign exchange*

(₹ crore)

Period to which dividend relates to	**2011-12 1 April 2011 to 31 March 2012**	**2010-11 1 April 2010 to 31 March 2011**
- Number of non-resident shareholders (Nos.)	3	3
- Number of equity shares held on which dividend was due (Nos.)	48,894,463	48,894,465
- Amount remitted USD 948,683 and JPY 8,760,797 (Previous year USD 950,337 & JPY 9,433,018) (₹ in Crores)	4.89	4.89

* Excluding dividend credited to FCNR/ NRE accounts in India of non resident Indians and also payments of dividend to Foreign Institutional Investors on repatriation basis.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

O.P. Lohia
Chairman & Managing Director

Place: Gurgaon
Date: 25 April 2012

Annexure to Directors' Report

Particulars of employees as per section 217 (2a) of the companies act, 1956 and the rules thereunder forming part of the directors' report for the year ended March 31, 2012.

S. NO.	NAME (MESSRS)	DESIGNATION/ NATURE OF DUTIES	TOTAL REMUNERATION (₹)	QUALIFICATION	AGE (YEARS)	EXPERIENCE (YEARS)	COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT WITH DESIGNATION
(A)	**Employed for full financial year and in receipt of remuneration at the rate which in aggregate is not less than ₹ 2,400,000 p.a.**							
1	Lohia O.P.	Chairman & Managing Director	24,845,703	B.Com	62	42	26.12.1988	-
2	Lohia Vishal	Whole-Time Director	18,119,220	Bachelors' Degree in Finance & Eco., USA.	34	10	01.04.2007	-
3	Kishore Anant	C.O.O.	6,303,170	B.SC., Chem. Engg., PGDB & IM	64	43	07.07.1999	Reliance Industries Ltd. (Vice President-Projects)
(B)	**Employed for part of the year and in receipt of remuneration at the rate which in aggregate is not less than ₹ 200,000 p.m.**							
1	Sharma Hemant	Business Head	5,528,196	B.Tech, MBA	49	25	21.09.2009	Trevira GMBH Germany (Reliance) Managing Director
2	Singhal Deepak	Chief Financial Officer	1,644,548	B.Tech (Mechanical), Post Graduate in Management (Finance) & CFA.	53	27	09.01.2012	Shipra Estate Limited Director

Notes :

1. *Total remuneration comprises salary, special pay and allowances, medical reimbursement, LTC, Company's contribution to Provident Fund, monetary value of other perquisites on the basis of Income Tax Act and Rules, performance bonus and ex-gratia payments but excludes gratuity.*
2. *The nature of employment in all cases is contractual.*
3. *Except Mr. O.P. Lohia and Mr. Vishal Lohia, none of the employees is related to any of the Directors of the Company.*

Place: Gurgaon
Date: 25 April 2012

O.P. Lohia
Chairman & Managing Director

AUDITORS' REPORT

FINANCIAL STATEMENTS

BALANCE SHEET
PROFIT & LOSS ACCOUNT
ANNEXURE TO AUDITORS' REPORT
CASH FLOW STATEMENT
NOTES TO THE ACCOUNTS
TEN YEARS AT A GLANCE

Auditors' Report

To the Members of

Indo Rama Synthetics (India) Limited

1. We have audited the attached Balance Sheet of Indo Rama Synthetics (India) Limited ("the Company") as at 31 March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;

   (v) on the basis of the written representations received from the directors as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

   (vi) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;

      b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R and Associates
Chartered Accountants
Firm registration number: 128901W

Kaushal Kishore
Partner
Membership No.: 090075

Place: Gurgaon
Date: 25 April 2012

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Indo Rama Synthetics (India) Limited on the accounts for the year ended 31 March 2012.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

(ii) (a) According to the information and explanations given to us, the inventories, except goods in transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.

(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) According to the information and explanations given to us, and on the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. As informed to us, the discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (b) to (g) of the Order are not applicable.

(iv) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. The activities of the Company do not involve sale of 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 been informed of any instances of major weaknesses in the aforesaid internal control system.

(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding ₹ 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public during the year.

(vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company 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 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues, to the extent applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues of Income tax, Wealth tax, Service tax, Sales tax, Customs duty, Excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(₹ crore)

Name of the Statute	Nature of dues	Amount of dispute*	Amount paid under protest	Period to which it relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	3.91	-	2002-03 to 2004-05	Bombay High Court, Nagpur Bench
		55.67	4.04	1996- 97 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal
		11.76	1.98	1996-97 to 2008-09	Commissioner Appeal
		0.33	-	1997-98 to 2010-11	Assistant Commissioner/ Deputy Commissioner
		1.03	-	2008-10	Additional Commissioner Nagpur
Bombay Sales Tax Act,1959/ Central Sales Tax Act, 1956	Sales tax	0.43	0.13	1998-99 to 1999-00	Joint Commissioner Sales Tax (Appeals), Nagpur
Maharashtra VAT Act, 2002	VAT	18.24	1.70	2006-07 to 2009-10	Joint Commissioner Sales tax (Appeals), Nagpur
Customs Act, 1962	Custom duty	0.08	-	2002-03	Customs, Excise and Service Tax Appellate Tribunal
		15.79	1.12	2010-11	Commissioner Appeal
		25.72	1.97	2006-07	Joint Directorate General of Foreign Trade, Bhopal
		0.04	-	1997- 98 to 1998-99	Assistant Commissioner/ Deputy Commissioner
Finance Act, 1994	Service Tax	3.06	-	2002-03 to 2009-10	Commissioner Appeals

* Excluding cases where losses / unabsorbed depreciation have been adjusted by the tax authorities without raising any demands, though disputed by the Company.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) According to the information and explanations given to us, *the Company has delayed in repayment of dues aggregating ₹ 94.87 Crore (for delays ranging upto one year) and ₹ 41.36 Crore (for delays ranging from one year to two years) to a bank*. As informed to us, the said delays were caused due to inconclusive negotiations as to their reschedulement. During the year, out of the total overdue amounts as above, the Company has paid ₹ 115.86 Crore to the said bank and the overdue amounts of ₹ 20.37 Crore are outstanding as at the year end, which are overdue for a period within three months.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us, term loans have been applied for the purpose for which such loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company at the end of the year, *we report that, based on the maturity profile of assets and liabilities, the Company has used short term funds to the extent of ₹ 307.47 Crore for long-term investments, primarily towards fixed assets.*

(xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R and Associates
Chartered Accountants
Firm registration number: 128901W

Kaushal Kishore
Partner
Membership No.: 090075

Place: Gurgaon
Date: 25 April 2012

Balance Sheet as at 31st March 2012

(₹ crore)

		Note No.	As at 31 March 2012	As at 31 March 2011
I	**EQUITY AND LIABILITIES**			
	(1) Shareholders' funds			
	(a) Share capital	3	151.82	151.82
	(b) Reserves and surplus	4	447.51	447.67
	(c) Money received against share warrants	5	20.30	20.30
			619.63	**619.79**
	(2) Non-current liabilities			
	(a) Long-term borrowings	6	195.76	287.49
	(b) Deferred tax liabilities (Net)	7	213.37	207.22
	(c) Other long-term liabilities	8	0.78	0.57
	(d) Long-term provisions	9	14.75	14.35
			424.66	**509.63**
	(3) Current liabilities			
	(a) Short-term borrowings	10	257.20	90.57
	(b) Trade payables	11	540.65	781.00
	(c) Other current liabilities	12	238.68	342.14
	(d) Short-term provisions	9	23.68	53.57
			1,060.21	**1,267.28**
TOTAL			**2,104.50**	**2,396.70**
II	**ASSETS**			
	(1) Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	13.1	1,273.25	1,322.34
	(ii) Intangible assets	13.2	1.23	-
	(iii) Capital work-in-progress		26.57	8.44
			1,301.05	1,330.78
	(b) Non-current investments	14.1	-	-
	(c) Long-term loans and advances	15.1	40.67	28.62
	(d) Other non-current assets	16.1	10.04	8.12
			50.71	**36.74**

Balance Sheet as at 31st March 2012 (Contd.)

(₹ crore)

	Note No.	As at 31 March 2012	As at 31 March 2011
(2) Current assets			
(a) Current investments	14.2	14.83	17.64
(b) Inventories	17	363.60	682.01
(c) Trade receivables	18	96.05	101.68
(d) Cash and bank balances	19	30.97	20.73
(e) Short-term loans and advances	15.2	114.69	113.52
(f) Other current assets	16.2	132.60	93.60
		752.74	**1,029.18**
TOTAL		**2,104.50**	**2,396.70**
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report attached.

For B S R and Associates
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**

Kaushal Kishore
Partner
Membership No.: 090075

O.P. Lohia
Chairman & Managing Director

A.K. Ladha
Director

Jayant Sood
Company Secretary

Deepak Singhal
Chief Financial Officer

Place: Gurgaon
Date: 25 April 2012

Place: Gurgaon
Date: 25 April 2012

Profit & Loss Account for the year ended 31st March 2012

(₹ crore)

		Note No.	For the year ended 31 March 2012		For the year ended 31 March 2011	
INCOME						
I	**Revenue from operations (gross)**	20		**3,181.02**		**3,021.83**
	Less: Excise duty			212.22		204.08
	Revenue from operations (net)			**2,968.80**		**2,817.75**
II	Other income	21		207.26		22.74
III	**Total revenue (I+II)**			**3,176.06**		**2,840.49**
IV	**Expenses :**					
	Cost of materials consumed	22		2,278.98		2,154.87
	Purchases of stock-in-trade	23		-		4.31
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		159.40		(211.43)
	Employee benefits expense	25		73.60		63.57
	Other expenses	26		345.02		409.55
	Expenditure before finance costs, depreciation / amortisation cost and exceptional items			**2,857.00**		**2,420.87**
V	**Profit before finance costs, depreciation/ amortisation, exceptional items and tax (III-IV)**			**319.06**		**419.62**
VI	Finance costs	27		61.22		69.66
VII	**Profit before depreciation/amortisation, exceptional items and tax (V-VI)**			**257.84**		**349.96**
VIII	Depreciation and amortisation expense		168.16		163.80	
	Less : Transferred from revaluation reserve		13.80	154.36	13.90	149.90
IX	**Profit before exceptional items and tax (VII-VIII)**			**103.48**		**200.06**

Profit & Loss Account for the year ended 31st March 2012 (Contd.)

(₹ crore)

		Note No.	For the year ended 31 March 2012		For the year ended 31 March 2011	
X	**Exceptional items**					
	Foreign exchange fluctuations (expense)/ income (refer note 42)			(65.25)		8.28
XI	**Profit before taxation (IX+X)**			**38.23**		**208.34**
XII	**Tax expense :**					
	Current tax (including ₹ 0.12 crore for earlier year, Previous year ₹ 1.18 crore)		7.73		41.36	
	Less: MAT credit entitlement		7.61	0.12	40.18	1.18
	Deferred tax charge			6.15		67.75
XIII	**Profit for the year**			**31.96**		**139.41**
	Basic and diluted earnings per equity share (in ₹) [Face value ₹ 10 each]	28		**2.11**		**9.18**
Significant accounting policies		2				

The accompanying notes form an integral part of the financial statements.

As per our report attached to the balance sheet.

For B S R and Associates
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**

Kaushal Kishore
Partner
Membership No.: 090075

O.P. Lohia
Chairman & Managing Director

A.K. Ladha
Director

Jayant Sood
Company Secretary

Deepak Singhal
Chief Financial Officer

Place: Gurgaon
Date: 25 April 2012

Place: Gurgaon
Date: 25 April 2012

Cash Flow Statement for the year ended 31st March 2012

(₹ crore)

		For the year ended 31 March 2012	For the year ended 31 March 2011
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before taxation	**38.23**	**208.34**
	Adjusted for:		
	Depreciation	154.36	149.90
	Loss on discard / disposal of fixed asset	0.21	0.71
	Reversal of diminution in the value of investments	(0.17)	(0.46)
	Income from renunciation of right issues	-	(5.67)
	Profit on sale of current non trade investments	(172.80)	(3.60)
	Interest income	(9.44)	(4.96)
	Dividend income	(21.23)	(6.09)
	Interest expense	47.91	59.27
	Operating profit before following adjustments:	**37.07**	**397.44**
	Decrease / (increase) in inventories	318.39	(392.80)
	Decrease / (increase) in trade receivables	5.63	(16.52)
	(Increase) / decrease in short term loans and advances and other current assets	(49.36)	52.84
	Decrease / (increase) in long term loans and advances	9.81	(5.06)
	(Increase) / decrease in other non current assets	(2.08)	(3.65)
	(Decrease) / increase in trade payables	(240.35)	249.91
	Increase in other non current liabilites	0.21	0.20
	(Decrease) / increase in other current liabilities	(28.41)	53.46
	Increase in long term provisions	0.40	1.48
	Increase in short term provisions	0.13	0.31
	Cash generated from operations	**51.44**	**337.61**
	Income tax paid	(42.17)	(11.05)
	Net cash flow from operating activities (A)	**9.27**	**326.56**
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(120.43)	(24.06)
	Sale of fixed assets	1.59	0.47
	Sale of investments	175.78	3.66
	Movement in bank deposits (net) (having original maturity of more than three months)	(18.56)	(4.16)
	Income from renunciation of subscription rights in a rights issue	-	5.67
	Dividend received	21.23	6.09
	Interest received	8.17	4.89
	Net cash from/(used) in investing activities (B)	**67.78**	**(7.44)**

Cash Flow Statement for the year ended 31st March 2012 (Contd.)

(₹ crore)

		For the year ended 31 March 2012	For the year ended 31 March 2011
C.	**CASH FLOWS USED IN FINANCING ACTIVITIES**		
	Share warrants issued	-	20.30
	Long-term borrowings repaid during the year (net)	(187.90)	(176.69)
	Short term borrowings (net)	166.63	(90.40)
	Payment of dividend	(15.32)	(15.23)
	Taxes on dividend	(2.52)	(2.52)
	Interest paid	(46.42)	(57.28)
	Net cash used in financing activities (C)	**(85.53)**	**(321.82)**
	Net changes in cash and cash equivalents (A+B+C)	**(8.48)**	**(2.70)**
	Cash and cash equivalents - opening balance	**16.65**	**19.35**
	Cash and cash equivalents - closing balance	**8.17**	**16.65**
	Components of cash and cash equivalents (refer note 19)		
	Cash on hand	0.20	0.19
	With banks:		
	In current accounts	7.50	15.85
	In unpaid dividend accounts*	0.47	0.61
		8.17	**16.65**

The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 Cash Flow Statements specified in the Companies (Accounting Standards) Rules, 2006.

* Earmarked against the corresponding provision.

Significant accounting policies (refer note 2)

The accompanying notes form an intergal part of the financial statements

As per our report attached to the balance sheet.

For B S R and Associates
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**

Kaushal Kishore
Partner
Membership No.: 090075

O.P. Lohia
Chairman & Managing Director

A.K. Ladha
Director

Jayant Sood
Company Secretary

Deepak Singhal
Chief Financial Officer

Place: Gurgaon
Date: 25 April 2012

Place: Gurgaon
Date: 25 April 2012

Notes to the Financial Statements

for the year ended 31 March 2012

NOTE 1: GENERAL INFORMATION

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Company' or 'IRSL') is a manufacturer of Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Draw Texturised Yarn (DTY), Fully Drawn Yarn (FDY) and Chips. The Company is also engaged in power generation, which is used primarily for captive consumption. The Company's manufacturing facilities are located at Butibori, Nagpur, Maharashtra.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared on accrual basis under the historical cost convention, modified to include revaluation of certain assets, in accordance with applicable Accounting Standards (AS) specified in the Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, provision for doubtful receivables and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of qualifying assets, upto the date of commissioning of assets.

Foreign currency exchange differences to the extent covered under AS-11 are capitalised as per the policy stated in note 2.11 below.

2.4 Depreciation / amortisation

- Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.
- Depreciation on other fixed assets (excluding software) is provided using the straight line method at the rates based on useful lives of assets estimated by the management, which is equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.
- Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100 percent.
- Additional depreciation on account of revaluation of assets is charged to the Revaluation Reserve account.
- Software are amortised on straight line method over a period of three years.

2.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

been recognised.

2.6 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

2.7 Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less diminution, other than temporary in value.

2.8 Inventories

- Stores and spare parts are valued at cost or under, computed on weighted average basis.

- Raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Finished goods and work-in-progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

2.9 Revenue recognition

i) Sale of goods

Revenue from sale of products is recognised when the products are dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards.

Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

ii) Sale of power

Sale of power is recognised on the basis of actual quantity of power sold with reference to the contracted rate.

iii) Claims lodged with insurance companies

Claims lodged with the insurance companies are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.

iv) Dividend

Dividend from investments is recognised when the right to receive dividend is established.

2.10 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.11 Foreign exchange transactions and forward contracts

Foreign exchange transactions

i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Statement of Profit and Loss.

ii) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items:

- Used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.

- Used for the purpose other than the acquisition of depreciable capital asset, are accumulated in Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortised over the balance period of such liability.

iii) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or expense for the year.

iv) Forward exchange contracts taken for highly probable/forecast transactions, which are not covered by Accounting Standard 11, are marked to market in accordance with the principles under AS 30 "Financial Instruments: Recognition and Measurement". The Company records the gain or loss on effective hedges in the Hedging Reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of the period in which such transaction is concluded. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognised in the Statement of Profit and Loss.

2.12 Employee benefits

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

b) Post employment benefit

Defined contribution plan

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Statement of Profit and Loss in the financial year to which they relate.

Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

c) Other long-term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements can be availed while in service or en-cashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

2.13 Taxation

Income tax expense comprises current tax, deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised only to the extent where there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability.

The credits arising from Minimum Alternate Tax paid are recognised as receivable only if there is reasonable certainty that the Company will have sufficient taxable income in future years to utilise such credits.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

2.15 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be a outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 3: SHARE CAPITAL		
Authorised		
185,000,000 (previous year 185,000,000) equity shares of ₹ 10 each	185.00	185.00
Issued, subscribed and fully paid-up		
151,822,242 (previous year 151,822,242) equity shares of ₹ 10 each fully paid-up	151.82	151.82
	151.82	**151.82**

Foot notes :

1. During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.

2. The Company has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

3. Shares in the Company held by each shareholder holding more than 5% shares [also refer to footnote 4 (b)] are as under:-

(₹ crore)

Names	As at 31 March 2012 No. of Shares	As at 31 March 2012 % of shares held	As at 31 March 2011 No. of Shares	As at 31 March 2011 % of shares held
Brookgrange Investments Limited	43,288,057	28.51	43,288,057	28.51
Mr. O. P. Lohia (Chairman & Managing Director)	35,164,492	23.16	35,314,492	23.26
Mavi Investments Limited	12,652,175	8.33	12,652,175	8.33
Mrs. Urmila Lohia	15,855,314	10.44	15,765,157	10.38

4. Above equity shares of ₹ 10 each include:

a) 20,000,000 (previous year 20,000,000) equity shares issued during the year 2007-08 as fully paid-up shares to shareholders of erstwhile Indo Rama Petrochemicals Limted, pursuant to a scheme of amalgamation, for consideration other than cash.

b) 10,291,360 equity shares (representing 6.78% of total number of shares) are outstanding against 1,286,420 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each [previous year 10,531,360 equity shares (representing 6.94% of total number of shares) against 1,316,420 GDRs].

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 4: RESERVES AND SURPLUS		
Capital reserve	**0.08**	**0.08**
Revaluation reserve		
Opening balance	62.71	76.61
Less: adjustment on account of depreciation on revalued assets	13.80	13.90
Closing balance	**48.91**	**62.71**
Securities premium account	**166.22**	**166.22**
General reserve		
Opening balance	47.61	27.61
Add: amount transferred from surplus balance in the Profit and Loss Statement	-	20.00
Closing balance	**47.61**	**47.61**
Hedging reserve		
Opening balance [refer note 2.11]	0.68	-
Movement during the year	(0.68)	0.68
Closing balance	-	**0.68**
Surplus in the Statement of Profit and Loss		
Opening balance	170.37	86.36
Profit for the year	31.96	139.41
Less: Appropriations :		

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
Transferred to general reserve	-	(20.00)
Interim dividend	-	(15.18)
Proposed dividend	(15.18)	(15.18)
Tax on dividend	(2.46)	(5.04)
Net surplus in the Statement of Profit and Loss	**184.69**	**170.37**
Total reserves and surplus	**447.51**	**447.67**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 5: MONEY RECEIVED AGAINST SHARE WARRANTS		
Money received against share warrants	**20.30**	**20.30**

During the previous year, pursuant to shareholders approval in Annual General Meeting held on 25 October 2010, the Company had allotted 20,000,000 Fully Convertible Preferential warrants (FCPs) to promoter group companies on 9 November 2010 at ₹ 40.60 per warrant (aggregating ₹ 81.20 crore) as per Securities and Exchange Board of India (SEBI) and other guidelines, as applicable. As per the terms of the warrants, ₹ 10.15 per warrant (aggregating ₹ 20.30 crore) have been received and balance amount of ₹ 30.45 per warrant (aggregating ₹ 60.90 crore) would be received within 18 months of allotment of the warrants. The warrants would be convertible into equity shares within a period of 18 months from the date of allotment of warrants at the option of the warrant holders. Upon conversion, one warrant will be converted into one fully paid equity share of ₹ 10 each and amount of ₹ 30.60 will be adjusted towards share premium account

(₹ crore)

	Total		Non-current portion		Current maturities	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
NOTE 6: LONG-TERM BORROWINGS						
Secured :						
Loans and advances from banks						
Term loans						
- Rupee loans	70.31	216.27	2.27	47.37	68.04	168.90
- Foreign currency loans	189.07	210.42	148.54	173.30	40.53	37.12
Other loans and advances						
- Rupee loan	12.49	18.76	6.24	12.51	6.25	6.25
- Foreign currency loan	58.14	72.46	38.71	54.31	19.43	18.15
	330.01	**517.91**	**195.76**	**287.49**	**134.25**	**230.42**
Less :						
Amount disclosed under the head "other current liabilities" (note 12)					(134.25)	(230.42)
Net amount	**330.01**	**517.91**	**195.76**	**287.49**	**-**	**-**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 6: (Contd.)

Nature of security	Terms of repayment and defaults
a) Rupee term loans from banks:	
i) amounting to ₹ 23.00 crore (previous year ₹ 40.50 crore) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.	Repayable in 6 equal half yearly installments commencing from 31 January 2010 along with interest at State Bank Advance Rate ("SBAR"). The default in repayment at the end of the current year amounts to ₹ 9.50 crore pertaining to the period of 61 days. The default at the end of the previous year amounted to ₹ Nil.
ii) amounting to ₹ Nil (previous year ₹ 33.94 crore) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans. The loan has been repaid during the year and the Company is in the process of vacating charges.	The loan has been repaid during the year. The default in repayment at the end of the previous year amounted to ₹ 33.94 crore pertaining to the period from 6 months to 1 year 4 months.
iii) amounting to ₹ 6.87 crore (previous year ₹ 68.06 crore) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.	As per rescheduled agreement, balance as at 18 February 2008 was repayable in 14 equal quarterly installments commencing from November 2008, along with interest at SBAR. The default in repayment at the end of the current year amounts to ₹ 6.87 crore pertaining to the period of 59 days. The default at the end of the previous year amounted to ₹ 40.56 crore pertaining to the period from 58 days to 1 year 5 months.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 6: (Contd.)

Nature of security	Terms of repayment and defaults
a) Rupee term loans from banks:	
iv) amounting to ₹ 20.00 crore (previous year ₹ 35.98 crore) is secured by first specific charge over the specific assets purchased under the loan agreement for thermal power project of the Company.	As per rescheduled agreement, balance as at 4 February 2009 was repayable in 15 equal quarterly installments commencing from 30 September 2009 along with interest at SBAR. The default in repayment at the end of the current year amounts to ₹ 4.00 crore pertaining to the period of one day. The default in repayment at the end of the previous year amounted to ₹ 2.50 crore pertaining to the period of one day.
v) amounting to ₹ 2.11 crore (previous year ₹ Nil) is secured by first specific charge over the specific assets to be purchased under the loan agreement.	Repayable in 18 equal quarterly installments commencing from June 2012, along with interest at BR plus 1% plus 0.50%.
vi) aggregating to ₹ 0.50 crore (previous year ₹ 0.17 crore) are secured by hypothecation of specific vehicles.	(a) Repayable in 36 equated monthly installments commencing from July 2010. (b) Repayable in 36 equated monthly installments commencing from August 2011. (c) Repayable in 36 equated monthly installments commencing from January 2012.
vii) Working capital term loans aggregating ₹ 17.83 crore (previous year ₹ 37.62 crore) are secured by way of first charge on the Company's entire fixed assets, ranking pari-passu with other banks.	(a) Working capital term loan amounting to ₹ 6 crore (previous year ₹ 10 crore) is repayable in 15 equal quarterly installments commencing from January 2010 along with interest at SBAR. (b) Working capital term loan amounting to ₹ 11.83 crore (previous year ₹ 27.60 crore) is repayable in 12 equal quarterly installments commencing from 21 January 2009 along with interest at Base Rate plus 3%.
b) Foreign currency term loans from banks:	
i) amounting to ₹ 128.76 crore (previous year ₹ 146.10 crore), are secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.	Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month EURIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month EURIBOR plus 0.95%.
ii) amounting to ₹ 60.31 crore (previous year ₹ 64.32 crore) is secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.	Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month LIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month LIBOR plus 0.95%.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 6: (Contd.)

Nature of security	Terms of repayment and defaults
c) Rupee term loan from others:	
amounting to ₹ 12.49 crore (previous year ₹ 18.76 crore) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat), by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.	As per rescheduled agreement balance as on 1 July 2010 was repayable in 8 equal half yearly installments beginning 1 July 2010 along with interest at 8.25 %.
d) Foreign currency term loans from others:	
amounting to ₹ 58.14 crore (previous year ₹ 72.46 crore) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat), by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institution for securing rupee and foreign currency term loans.	As per rescheduled agreement, the balance as on 9 February 2010 is repayable in 9 equal half yearly installments commencing from 15 November 2010 along with interest at EURIBOR plus 2.35% p.a.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 7: DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability on account of :		
-Fixed assets	222.97	246.25
Deferred tax assets on account of:		
-Unabsorbed depreciation and tax losses*	3.77	33.93
-Effect of expenditure debited to statement of profit and loss account in the current/earlier years but allowable for tax purposes in following years	5.75	5.01
-Provision for doubtful debts and advances	0.08	0.09
	9.60	**39.03**
Net deferred tax liability	**213.37**	**207.22**

* Excluding deferred tax assets aggregating ₹ 288.84 crore (Previous year ₹ 269.60 crore) in relation to unabsorbed depreciation amounting to ₹ 890.25 crore (Previous year ₹ 811.62 crore), which have not been recorded. The same have been a subject matter of litigation by the Income Tax Authorities and appeals in this regard are pending with the appellate authorities.

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 8 : OTHER LONG-TERM LIABILITIES		
Others :		
Lease equalisation charges	0.78	0.57
	0.78	**0.57**

(₹ crore)

	Long-term		Short-term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
NOTE 9: LONG-TERM AND SHORT-TERM PROVISIONS				
Provision for employee benefits				
- Gratuity (refer note 34)	9.36	9.30	1.90	1.81
- Leave benefits	5.39	5.05	0.92	0.88
	14.75	**14.35**	**2.82**	**2.69**
Others				
Proposed dividend	-	-	15.18	15.18
Tax on proposed dividend	-	-	2.46	2.52
Provision for taxation [net of advance tax ₹ 70.86 crore (previous year ₹ 35.30 crore)]	-	-	3.22	33.18
	-	-	20.86	50.88
	14.75	**14.35**	**23.68**	**53.57**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 10 : SHORT-TERM BORROWINGS		
Loans repayable on demand (Secured)		
From banks :		
Cash credit and working capital facilities	257.20	90.57
	257.20	**90.57**

Nature of security

Cash credit and other working capital facilities from banks are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present and future. These are further secured by a second charge on all the immovable properties of the Company, both present and future.

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 11: TRADE PAYABLES		
Acceptances	209.23	267.27
Sundry creditors		
- micro and small enterprises (refer note 41)	0.01	0.01
- others	331.41	513.72
	540.65	**781.00**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 12: OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (also refer to note 6)	134.25	230.42
Interest accrued but not due on borrowings	7.64	6.15
Unpaid dividends (refer foot note)	0.47	0.61
Advances from customers	10.35	4.49
Other payables:		
Creditors towards fixed assets	21.99	2.22
Accrued expenses :		
- Salaries, wages and bonus	12.72	8.64
- Discounts, selling and other expenses	15.45	16.57
- Excise duty on finished goods	15.28	32.45
- Customs duty	18.28	38.48
- Tax deducted at source	1.12	1.02
- Other statutory dues	1.13	1.09
	238.68	**342.14**

Foot note :

There are no outstanding dues to be paid to Investor Education and Protection Fund.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 13.1: FIXED ASSETS - TANGIBLE ASSETS

As at 31 March 2012

(₹ crore)

Asset description	Gross block				Depreciation				Net block	
	As at 31 March 2011	Additions	Disposals/ adjustments	As at 31 March 2012	Upto 31 March 2011	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Land:										
- leasehold	9.14	-	-	9.14	1.36	0.10	-	1.46	7.68	7.78
- freehold	0.16	-	-	0.16	-	-	-	-	0.16	0.16
Buildings	136.96	19.24	0.02	156.18	36.83	3.49	-	40.32	115.86	100.13
Leasehold improvements	3.22	-	-	3.22	0.51	0.36	-	0.87	2.35	2.71
Plant and equipment	2,871.75	99.02	5.74	2,965.03	1,671.45	162.34	4.46	1,829.33	1,135.70	1,200.30
Furniture and fixtures	8.53	0.27	0.22	8.58	5.98	0.29	0.04	6.23	2.35	2.55
Vehicles	4.95	0.59	0.19	5.35	2.30	0.45	0.11	2.64	2.71	2.65
Office equipment	17.77	1.60	0.44	18.93	11.71	1.00	0.22	12.49	6.44	6.06
TOTAL	**3,052.48**	**120.72**	**6.61**	**3,166.59**	**1,730.14**	**168.03**	**4.83**	**1,893.34**	**1,273.25**	**1,322.34**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 13.2: (CONTD.)

As at 31 March 2011

(₹ crore)

Asset description	Gross block				Depreciation				Net block	
	As at 31 March 2010	Additions	Disposals/ adjustments	**As at 31 March 2011**	**Upto 31 March 2010**	Depreciation for theyear	In respect of disposals/ adjustments	**Upto 31 March 2011**	**As at 31 March 2011**	As at 31 March 2010
Land:										
- leasehold	9.14	-	-	9.14	1.26	0.10	-	1.36	7.78	7.88
- freehold	0.16	-	-	0.16	-	-	-	-	0.16	0.16
Buildings	136.13	0.83	-	136.96	33.64	3.19	-	36.83	100.13	102.49
Leasehold improvements	2.55	0.67	-	3.22	0.17	0.34	-	0.51	2.71	2.38
Plant and equipment	2,852.43	19.32	-	2,871.75	1,513.05	158.40	-	1,671.45	1,200.30	1,339.38
Furniture and fixtures	7.99	1.24	0.70	8.53	5.97	0.38	0.37	5.98	2.55	2.02
Vehicles	4.65	1.00	0.70	4.95	2.21	0.43	0.34	2.30	2.65	2.44
Office equipment	17.90	1.38	1.51	17.77	11.77	0.96	1.02	11.71	6.06	6.13
TOTAL	**3,030.95**	**24.44**	**2.91**	**3,052.48**	**1,568.07**	**163.80**	**1.73**	**1,730.14**	**1,322.34**	**1,462.88**

Notes:

1. Fixed assets comprising of plant and machinery, buildings and land were revalued by an external valuer as on 31 March 2000. The valuation was based on fair market price/other relevant indices and resulted in increase in the gross block by ₹ 203.20 Crore at that time. The balance of revaluation reserve as at the end of the year amounts to ₹ 48.91 Crore (previous year ₹ 62.71 Crore).

2. Additions to plant and machinery include loss on foreign exchange fluctuation ₹ 24.14 crore (Previous year ₹ 6.84 crore).

3. Buildings include ₹ 0.01 crore (Previous year ₹ 0.01 crore) being cost of shares in a Co-operative Housing Society.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 13.2 FIXED ASSETS - INTANGIBLE ASSETS

As at 31 March 2012

(₹ crore)

Asset description	Gross block				Depreciation				Net block	
	As at 31 March 2011	Additions at cost	Disposals/ adjustments	As at 31 March 2012	Upto 31 March 2011	Amortisation for the year	In respect of disposals/ adjustments	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Computer software	1.69	1.36	-	3.05	1.69	0.13	-	1.82	1.23	-
Current year	**1.69**	**1.36**	**-**	**3.05**	**1.69**	**0.13**	**-**	**1.82**	**1.23**	**-**

As at 31 March 2011

(₹ crore)

Asset description	Gross block				Depreciation				Net block	
	As at 31 March 2010	Additions at cost	Disposals/ adjustments	As at 31 March 2011	Upto 31 March 2010	Amortisation for the year	In respect of disposals/ adjustments	Upto 31 March 2011	As at 31 March 2011	As at 31 March 2010
Computer software	1.69	-	-	1.69	1.69	-	-	1.69	-	-
Current year	**1.69**	**-**	**-**	**1.69**	**1.69**	**-**	**-**	**1.69**	**-**	**-**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	No.	As at 31 March 2012	No.	As at 31 March 2011
NOTE 14.1: NON-CURRENT INVESTMENTS (OTHER THAN TRADE)				
Long-term investments (at cost less diminution)				
Equity shares - Unquoted				
Fully paid up equity shares of ₹ 10 each				
Ritspin Synthetics Limited	1,500,000	1.50	1,500,000	1.50
Less: Provision for diminution in the value of long term investments		(1.50)		(1.50)
		-		-

(₹ crore)

		No.	As at 31 March 2012	No.	As at 31 March 2011
NOTE 14.2: CURRENT INVESTMENTS					
Current investments (at the lower of cost and fair value)					
A)	**Equity shares**				
	Fully paid up equity shares of ₹ 10 each				
	Optel Telecommunications Limited, quoted	52,501	0.37	52,501	0.37
	Sanghi Polyesters Limited, quoted	708,400	2.34	708,400	2.34
	Fully paid up equity shares of ₹ 5 each				
	Balasore Alloys Limited, quoted	72,601	0.17	72,601	0.17
	Fully paid up equity shares of 1 Baht each				
	Indorama Ventures Public Company Limited, Thailand, quoted	100,409,200	11.06	127,529,200	14.04
			13.94		**16.92**
B)	**Preference shares, quoted**				
	Fully paid-up preference shares of ₹ 10 each				
	0.01% Cumulative redeemable preference shares				
	Ispat Industries Limited	892,000	0.89	892,000	0.89
	Less: Diminution in the value of current investments		-		(0.17)
			0.89		**0.72**
C)	**In Government securities, unquoted**				
	National Savings Certificates VIth issue				
	(pledged with sales tax authorities)		- *		- *
			14.83		**17.64**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012		As at 31 March 2011	
	Aggregate Book Value	Market Value	Aggregate Book Value	Market Value
NOTE 14.2: (CONTD.)				
Additional disclosures for current investments:				
Quoted investments				
-Equity shares	13.94	625.75	16.92	987.86
-Preference shares	0.89	1.13	0.72	0.72
	14.83	**626.88**	**17.64**	**988.58**
Aggregate diminution in the value of current investments	-		0.17	
* ₹ 4,000 (previous year ₹ 4,000)				

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 15.1 : LONG-TERM LOANS AND ADVANCES		
(Unsecured)		
Considered good :		
Capital advances	1.44	11.39
Security deposits	1.59	1.75
Other loans and advances :		
Surrender value of keyman insurance	2.79	2.23
MAT credit entitlement	34.33	12.47
Others	0.52	0.78
	40.67	**28.62**
Considered doubtful :		
Other loans and advances		
Advances to vendors	0.26	0.26
Less : Provision for doubtful advances	0.26	0.26
	-	-
	40.67	**28.62**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 15.2 : SHORT-TERM LOANS AND ADVANCES		
(Unsecured)		
Considered good :		
Others :		
Customs and excise duty	48.79	49.67
Advance tax [net of provision ₹ 23.84 crore (previous year ₹ 21.71 crore)]	12.55	8.07
MAT credit entitlement	24.73	38.98
Prepaid expenses	4.63	4.93
Advances to vendors	23.25	11.34
Advances to employees	0.74	0.53
	114.69	**113.52**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 16.1 : OTHER NON-CURRENT ASSETS		
Others :		
Claims and other receivables	10.04	7.96
Fixed deposits with banks with maturity period more than 12 months (see note 19)	-	0.16
	10.04	**8.12**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 16.2 : OTHER CURRENT ASSETS		
Claims and other receivables	97.11	81.55
Accrued gain on forward contracts (net)	34.13	11.96
Interest accrued on deposits and others	1.36	0.09
	132.60	**93.60**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 17: INVENTORIES		
Raw materials [include in transit ₹ 107.32 crore (previous year ₹ 167.85 crore)]*	178.61	330.51
Work- in-progress *	9.09	32.00
Finished goods [include in transit ₹ 24.21 crore (previous year ₹ 20.13 crore)]*	160.44	295.50
Stores and spares [include in transit ₹ 0.11 crore (previous year ₹ 0.03 crore)]#	11.55	18.52
Packing material #	3.20	3.34
Waste $	0.71	2.14
	363.60	**682.01**
* valued at the lower of cost and net realisable value.		
# valued at cost or under.		
$ at realisable value.		
Additional disclosures regarding inventories		
Raw materials		
Purified Terepthalic Acid	101.22	181.16
Mono Ethylene Glycol	69.56	136.39
Others	7.83	12.96
	178.61	**330.51**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 17: (CONTD.)		
Work-in-progress		
Polyester Staple Fibre	3.99	6.85
Polyester Filament Yarn	2.77	5.39
Draw Texturised Yarn	2.32	2.65
Polyester Chips	0.01	17.11
	9.09	**32.00**
Finished goods		
Polyester Staple Fibre	29.77	144.89
Polyester Filament Yarn	70.27	106.42
Draw Texturised Yarn	57.42	43.58
Polyester Chips	2.98	0.61
	160.44	**295.50**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 18: TRADE RECEIVABLES		
Unsecured, considered good		
- Outstanding over six months	5.83	5.18
- Others	90.22	96.50
	96.05	**101.68**

(₹ crore)

	Non-current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
NOTE 19: CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
- Current accounts	-	-	7.50	15.85
- Unpaid dividends **	-	-	0.47	0.61
Cash on hand	-	-	0.20	0.19
	-	-	**8.17**	**16.65**
Other bank balances :				
Fixed deposits with banks with maturity period more than 12 months	-	0.16	-	-

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	Non-current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
NOTE 19: (CONTD.)				
Fixed deposits with banks with maturity period more than 3 months but upto 12 months #	-	-	22.72	4.00
Margin money accounts *	-	-	0.08	0.08
	-	**0.16**	**22.80**	**4.08**
Amount disclosed under non-current assets (refer note 16.1)	**-**	**(0.16)**	**-**	**-**
	-	-	**30.97**	**20.73**
# Pledged with banks for credit limits				
* Pledged with banks for performance guarantees issued to government authorities on behalf of the Company				
** Earmarked against the corresponding provision				

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 20: REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	3,155.49	2,995.62
Traded goods	-	4.52
	3,155.49	3,000.14
Less: Excise duty	212.22	204.08
	2,943.27	**2,796.06**
Other operating revenue		
Scrap sales	4.43	4.91
VAT refund	10.10	9.90
Insurance claim [refer note 40(b)]	5.08	-
Others	5.92	6.88
	25.53	**21.69**
Revenue from operations (net)	**2,968.80**	**2,817.75**
Additional disclosures in respect of sale of products :		
Sale of finished goods		
Polyester Staple Fibre	1,380.09	1,507.36
Polyester Filament Yarn	963.58	965.73
Draw Texturised Yarn	601.30	412.03
Polyester Chips	193.54	68.38
Power	2.20	29.81
Waste	14.78	12.31
	3,155.49	**2,995.62**
Sale of traded goods		
Purified Terephthalic Acid	-	4.52
	-	**4.52**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 21: OTHER INCOME		
Interest from customers and fixed deposits	9.44	4.96
Dividend income from current non trade investments	21.23	6.09
Profit on sale of current non trade investments	172.80	3.60
Income from renunciation of subscription rights in a rights issue	-	5.67
Reversal of diminution in the value of current non trade investments	0.17	0.46
Interest on insurance claim [refer note 40(b)]	3.62	-
Miscellaneous receipts	-	1.96
	207.26	**22.74**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 22: COST OF MATERIALS CONSUMED		
Raw materials :		
Purified Terepthalic Acid	1,679.33	1,608.02
Mono Ethylene Glycol	581.49	500.59
Others	18.16	46.26
	2,278.98	**2,154.87**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 23 : PURCHASE OF STOCK-IN-TRADE		
Traded goods		
Purified Terepthalic Acid	-	4.31
	-	**4.31**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011	(Increase) / decrease during the year ended 31 March 2012
NOTE 24: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Inventories at the end of the year			
- Finished goods	160.44	295.50	135.06
- Work-in-progress	9.09	32.00	22.91
- Waste	0.71	2.14	1.43
	170.24	**329.64**	**159.40**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

	As at 31 March 2012	As at 31 March 2011	(Increase) / decrease during the year ended 31 March 2011
NOTE 24: (CONTD.)			
Inventories at the beginning of the year			
-Finished goods	295.50	98.74	(196.76)
-Work-in-progress	32.00	19.26	(12.74)
-Waste	2.14	0.21	(1.93)
	329.64	**118.21**	**(211.43)**
Decrease / (increase) during the year	**159.40**	**(211.43)**	

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 25: EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	62.78	51.56
Leave benefits	0.92	1.51
Gratuity	0.86	2.62
Contribution to provident funds	5.01	4.46
Workmen and staff welfare expenses	4.03	3.42
	73.60	**63.57**

(₹ crore)

	As at 31 March 2012		As at 31 March 2011	
NOTE 26: OTHER EXPENSES				
Consumption of stores and spares		34.20		30.78
Packing materials consumed		52.48		53.56
Power and fuel		152.03		176.87
Freight and forwarding charges	94.29		89.56	
Less : Recovery	49.30	44.99	44.41	45.15
Rent and hire charges		6.67		5.64
Rates and taxes		1.70		1.10
Insurance	4.20		4.38	
Less: Recovery	1.47	2.73	0.95	3.43
Repairs and maintenance:				
- plant and machinery		4.85		4.50
- buildings		1.18		0.72
- others		4.34		4.82

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

		As at 31 March 2012		As at 31 March 2011
NOTE 26: (CONTD.)				
Brokerage and commission on sales (other than to sole selling agents)		8.68		8.58
Cash discounts and claims		2.00		4.65
Directors' sitting fee		0.07		0.08
Auditors' remuneration:				
- as auditors		0.34		0.34
- for tax audit		0.05		0.05
- for other services		0.23		0.24
- for reimbursement of out of pocket expenses		0.01		0.01
Donations		0.05		0.08
Bad debts and advances written off	0.01		11.59	
Less: Provision held (net)	-	0.01	6.30	5.29
Loss on discard / disposal of fixed assets		0.21		0.71
Legal and professional charges		8.50		7.30
Miscellaneous expenses		36.87		31.13
(Decrease) / increase in excise duty on stocks of finished goods and waste		(17.17)		24.52
		345.02		409.55

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 27: FINANCE COSTS		
Interest	45.16	56.36
Bank charges	13.31	10.39
Exchange difference to the extent considered as an adjustment to interest cost	2.75	2.91
	61.22	**69.66**

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
NOTE 28: EARNINGS PER EQUITY SHARE (EPS)		
Net profit as per Statement of Profit and Loss	31.96	139.41
Number of equity shares of ₹ 10 each at the beginning of the year	151,822,242	151,822,242
Number of equity shares of ₹ 10 each at the end of the year	151,822,242	151,822,242
Weighted average number of equity shares of ₹ 10 each at the end of the year for calculation of basic and diluted EPS	151,822,242	151,822,242
Basic and diluted earnings per share (in ₹) (Per share of ₹ 10 each)	**2.11**	**9.18**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
NOTE 29: CIF VALUE OF IMPORTS		
Raw materials	1,494.87	1744.13
Packing material	1.00	0.88
Stores and spares	5.66	4.16
Capital goods	44.44	4.30
TOTAL	**1,545.97**	**1753.47**

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
NOTE 30: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Travelling	0.72	0.75
Commission	3.50	4.93
Interest	15.44	10.11
Consultancy charges	-	0.69
Others	0.52	0.49
TOTAL	**20.18**	**16.97**

(₹ crore)

	Percentage of total consumption		Value	
Particulars	**For the year ended 31 March 2012**	**For the year ended 31 March 2011**	**For the year ended 31 March 2012**	**For the year ended 31 March 2011**
NOTE 31: VALUE OF RAW MATERIALS, STORES AND SPARES AND PACKING MATERIALS CONSUMED				
Raw materials				
Imported	73	76	1,654.07	1642.39
Indigenous	27	24	624.91	512.48
TOTAL	**100**	**100**	**2,278.98**	**2154.87**
Stores and spares				
Imported	16	11	5.33	3.48
Indigenous	84	89	28.87	27.30
TOTAL	**100**	**100**	**34.20**	**30.78**
Packing materials				
Imported	3	1	1.54	0.57
Indigenous	97	99	50.94	52.99
TOTAL	**100**	**100**	**52.48**	**53.56**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
NOTE 32: NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Period to which dividend relates to	2010-11	2010-11
Number of non-resident shareholders (Nos.)	3	3
Number of equity shares held on which dividend was due (Nos.)	48,894,465	48,894,465
Amount remitted USD 948,683 and JPY 8,760,797 (Previous year USD 950,337 and JPY 9,433,018) (₹ in Crore)	4.89	4.89

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
NOTE 33: EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)		
F.O.B. value of exports	844.95	725.66
Dividend	21.14	6.09
Sale of current non trade investments (Gross consideration)	175.58	3.66
Income from renunciation of subscription rights in a rights issue	-	5.67
Others	-	0.05
TOTAL	**1,041.67**	**741.13**

NOTE 34: DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 ON "EMPLOYEE BENEFITS"

Defined contribution plans

An amount of ₹ 5.01 Crore (Previous year ₹ 4.46 Crore) for the year, has been recognized as an expense in respect of the Company's contributions towards Provident Fund, deposited with the government authorities and have been included under employee benefit expense in the Statement of Profit and Loss.

Defined benefit plans

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Changes in present value of obligation		
Present value of obligation as at the beginning of the year	**11.11**	**9.77**
Interest cost	0.94	0.73
Current service cost	0.94	0.96
Past service cost	-	0.43
Benefits paid	(0.71)	(1.28)
Actuarial (gain) / loss on obligation	(1.02)	0.50
Present value of obligation as at end of the year	**11.26**	**11.11**
- Long term	9.36	9.30
- Short term	1.90	1.81
	11.26	**11.11**
Expenses recognized in the Statement of Profit and Loss		
Current service cost	0.94	0.96
Past service cost	-	0.43
Interest cost on benefit obligation	0.94	0.73
Net actuarial (gain) / loss recognised in the year	(1.02)	0.50
Expenses recognised in the Statement of Profit and Loss	**0.86**	**2.62**

Experience adjustments

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2010	For the year ended 31 March 2009
Defined benefit obligation	11.26	11.11	9.77	8.58
Plan assets	-	-	-	-
Surplus / (deficit)	(1.07)	0.45	0.25	0.57
Experience adjustment on plan liabilities	(0.29)	(0.03)	(0.34)	(0.49)
Past service cost	-	0.43	-	-
Experience adjustment on plan assets	-	-	-	-

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

(₹ crore)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount rate	8.50%	7.50%
Salary Escalation Rate (per annum)	5%	5%
Withdrawal rates		
Age- Upto 30 years	3%	3%
31-44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	LIC (1994-96)	LIC (1994-96)

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

Salary Escalation Rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

NOTE 35: SEGMENTAL INFORMATION:

Hitherto, upto the previous year ended 31 March 2011, the Company considered two reportable segments, viz Polyester and Power. During the year ended 31 March 2012, the management reassessed its reportable segments, taking into consideration the economic environment; risks and returns; future business plans; and reporting system. Management evaluated and concluded that power plant is being used primarily for captive consumption with an insignificant portion being sold to outside customers. Based on the current plan and projections, the Company envisages that the power generation would continue to be primarily for captive purposes only. Accordingly, the Company has only one business segment, i.e., Polyester and, therefore, segment reporting disclosures are no longer applicable. The figures reported during the previous year have been disclosed as under:

(a) Information about primary business segment:
Segment revenues, results and other information

(₹ crore)

	Polyester	Power	Eliminations	Total
Particulars	**For the year ended 31 March 2011**	**For the year ended 31 March 2011**	**For the year ended 31 March 2011**	**For the year ended 31 March 2011**
Revenue				
External sales (net of excise duty)	2,766.29	29.77		2,796.06
Inter-segment sales		126.87	126.87	
Other business related income	19.06	2.63		21.69
TOTAL REVENUE	**2,785.35**	**159.27**	**126.87**	**2,817.75**
Results				
Segment result	235.26	25.34		260.60
Unallocated income (net of unallocated expense)				4.16
Foreign exchange fluctuations (exceptional) gain	7.04	0.02		7.06
Unallocated foreign exchange fluctuations (exceptional) gain				**1.22**
Profit/ (loss) from operation before interest and taxation				**273.04**
Finance cost				(69.66)
Interest income				4.96
Profit/ (loss) before taxation				**208.34**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(a) Information about primary business segment (Contd.)

(₹ crore)

Particulars	Polyester As at 31 March 2011	Power As at 31 March 2011	Eliminations As at 31 March 2011	Total As at 31 March 2011
Finance cost				(69.66)
Interest income				4.96
Profit/ (loss) before taxation				**208.34**
Other information				
Assets				
Segment assets	2,105.82	186.09		2,291.91
Unallocated assets				104.79
Total assets	**2,105.82**	**186.09**		**2,396.70**
EQUITY AND LIABILITIES				
Segment liabilities	872.61	12.87		885.48
Unallocated liabilities				891.43
Share capital				151.82
Share warrants				20.30
Reserves (including revaluation reserve ₹ 62.71)				447.67
Total liabilities	**872.61**	**12.87**		**2,396.70**
Others				
Capital expenditure	32.36	2.09		34.45
Unallocated capital expenditure				3.08
				37.53
Depreciation	135.65	13.26		148.91
Unallocated depreciation				0.99
				149.90

(b) Information on secondary/ geographical segment

Information of geographical segment is based on the geographical location of the customers.

(₹ crore)

Particulars	31 March 2011
Segment revenue	
Domestic	2,058.04
Overseas	759.71
TOTAL	**2,817.75**
Segment debtors	
Domestic	69.39
Overseas	32.29
TOTAL	**101.68**

Note: The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets/ additions to other assets cannot be furnished.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 36: RELATED PARTY DISCLOSURES

(i) Related parties where control exists: None

(ii) Other related parties with whom Company had transactions:

(a)	Key management personnel and their relatives	Mr. M.L. Lohia, Chairman Emeritus
		Mr. O.P. Lohia, Chairman cum Managing Director ('CMD')
		Mr. Vishal Lohia, Whole Time Director ('WTD')
		Mrs. Urmila Lohia, Wife of CMD
		Mr. Aloke Lohia, Brother of CMD
		Mrs. Ritika Kumar, Daughter of CMD
		Ms. Aruna Goenka, Sister of CMD
		Mrs. Rimple Lohia, Wife of WTD
(b)	Enterprises over which key management personnel or their relatives have significant influence	Indo Rama Retail Holdings Private Limited (IRRHPL) Indo Rama Petrochem Limited (IRPL), Thailand T P T Petrochemicals PCL (TPT Petro), Thailand Lohia Industries (Pvt.) Ltd (LIPL)
(c)	Enterprises having significant influence	Brookgrange Investments Limited

(iii) Transactions with related parties:

(₹ crore)

Particulars	Key Management Personnel and their relatives	Enterprises over which key management personnel or their relatives have significant influence	Enterprises having significant influence	Total
Purchases of raw material				
- IRPL		311.64		311.64
		(463.77)		(463.77)
- TPT Petro		529.77		529.77
		(272.78)		(272.78)
Issue of warrants (refer note 5)				
-LIPL		-		-
		(10.15)		(10.15)
-IRRHPL		-		-
		(10.15)		(10.15)
Managerial remuneration				
- Mr. O.P. Lohia	2.49			2.49
	(1.85)			(1.85)
- Mr. Vishal Lohia	1.72			1.72
	(1.44)			(1.44)

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(iii) Transactions with related parties (Contd.)

(₹ crore)

Particulars	Key Management Personnel and their relatives	Enterprises over which key management personnel or their relatives have significant influence	Enterprises having significant influence	Total
Dividend paid (including proposed dividend)				
- Brookgrange Investments Limited			4.33	4.33
			(8.66)	(8.66)
- Mr. O.P. Lohia	3.51			3.51
	(7.02)			(7.02)
- Mrs. Urmila Lohia	1.59			1.59
	(3.17)			(3.17)
- Others	0.30			0.30
	(0.60)			(0.60)
Balances outstanding as at the year end:				
- IRPL		73.93		73.93
		(161.36)		(161.36)
- TPT Petro		114.12		114.12
		(133.53)		(133.53)

Note: previous year figures have been given in brackets.

NOTE 37: OBLIGATION ON LONG TERM NON-CANCELLABLE OPERATING LEASE:

The Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

(₹ crore)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Lease rental expense	6.67	5.64

(₹ crore)

	Total future minimum lease rentals payable as on 31 March 2012	Total future minimum lease rentals payable as on 31 March 2011
Within one year	1.67	1.67
Later than one year and not later than five years	6.67	6.67
Later than five years	2.31	3.98
TOTAL	**10.65**	**12.32**

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 38: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

38.1 Contingent liabilities:

Claims against the Company not acknowledged as debts.

(₹ crore)

	As at 31 March 2012	As at 31 March 2011
Excise / customs / service tax matters in dispute/ under appeal	107.27	66.84
Income tax matters in dispute/ under appeal	2.15	6.47
Sales tax matters in dispute/ under appeal	5.68	22.68
Claims by ex-employees, vendors, customers and civil cases	0.53	1.72

NOTE 38.2: COMMITMENTS:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 21.12 Crore (previous year ₹ 86.53 Crore).

b) On 25 January 2012, the Company has entered into a memorandum of understanding ('MOU') with Indorama Ventures PCL, Thailand, for manufacturing of Purified Terepthalic Acid (PTA) and downstream products Polyethylene (PET) and Polyester Staple Fiber (PSF). The project is at an initial stage of conceptualization.

c) The Company has commitments to export 380,632 MT (previous year 333,085 MT) of finished goods over a period of three years pursuant to import of duty free materials under advance license scheme.

NOTE 39: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Foreign currency forward contracts outstanding:

	As at 31 March 2012		As at 31 March 2011	
Purpose	USD Million	₹ crore	USD Million	₹ crore
Sell				
Hedging of expected future exports	159.50	811.38	100.00	445.90

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(b) Particulars of unhedged foreign currency exposure:

		As at 31 March 2012			As at 31 March 2011		
Particulars	**Currency**	**Amount in foreign currency (in Million)**	**Exchange rate (in absolute rupees)**	**Amount (in ₹ crore)**	**Amount in foreign currency (in Million)**	**Exchange rate (in absolute rupees)**	**Amount (in ₹ crore)**
Trade receivables	USD	7.9	50.87	39.99	7.2	44.59	32.29
	Euro	0.4	67.88	2.41	-	-	-
Trade payables *	USD	56.5	50.88	287.64	107.4	44.60	479.00
	Euro	0.02	67.90	0.13	0.2	63.45	0.10
	JPY	58.5	0.62	3.63	71.2	0.54	3.83
Advance from customers	USD	1.3	50.88	6.51	0.6	44.60	2.49
Loans (including interest payable)	USD	61.3	50.88	311.77	34.8	44.60	155.35
	Euro	27.9	67.90	189.23	34.8	63.45	221.06

* excluding payable on account of material in transit.

NOTE 40: INSURANCE RECEIVABLES:

(a) The Company had lodged claims with an insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to the fire incidence at Butibori plant in 2007-08. Since the matter has been under dispute with the insurance company, as per the terms and conditions of the above policy, the Company has, during the previous year, initiated the arbitration process for the claim of ₹ 72.94 Crore for loss of business interruption and for the claim of ₹ 6.43 Crore for loss of assets. While the said matter is pending conclusion by the Arbitral Tribunal, the Company has on a conservative basis carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 Crore (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 Crore. Any adjustments consequent to Arbitral proceedings would be accounted for on final settlement of the claim.

(b) During the current year, the Company has accrued income in regard to insurance claims aggregating ₹ 8.73 Crore (including interest and compensation for cost) pertaining to the financial year ended 31 March 2000. The claim has been recorded based on the arbitration award decided in the favour of the Company. The matter is subject to litigation and is pending at the High Court, the income has been accrued considering arbitration award in favour of the Company.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

NOTE 41: Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

Sl.No.	Particulars	2011-12	2010-11
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	- principal amount	-	*
	- interest thereon	-	-
(ii)	the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day:		
	-principal amount	**	**
	-interest thereon	-	-
(iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	#	#
(iv)	the amount of interest accrued and remaining unpaid	##	##
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	-	-

* ₹ 34 thousand (previous year ₹ 26 thousand)

** ₹ 1,551 thousand (previous year ₹ 603 thousand)

₹ 33 thousand (previous year ₹ 9 thousand)

₹ 67 thousand (previous year ₹ 34 thousand)

NOTE 42: During the current year, due to significant volatility in the foreign currency vis-à-vis local currency, the Company has considered the foreign exchange fluctuation as an exceptional item in the statement of profit and loss. The foreign exchange fluctuations pertaining to corresponding previous year ended 31 March 2011 have been regrouped only to make them comparable.

NOTE 43: The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements. The following is a summary of significant effects that revised Schedule VI has primarily on presentation of Balance Sheet of the Company as at 31 March 2011.

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

As per pre-revised schedule VI		As per revised schedule VI	
Particulars	**Amount**	**Amount**	**Particulars**
Secured loans (shown under loan funds)	608.48	287.49	Shown as long-term borrowing
		230.42	Shown under other current liabilities as current maturities of long-term borrowings
		90.57	Shown under short-term borrowings as cash credit and working capital facilities
Sundry creditors- others (shown under current liabilities)	612.65	513.72	Shown under trade payables as sundry creditors - others
		2.22	Shown under other current liabilities as creditors towards fixed assets
		8.64	Shown under other current liabilities as salaries, wages and bonus
		16.57	Shown under other current liabilities as discounts, selling and other expenses
		32.45	Shown under other current liabilities as accrued expenses towards excise duty on finished goods
		38.48	Shown under other current liabilities as accrued expenses towards custom duty
		0.57	Shown under other long-term liabilities as lease equilisation charges
Other liabilities (shown under current liabilities)	2.11	1.02	Shown under other current liabilities as accrued expenses towards tax deducted at source
		1.09	Shown under other current liabilities as accrued expenses towards other statutory dues
Gratuity (shown under current liabilities)	11.11	9.30	Shown under long-term provisions as gratuity
		1.81	Shown under short-term provisions as gratuity
Leave benefits (shown under current liabilities and provisions)	5.93	5.05	Shown under long-term provisions as leave benefits
		0.88	Shown under short-term provisions as leave benefits
Capital work-in-progress including capital advances (clubbed with fixed assets)	19.83	8.44	Capital work-in-progress
		11.39	Shown under long term loans and advances as capital advances
Fixed deposit accounts	4.16	4.00	Fixed deposits with banks with maturity period more than 3 months but upto 12 months shown under other bank balances
		0.16	Fixed deposits with banks with maturity period more than 12 months shown under other bank balances

Notes to the Financial Statements

for the year ended 31 March 2012 (Contd.)

(₹ crore)

As per pre-revised schedule VI		As per revised schedule VI	
Particulars	**Amount**	**Amount**	**Particulars**
Loans and advances Advances recoverable in cash or in kind or for value to be received	31.01	11.96	Shown under other current assets as accrued gain on forward contracts (net)
		11.34	Shown under short term-loans and advances as advance to vendors
		4.93	Shown under short term-loans and advances as prepaid expenses
		0.53	Shown under short term-loans and advances as advance to employees
		2.23	Shown under long-term loans and advances as surrender value of Keyman insurance
MAT credit entitlement	51.45	12.47	Shown under long-term loans and advances as MAT credit entitlement
		38.98	Shown under short-term loans and advances as MAT credit entitlement
Security deposits	1.75	1.75	Shown under long-term loans and advances as security deposits
Interest accrued on deposits and others	0.09	0.09	Shown under other current assets as interest accrued on deposits and others
Balances with customs and excise authorities	49.58	49.67	Shown under short-term loans and advances as customs and excise duty
Claims and other receivables	90.36	81.55	Shown under other current assets as claims and other receivables
		7.96	Shown under other non-current assets as claims and other receivables
		0.78	Shown under long term loans and advances as prepaid expenses

As per our report attached to the balance sheet.

For B S R and Associates
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**

Kaushal Kishore
Partner
Membership No.: 090075

O.P. Lohia
Chairman & Managing Director

A.K. Ladha
Director

Jayant Sood
Company Secretary

Deepak Singhal
Chief Financial Officer

Place: Gurgaon
Date: 25 April 2012

Place: Gurgaon
Date: 25 April 2012

Ten Years at a Glance

Year ended March 31	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales & Other Income (₹/Million)	33,883	30,446	26,899	25,962	28,592	22,177	21,647	22,283	22,988	22,056
(Of which Exports Turnover) (₹/Million)	9,089	8,053	5,296	4,228	5,347	3,400	3,291	2,791	2,045	4,917
PBDIT (₹/Million) *	2,538	4,279	2,338	1,348	2,573	1,807	1,947	2,431	3,960	3,704
Finance costs (₹/Million)	612	697	770	1,138	1,029	396	295	389	469	620
Profit before Depreciation / Amortisation and Tax (₹/Million) *	1,926	3,582	1,568	210	1,544	1,411	1,652	2,043	3,491	3,084
Depreciation/DRE-W/O (₹/Million)	1,544	1,499	1,491	1,515	1,473	1,068	981	978	965	946
Profit/(Loss) before Tax (₹/Million)	382	2083	76	(1,305)	71	343	672	1,065	2,526	2,138
Profit/(Loss) after Tax (₹/Million)	320	1394	71	(978)	30	206	518	702	1,717	1,248
Earning/(Loss) per Share (₹)	2.11	9.18	0.47	(6.44)	0.2	1.57	3.93	5.33	12.99	9.39
Gross Fixed Assets (₹/Million)	31,696	30,542	30,327	30,723	30,109	28,060	20,734	20,737	20,578	20,802
Net Current Assets/ (Liabilities) (₹/Million)	840	829	316	(164)	1,360	54	(1,522)	307	424	940
Equity Capital (₹/Million)	1,518	1,518	1,518	1,518	1,518	1,318	1,318	1,318	1,318	1,330
Reserves & Surplus # (₹/Million)	4,475	4,477	3,569	3,636	4,817	5,273	5,357	5,433	5,468	4,511
Loan Funds (₹/Million)	5,872	6,085	8,711	10,134	10,961	9,418	5,609	5,765	7,886	9,920
Net Worth # (₹/Million)	6,196	6,198	5,087	5,154	6,335	6,591	6,675	6,746	6,754	5,783
Book Value/Share (₹)	40.82	40.83	33.51	34	42	50	51	51	51	43
Sales/Share Capital (Times)	22.32	20.06	17.72	17	19	16	16	17	17	16

* Including Exceptional items, for 2011-12 & 2010-11

Includes Revaluation of Assets.

Note: Figures of the previous year are regrouped wherever necessary.

Marketing Offices

Ahmedabad
703/A, Kaivalyadham-1
Near Radio Mirchi, Satellite,
Ahmedabad-380015
Gujarat, India

Bhilwara
Shop No. G1, G2, Nakoda Textile Tower
Trilok Marg-Gandhinagar
Bhilwara-311001
Rajasthan, India
Tel: 01482-248576
Telefax: 01482-248733

Coimbatore
Sarang, 1st Floor,
8/5, Race Course Road
Coimbatore-641 018
Tamil Nadu, India
Tel: 0422-2220456
Fax: 0422-2220658

Erode
37/3, 'G Tower'
Perundurai Road
Erode-638011
Tamil Nadu, India
Telefax: 0424-2240847

Guntur
H.No-26/42-5,
Tummala Building, KRC Towers
A.T. Agraharam, 4th line
Guntur-522 004
Andhra Pradesh, India

Gurgaon
20th Floor, DLF Square, DLF Phase-II
NH-8, Gurgaon-122 002
Haryana, India
Tel: 0124-499 7000
Fax: 0124-499 7070

Hyderabad
Flat No. 301, Amin Manzil,
House No. 10-4-18,
P. O. Humayun Nagar, Masab Tank,
Hyderabad-500028
Andhra Pradesh, India

Kolkata
7-C, Kiran Shankar Roy Road
Hastings Chambers
Ground Floor, Room No-GX
Kolkata-700001
West Bengal, India

Ludhiana
B-XIX-122/2, 4th Floor, Golden Plaza
The Mall Road
Ludhiana-141 001
Punjab, India
Tel: 0161-2442752 / 5045068

Madurai
No. 102 / G-1, Kameshwara Apartment
Sathya Sai Nagar Main Road
Madurai-625003
Tamil Nadu, India
Telefax: 0452-2694804

Mumbai
The Metropolitan, 6th Floor,
Bandra Kurla Complex,
Bandra (East)
Mumbai-400 051
Maharashtra, India
Tel: 022-26571234
Fax: 022-26571222

Panipat
House No. 460, First Floor, Sector-11,
Phase-I, H.U.D.A.,
Panipat-132103, Haryana, India

Silvassa
A/9, 1st Floor, Gurukrupa Business Centre,
Opp. Kotak Mahindra Bank,
Vapi Main Road, Amli,
Silvassa-396230
UT of Dadra & Nagar Haveli, India
Tel: 0260-2643416/17, 2644519

Surat
202, Trividh Chambers,
Opp. Fire Brigade Station
Ring Road
Surat-395 002
Gujarat, India
Tel: 0261-2339368 / 2350701 / 2350687

Tirupur
4/5, Alagappa Complex, 1st Floor
Opp. Tamilnadu Theatres,
Palladam Road
Tirupur-641 604
Tamil Nadu, India
Tel: 0421-2217994

Manufacturing Complex

A-31, MIDC Industrial Area, Butibori,
Nagpur – 441122, Maharashtra, India.
Tel: 07104 - 663 000/01, Fax: 07104 - 663 200

concept, content and design at AICL (info@aicl.in)

Corporate Office
20th Floor, DLF Square, DLF Phase II,
NH 8, Gurgaon – 122002,
Haryana, India.

Tel.: 91 - 124 - 4997000
Fax: 91 - 124 - 4997070

Registered Office
A-31, MIDC Industrial Area, Butibori,
Nagpur - 441122,
Maharashtra, India.

Tel.: 91 - 7104 - 663 000/01
Fax: 91 - 7104 - 663 200

E-mail: corp@indorama-ind.com
Visit us at: www.indoramaindia.com

INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori- 441122, District – Nagpur, Maharashtra.

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Indo Rama Synthetics (India) Limited will be held on Thursday, the 21st June 2012 at 12:00 Noon at the Registered Office of the Company at A-31, MIDC, Industrial Area, Butibori, Nagpur – 441122, to transact the following business:-

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 31 March 2012, the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares for the financial year ended 31 March 2012.
3. To appoint a Director in place of Mr. O. P. Vaish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Ladha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. B S R and Associates, Chartered Accountants, are eligible for re-appointment.

By order of the Board of Directors

Place: Gurgaon **Jayant Sood**

Dated: 25 April 2012 AVP (Corp. HR) & Company Secretary

Notes:-

i) A MEMBER ENITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.

ii) In terms of Article 118 of the Articles of Association of the Company, Mr. O.P. Vaish and Mr. A. K. Ladha retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of Companies in which they hold directorship and memberships/ chairmanships of Board Committees and shareholding as stipulated in Clause 49 of the Listing Agreement is separately annexed herewith.

iii) The Register of Members and share transfer books of the Company will remain closed from 14th day of June, 2012 to 21st day of June, 2012 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares.

iv) Dividend of ₹ 1/- per equity share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and around 16th of July, 2012.

v) The amount of dividend remaining unclaimed up to a period of seven years from the date of payment thereof is liable to be transferred to the "Investor Education and Protection Fund" of the Central Government under Section 205C of the Companies Act, 1956.

vi) Members who have not encashed their dividend warrant(s) so far for the said amounts are requested to make their claims to the Company. No claim shall lie against the Company or the said fund in respect of the amounts remaining unclaimed once the unclaimed dividend is transferred to the Central Government.

vii) The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.

viii) Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.

ix) Members holding shares in physical form who have not yet provided the Bank Details are once again requested to provide their latest Bank Account Number, name of Bank and address of the Branch, quoting their folio number, to the Company to enable the Company to print the Bank Account details on the Dividend Warrants. This would ensure safety in so far as the dividend warrant, if lost or misplaced, cannot be used for any other purpose except for depositing the same in the account specified on the dividend warrant.

x) Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31 March 2012, may visit the Company's website www.indoramaindia.com or send their queries at least 10 days before the Annual General Meeting to the Company Secretary at Company's Office at 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002.

xi) Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/ re-appointment at the Annual General Meeting, is separately annexed hereto.

By order of the Board of Directors

Place: Gurgaon **Jayant Sood**

Dated: 25 April 2012 AVP (Corp. HR) & Company Secretary

Name of the Director	Mr. O.P. Vaish	Mr. A. K. Ladha
Date of Birth	29 April 1931	15 April 1949
Date of Appointment	1 September 1988	14 June 1995
Qualification	B.Com (Hons.), M.A (Eco.), LLM.	Commerce Graduate
Expertise in specific functional area.	Mr. O.P.Vaish, Senior Advocate, is the founder of Law Firm "Vaish Associates" at New Delhi. He is the past President of PHDCCI and currently member of the Management Committee of FICCI and ASSOCAM. He is Government nominee on the Council of the Institute of Chartered Accountants of India. He has been associated with various Committees and Advisory Boards of Institutions like American India Foundation and Western International University, USA. Mr. Vaish was honoured by the Soka University, Japan describing him as the 'Lawyer of Conscience'. He is on the Board of several reputed companies as Director.	Mr. A.K. Ladha started his career with C.K. Birla Group Companies way back in 1966. He has extensive experience in various aspects of Management, viz., production, finance, marketing and general administration. He is currently the Executive Vice-President looking after the Corporate Affairs of C.K. Birla Group Companies.
List of outside Directorship held.	1. Godfrey Philips India Ltd. 2. The India Thermit Corporation Ltd. 3. PNB Finance & Industries Ltd. 4. International Travel House Ltd. 5. Ginni Filaments Ltd. 6. CESC Limited	1. Amer Investment Delhi Limited 2. Birlasoft Enterprises Limited 3. Birlasoft (India) Limited 4. Birlasoft (U.K) Limited 5. Gwalior Finance Corporation 6. Hindustan Discounting Co. Limited 7. V V A Finance Limited 8. Rajasthan Industries Limited.
Chairman/member of the Committee of the Board of Directors of the Company.	**Indo Rama Synthetics (India) Limited** i. Audit Committee - Member ii. Remuneration Committee - Member	**Indo Rama Synthetics (India) Limited** i. Audit Committee - Chairman ii. Remuneration Committee - Chairman iii. Investors' Grievance Committee. - Chairman iv. Banking & Finance Committee - Member v. Share Transfer Committee. - Member
Chairman/member of the Committee of Directors of other Companies:-	**Godfrey Phillips India Ltd**. Audit Committee - Chairman	Nil
	International Travel House Ltd. i. Remuneration Committee - Member ii. Audit Committee - Member iii. Investment Services Committee - Chairman	
	PNB Finance & Industries Limited Audit Committee - Member	
	Ginni Filaments Limited Disinvestment Committee - Member	
Shareholding of Non-executive Directors	No. of Shares 14,120	No. of Shares 17,173
	Percentage 0.01%	Percentage 0.01%

INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori- 441122, District – Nagpur, Maharashtra.

ATTENDANCE SLIP

Annual General Meeting

DP Id.		Folio No.	
Client Id.		No. of shares	

Full name of the Shareholder / Proxy attending the meeting

____

(First Name) (Middle Name) (Surname)

I hereby record my presence at the 26th Annual General Meeting on Thursday, the 21st June, 2012 at 12.00 Noon at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori – 441122, District – Nagpur, Maharashtra.

Full name of the Shareholder
(if joint holder/proxy attending) ____

Signature of Member/Proxy

Note: Member/Proxy attending the Meeting must fill in this attendance slip and hand it over at the entrance of the meeting hall.

INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori- 441122, District – Nagpur, Maharashtra.

PROXY FORM

DP Id.		Folio No.	
Client Id.		No. of shares	

I/We ____of ____

____ in the district of ____

being a Member/members of Indo Rama Synthetics (India) Limited, hereby appoint

Mr./Ms. ____of ____
______________________________________in the district of ____________________________________or failing him/her
Mr./Ms.______________________________________ of in the district of ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting to be held on Thursday, the 21st June, 2012 at 12.00 Noon at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori – 441122, District – Nagpur, Maharashtra and at any adjournment thereof.

Signed this___________day of ____________ 2012

Affix ₹ 1/- Revenue Stamp

Signature of Shareholder

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