PASSION PERSEVERANCE PRECISION

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.

BETWEEN THE COVERS

INDO RAMA
Synthetics (India) Limited

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 (Polyester)*

Hemant Sharma, *Business Head (Polyester)*

Roshan K Nair, *Vice President (Power)*

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

BHF-Bank AG

DEG-Deutsche Investitions-und

Entwicklungsgesellschaft mbH

IKB Deutsche Industriebank AG

Life Insurance Corporation of India

For over two decades, Indo Rama Synthetics (India) Limited has pursued business excellence through passion, perseverance and precision.

These are enduring human attributes that drive superlative performance in good and bad times. Leveraging technology leadership, levels of integration, relentless innovation, customer-centricity and sustainable cost structures, Indo Rama has carved a niche for its quality offerings in the polyester arena.

We believe polyester is the fibre of the future, finding varied applications across home-furnishings, apparel industry, automotive industry, sportswear market, technical textiles and more. As the global economic recovery accelerates, and consumption in developing economies is driven by rising population, surging per capita income, growing disposable income, expanding middle class and continuing urbanization, we witness an era of new growth emerging.

We at Indo Rama are suitably poised to play a pivotal role in this new age on the strength of our experience and expertise.

MORE THAN

13.49%
Total revenue

83.01%
EBIDTA

2,640.79%
Pre-tax profit

1,863.38%
Post-tax profit

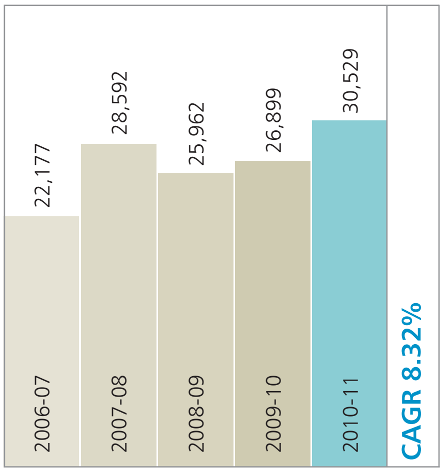
21.84%
Book value per share

1,853.19%
Earnings per share (basic)

* Growth in 2010-11 over 2009-10

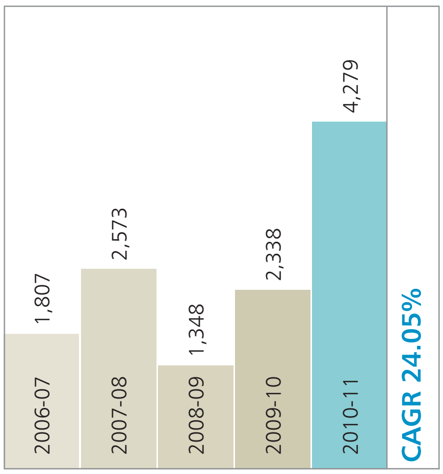
Total income

(₹ in million)



EBIDTA

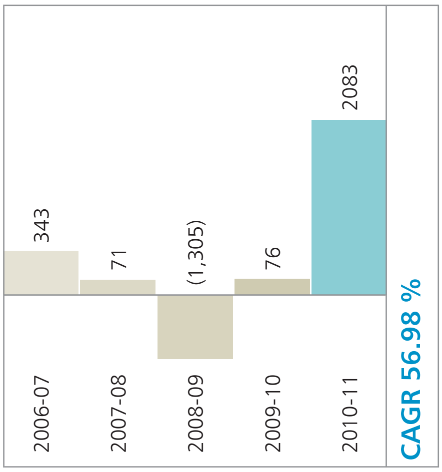
(₹ in million)



NUMBERS

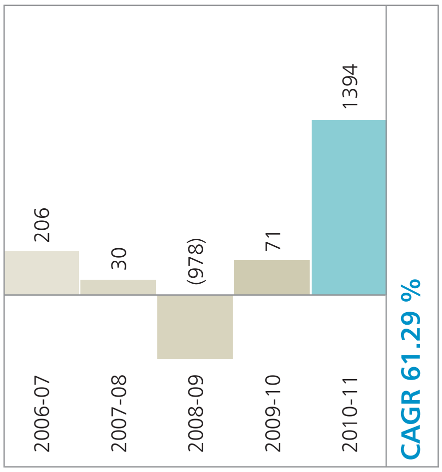
Pre-tax profit

(₹ in million)



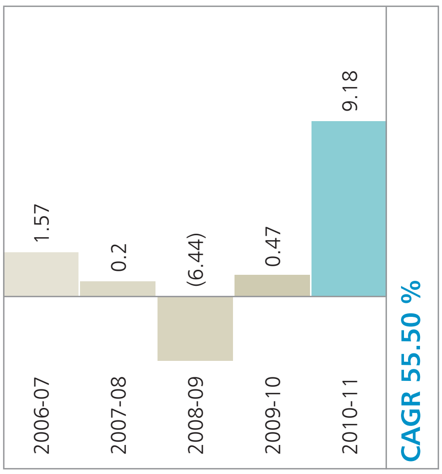
Post-tax profit

(₹ in million)



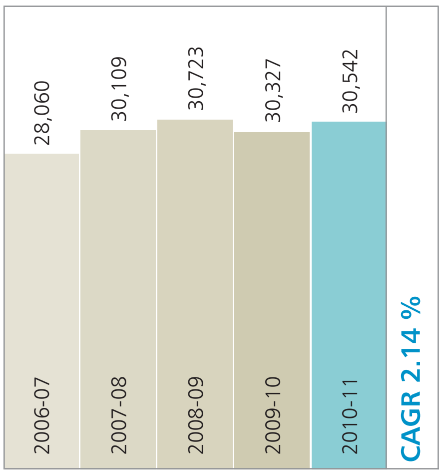
Earnings per share (basic)

(₹)



Gross fixed assets

(₹ in million)



CORPORATE PROFILE

Business streams

Polyester

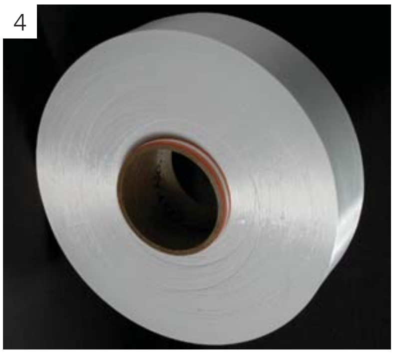
Class of polyester	Installed capacity
Polyester Staple Fibre	2,63,550 TPA
Polyester Filament Yarn	2,59,000 TPA
Draw Texturised Yarn	63,200 TPA
Polyester Chips	87,500 TPA

Power

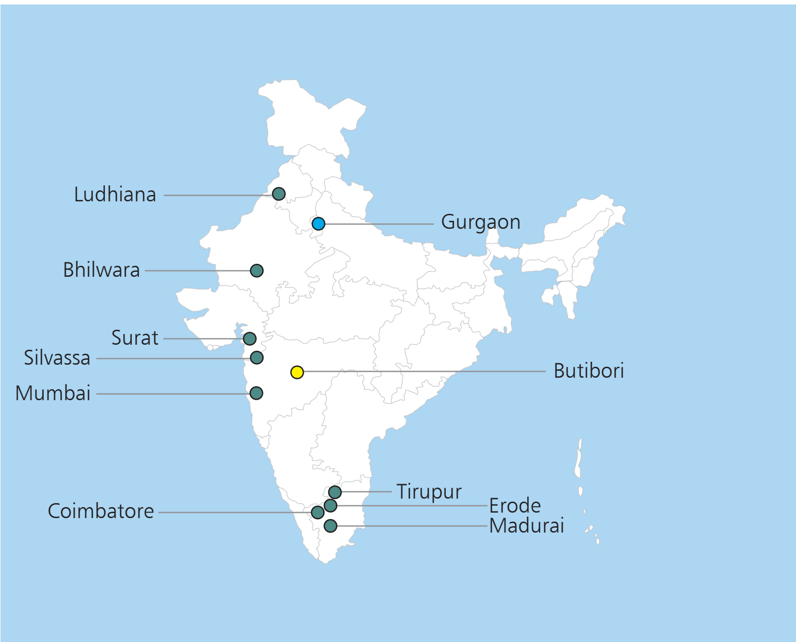
Power	82.5 MWPH

Products basket

1. Polyester Staple Fibre (PSF)
2. Partially Oriented Yarn (POY)
3. Draw Texturised Yarn (DTY)
4. Fully Drawn Yarn (FDY)
5. Polyester Chips



Expanding footprints



- New Corporate office in Gurgaon, Haryana
- Manufacturing facility in Butibori, Nagpur (Maharashtra)
- Strategically present in textile belts through offices at Bhilwara, Coimbatore, Erode, Ludhiana, Madurai, Mumbai, Silvassa, Surat, and Tirupur

Growing clientele

Long-standing relationship with major customers, spread across Asia, Europe, Africa and Americas

Technological 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

MOVING ON

Quality 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

Awards and accolades

- 1st prize in inter-industrial safety performance competition 2010, conducted by the office of Additional Director-Industrial Safety and Health Nagpur and Vidarbha Industrial Safety Committee.
- Gold Medal in Quality Circle competition organised by QCFI
- Gold Medal in Kaizen presentation organised by QCFI

Listings

- Listed on the National Stock Exchange and Bombay Stock Exchange

1989

Commencement of Indo Rama's Indian operations

1994

Setting up of state-of-the-art integrated manufacturing complex at Butibori near Nagpur in technical collaboration with DuPont, USA and Toyobo, Japan; production capacity: 3 lakh TPA.

2006

Expansion in alliance with Zimmer AG, Germany at a project cost of ₹ 1000 crores; production capacity enhanced to 6 lakh TPA.

2011

Addition of 11MW of STG Power. Addition of Draw Texturized Machines.

Chairman's note

Dear Shareowners,

We are living through a historic cycle of ascendancy in India, following decades of sluggish economic performance. The country is now poised at the epicenter of a new wave of economic growth, supported by a vast and expanding middle class, strong domestic consumption, high rate of investments and a robust regulatory framework. The immensity of the market potential can be highlighted by a reliable figure: the size of the middle class households with an annual income of at least US$ 4000 dollars increased from 13.8 million households in 2001-02 to 46.7 million households in 2009-10, according to the National Council of Applied Economic Research. The latter figure translates to about 200 million people. With the economy projected to grow around 8% annually, and the middle class set to triple in 15 years, the most important characteristic of the market is the high potential of domestic demand, which is expected to grow at a compounded rate of 9.2% year-on-year between 2010 and 2030.

India's textile industry is an enthusiastic participant in this new era of growth, which is expected to drive the polyester industry. Textiles contribute about 14% to industrial production, 4% to the GDP and 17% to the country's export earnings. It provides direct employment to over 35 million people. The industry is expected to grow from the present US$ 70 billion to US$ 220 billion by 2020. Growth in demand will be driven by the limited availability of cotton and the resulting high cotton prices, warranting a demand shift from cotton towards polyester. Besides, in India the cotton-polyester blend is low. However, owing to consistent innovation if this blending proportion rises even 1% in favour of polyester, the resulting demand for the fibre would be significant. Constraints in enhancing polyester capacities in the short run, coupled with a surge in national and international polyester demand will shape the industry's future.

At Indo Rama, our strategic focus revolves around consistent value creation through innovation and research, cost optimization and market expansion. These strategies have strengthened our financial performance significantly. In 2010-11, our gross sales touched ₹ 3,000.14 crores; an increase of 12.81%, compared to ₹ 2,659.41 crores in 2009-10. This was on account of the rising polyester demand. The EBIDTA stood at ₹ 427.90 crores as against ₹ 233.80 crores last year, a staggering 83.01% surge. Profit before tax stood at ₹ 208.34 crores against ₹ 7.62 crores for the previous year. The net profit also increased considerably by 1855.26% to ₹ 139.41 crores vis-a-vis ₹ 7.13 crores in the previous year.

We have recently commenced an 11 MW thermal power project to generate additional power and reduce power cost. We are focusing on accelerated execution and plan to commission it by the end of 2011. Post commissioning, the overall captive power cost of polyester production will decline and enhance profitability. The installed power capacity, post commissioning, will be 93.5 MW.

We are also installing coal fired Dowtherm Heaters in place of Furnace Oil fired which will result into significant operating savings. The plant is expected to be on stream from July this year.

So what is the big picture on the horizon? Let me enumerate our priorities:

- Capacity addition of 14 DTY machines with expected annual capacity of 98,000 tonne by 2012;
- Generation of repeat business from existing clients;
- Strengthening of intellectual capital through prudent and timely recruitment;
- Aggressive forays into new geographies;
- Enhance logistics fleet to facilitate the inflow and outflow of goods and reduce cost;
- Financial transaction efficiency, cost rationalization and optimization of cash flow;
- Drive export contribution to revenues to the levels of 25% of topline;
- Alignment of corporate objectives with that of stakeholders.

The future is mapped out, the strategy finalised, now comes the role of human resources, who will turn this vision into a corporate reality. At Indo Rama, we need to nurture competence and create 'a dedicated army of thought leaders', who will elevate the organization into the next orbit.

I take this opportunity to thank you for supporting the Company in all these years and look forward to your wholehearted support and encouragement. I would also like to express my gratitude to my colleagues, our customers, business associates and members of the Board and our extended family of stakeholders for their valuable assistance and trust in our capabilities.

Together, we will continue to do everything possible to justify your trust.

Best wishes,

O. P. Lohia
Chairman and Managing Director

India's textile industry is an enthusiastic participant in this new era of growth, which is expected to drive the polyester industry.

At Indo Rama, our strategic focus revolves around consistent value creation through innovation and research, cost optimization and market expansion.

PASSIONATE

focus on a highly optimistic market scenario

We are foreseeing a new wave of growth opportunities as the global market for polyester is evolving at a rapid pace. As economies gather momentum, the market for man-made fibres is expanding. Polyester remains the preferred fibre owing to its varied applications and cost-effectiveness. Our passion is derived out of our unwavering focus on widening the polyester market, leveraging our technological expertise and cost competitiveness.

The penetration of polyester into home furnishing, apparel industry, automotive industry, sportswear market and technical textile market is creating attractive niche opportunities for Indo Rama.

India's government policies enabling growth

Recognizing the potential of the technical textiles industry, the Indian government has adopted several policies to help develop a comprehensive manufacturing base for value-accretive technical textiles in India.

Technology up-gradation fund

Under this scheme, new technical textile projects can obtain 10% capital subsidy for machinery and 5% interest credit. Almost all nonwoven and technical textiles machinery including testing equipment is eligible for this capital subsidy.

Development and growth of the technical textiles scheme

To make the market conducive to technical textiles, the Indian government has allocated ₹ 440 million (US$ 9.78 million) in creating four centres of excellence, focusing on agro-textiles, geo-textiles, protective textiles and medical textiles.

Concessional custom duty

The basic custom duty on imported technical textile machinery has been reduced from 10% to 5%, so that the effective customs rate comes around 18.65%.

Scheme for integrated textiles parks

Government of India contributes toward the growth of industry clusters by providing support for the cost of common facilities, infrastructure such as power and building in the cluster projects with the aim of creating concentrated clusters supporting growth and employment.

PERSEVERING

towards holistic potential

We are enhancing our scale and consolidating our capabilities to leverage emerging markets and opportunities. The objective is to drive cost-effectiveness, extend visibility to new customers and to reassure customers that Indo Rama is determined to deliver, capitalising on deep expertise and wide reach.

More capacity

At Indo Rama, we are expanding our production capacities to fulfil the growing demand of a buoyant market.

- We have installed eight new Draw Texturized Yarn (DTY) machines, enhancing our capacity from the existing 43,800 tonnes to 64,800 tonnes annually.
- Fourteen more DTY machines will be added, which will be operational in phases from July 2011 onwards and complete by year end. The total DTY capacity will be 98,000 tonnes annually.
- To achieve better cost efficiency, we are replacing the existing heat treatment media (based on furnace oil) to coal. We plan to generate an additional 11 MW of power from the spare boiler capacity.

More visibility

We are focusing on new customers by targeting major players who use cotton. We are also leveraging the fact that cotton being a natural commodity exposes textile players to volatile price fluctuations. The result: many yarn manufacturers are moving to man-made products like polyester.

In addition, we have adopted multiple other initiatives to enhance our product's visibility:

- Increased market tie-ups and widened the channel of distribution.
- Enhanced penetration in the marketing office regions of Ludhiana, Delhi, Mumbai, Surat, Vijaywada, Coimbatore Hyderabad, Guntur and Erode.
- Enhanced footprints overseas in Morocco and Brazil.
- Exported DTY to South Korea and planning to enter Taiwan.

More intellectual capital

At Indo Rama, business is not a one-off transaction; it is a commitment that involves the application of talent for today and for tomorrow. When we visualise tomorrow, we focus on nurturing potential talent, who will steer the organization's growth momentum. Our professionals possess rich experience in process improvement, innovation, productivity, quality and cost management.

The following initiatives were undertaken in 2010-11:

- Over 120 people were hired from Industrial training Institutes.
- We imparted off-the-job and on-the-job training for new recruits. Besides, the permanent employees were extensively trained in various technical topics and other allied areas for skill enhancement.
- Individual performance was evaluated, facilitating role allocation, promotion and rewards.
- Employees are entitled to an average annual increment in line with prevailing inflation, while achievers are entitled to attractive increments; performance appraisal helped identify training needs.
- The employees were provided opportunities to attend national and international seminars and conferences; and also undertake several vocational courses.
- The organization promotes sports and recreational activities to encourage team efforts.

PRECISION

is both an achievement and a journey towards higher precision

Indo Rama's expertise revolves around the following:

Integration

One of India's lowest-cost polyester producers, leveraging significant integration.

Product mix

Offers a wide range of polyester products, which include Polyester Staple Fibre (PSF), Partially Oriented Yarn (POY), Draw Texturised Yarn (DTY), Fully Drawn Yarn (FDY) and Polyester Chips.

Value-addition

We have an extensive portfolio of value-added products, which is expected to increase in 2011-12.

Captive power plant

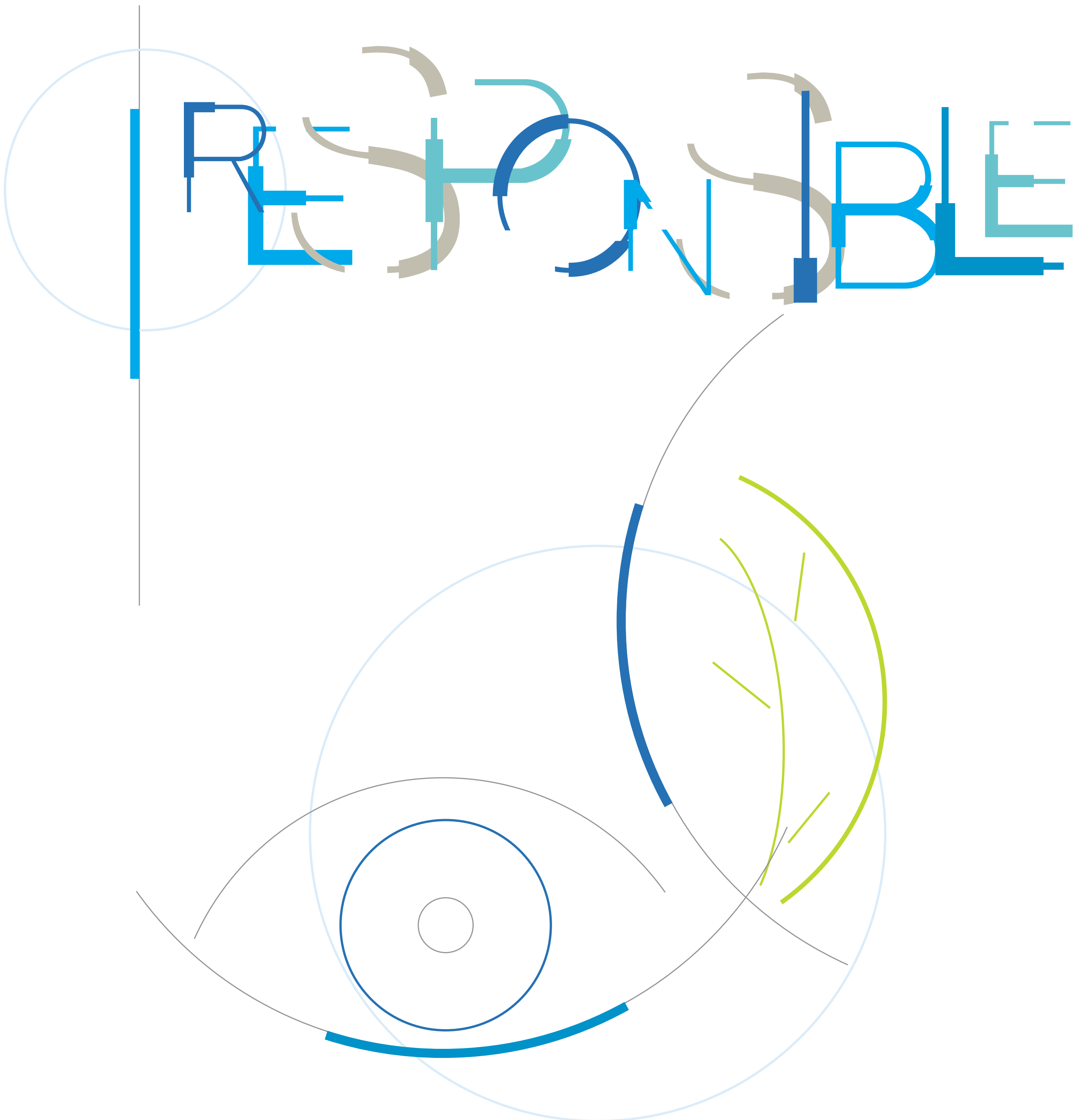
Possesses two captive power plants of 82.5 MW (52.5 MW of diesel generating sets and 40 MW of co-gen captive facility based on coal).

Quality certifications

Indo Rama is a customer-focused organization; maintains high quality standards and innovative business practices. Its quality commitment is certified with ISO 9001:2008.

Superior technology

Enjoys technical collaborations with various technology leaders in Japan, Germany and the USA.



It is our unshakeable conviction that for a company to be successful over time and create shareholder value, it must also create value for society. We call this deepening social bonding. It straddles health, education and community greening to help create a better world.

At Indo Rama, we recently conducted an extensive tree plantation campaign and there are around 90,000 in-plant trees, which brings 74% of land under 'green cover'.

Health

- Indo Rama has launched various healthcare programmes for employees and their family members. In this direction, steps have been taken to provide health care facilities, such as AIDS awareness programmes to truck drivers, various medical camps to employees and residents of nearby villages. Indo Rama is providing all necessary helps for smooth conduct of polio camps at nearby villages.
- Medical camps are also organised by leading Medical Institutions, Research Centre & Hospitals of Nagpur for check-up related to Cardiac diseases and Blood Pressure, among others. Lectures on Preventive Health have been organised by eminent Specialists in their field for the employees and their family members.
- Regular in-plant monitoring is conducted to curb Occupational Health Hazards (OHH) of employees.

Education

- Education represents the major thrust area of Indo Rama's CSR interventions. Ira International School, run by IRA Education Society provides quality education to nearly 1200 students from Class 1 to 12 at Butibori and nearby areas.
- Training session and shop-floor visits are organised for teaching staff of various ITIs, Polytechnics, Fire Colleges and Welfare Board.
- Indo Rama has signed a Memorandum of Understanding (MoU) with the Directorate of Vocational Education and Training, Maharashtra Government for up-gradation of ITI Nagpur and ITI Hingna, so that it can offer jobs to deserving candidates.
- Indo Rama has adopted ITI Butibori and ITI Nagpur for upgradation and also imparted trainings on various topics and advance systems. The Company's senior and expert managers have worked as faculty to train students on various systems like safety, electronic drives, pumps, inverters, relay, switches and transformers among others.

Green initiatives

- In 2010-11, several energy saving projects were implemented at a total saving of ₹ 17.5 million. Indo Rama has adopted an Energy Policy in 2005.
- A solar water heater has been installed in employee canteens; such devices will be installed in the Company guest house and the residential complex. A bio-gas plant, based on Canteen Kitchen waste has been commissioned. We are using bio-gas instead of LPG in our canteen.
- Energy Week was celebrated in December to promote energy conservation and awareness among employees. Various competitions (slogan, painting, quiz and essay) were organised at the plant, colony and schools.
- The coal fired HTM project (total capacity of four - 54.4 Mkcal/hr) is under installation stage and will be commissioned by July 2011. Furnace Oil, the existing fuel, will be replaced by coal, reducing fuel cost.

Measures taken towards a cleaner and greener environment

- Installation of highly efficient Pollution Control Equipment, e.g. ESP, Bag House and Pulse Jet Dust Collectors and regular monitoring of all stacks and ambient air quality.
- Treatment and recycle of effluent generated from operations and residential colony.
- Tree plantation for ecological up-gradation.
- Hazardous wastes were handled through registered recyclers, who are authorised by the concerned Pollution Boards and the MOEF.
- Celebration of World Environment Day on 5 June every year by participation of large number of employees.

Insight into the NUMBERS

Analysis of the profit and loss account numbers

- 10.69% increase in net revenue from ₹ 2,526.05 crores in 2009-10 to ₹ 2,796.06 crores in 2010-11 following increased polyester demand and growing scale.
- 72.71% growth in other income from ₹ 30.52 crores in 2009-10 to ₹ 52.71 crores in 2010-11; other income mainly comprise dividend, interest income, forex gains and refunds.
- 83.01% escalation in EBIDTA from ₹ 233.80 crores in 2009-10 to ₹ 427.90 crores in 2010-11 on account of enhanced operational efficiencies.
- 1,855.26% increase in PAT from ₹ 7.13 crores in 2009-10 to ₹ 139.41 crores in 2010-11 on account of better profitability.
- 604 bps hike in EBIDTA margin from 9.26% in 2009-10 to 15.30% in 2010-11 due to cost rationalisation.
- 471 bps hike in PAT margin from 0.28% in 2009-10 to 4.99% in 2010-11 following growth in portfolio of value added products.
- 11.69% increase in material consumed from ₹ 1,929.35 crores in 2009-10 to ₹ 2,154.87 crores in 2010-11 following growing scale and the rising costs of PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol).
- 8.26% increase in operating and other expenditure from ₹ 413.59 crores in 2009-10 to ₹ 448.60 crores in 2010-11 on account of increased cost of packing material, repairs and people.
- -9.57% decrease in financial expenses from ₹ 77.03 crores in 2009-10 to ₹ 69.66 crores in 2010-11 following reduction in debt component.
- 0.50% increase in depreciation from ₹ 149.15 crores in 2009-10 to ₹ 149.90 crores in 2010-11.

Analysis of the balance sheet numbers

- No change in share capital as no capital was raised during the fiscal, so the paid-up share capital stood at ₹ 151.82 crores in 2010-11.
- 25.44% increase in reserves and surplus from ₹ 356.88 crores in 2009-10 to ₹ 447.67 crores in 2010-11 following an increase in retained earnings.

Key ratios

	2010-11	2009-10
Debt equity ratio	0.90	1.66
Interest coverage ratio	7.04	3.35

- 21.84% growth in networth from ₹ 508.70 crores in 2009-10 to ₹ 619.79 crores in 2010-11 on account of escalated retained earning.
- 22.01% increase in capital employed from ₹ 507.96 crores in 2009-10 to ₹ 619.79 crores in 2010-11 due to reduced debt component.
- 1392 bps growth in return on capital employed from 5.64% in 2009-10 to 19.56% in 2010-11.
- -29.79% decline in debt portfolio from ₹ 871.06 crores in 2009-10 to ₹ 611.56 crores in 2010-11 on account proactive repayment.
- 0.71% increase in gross block from ₹ 3,032.64 crores in 2009-10 to ₹ 3,054.17 crores in 2010-11 on account of marginal growth in plant and machinery.
- 193.73% growth in capital work in progress from ₹ 6.75 crores in 2009-10 to ₹ 19.84 crores in 2010-11 due to miscellaneous expansion across the plant.
- 2.32% escalation in investments from ₹ 17.24 crores in 2009-10 to ₹ 17.64 crores in 2010-11.
- 135.82% growth in inventories from ₹ 289.21 crores in 2009-10 to ₹ 682.01 crores in 2010-11 on account increased stock of raw material and finished goods.
- 19.40% increase in debtors from ₹ 85.16 crores in 2009-10 to ₹ 101.68 crores in 2010-11 following an increase in turnover.
- -2.64% decline in loans and advances from ₹ 242.12 crores in 2009-10 to ₹ 235.74 crores in 2010-11 due to lesser advances and receivables.
- 7.51% escalation in cash and bank balance from ₹ 19.43 crores in 2009-10 to ₹ 20.89 crores in 2010-11 owing to growing operations.
- 59.12% growth in current liabilities from ₹ 604.29 crores in 2009-10 to ₹ 961.57 crores in 2010-11 on account of a rise in sundry creditors and provisions.
- 148.97% surge in working capital from ₹ 31.63 crores in 2009-10 to ₹ 78.75 crores in 2010-11 to meet working capital requirements of increased operations.

MANAGING RISKS at Indo Rama

The Company's risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value, while calibrating and mitigating risks. It is integral to how we plan and execute business strategies.

Polyester finds versatile use in apparel, automotive, home furnishing, industrial textile and sportswear sectors than any other forms of man-made fibre. A combination of expanding economy, rising purchasing power, growing middle class and wider polyester applications reflect sustainable market growth in the coming years. The demand is likely to be in the range of 8-11 percent CAGR.

An increase in competition from other established players could dent market share

The Company possesses a substantial market share and enjoys significant competitive advantages over other players owing to economies of scale, superior technology and superior client relationship. It possesses five polyester integrated units at Butibori, Nagpur, where it is planning to double capacity in the next five years to meet the growing polyester demand. Continuous innovation in new value-added product development enables the Company to cater to multiple client demands.

Unavailability of quality raw materials can hamper production

Polyester is made of Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG). The Company sources PTA from reliable vendors like the Indian Oil Corporation Ltd. among others; and MEG from Sabic. The Company enjoyed economies of scale in the procurement of raw materials and consumables. It maintains an adequate raw material inventory to ensure seamless operations. In 2010-11 the Company strengthened raw material sources by adding several new vendors and entered into long-term contracts with critical input vendors for uninterrupted supply.

Increasing power cost can lead to rising operating costs hurting margins and profits

Indo Rama possesses 82.5 MW installed power capacity, of which 52.5 MW is diesel generating (DG sets) and 30 MW is coal based. These will not only fulfil the Company's captive needs but also leave an additional quantum for merchant sale to the state electricity grid. Further, an 11 MW coal based power plant has been initiated in 2010, which is likely to come on stream by October 2011. The Company enjoys linkages and proximity to coal mines, ensuring uninterrupted coal supply for the power plant.

Inability to adapt to evolving technologies can affect growth

The Company has invested in technologies and equipment to enable optimum resource utilisation and reduce production costs. It is consistently increasing its average realisations through re-engineering and improvisation. Indo Rama has obtained know- how from leading global technology providers like 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) and Autefa (Germany).

Improper marketing could hamper product visibility and brand

Indo Rama has strategically placed itself in the textile manufacturing belts of Bhilwara, Coimbatore, Erode, Ludhiana, Madurai, Mumbai, Silvassa, Surat, and Tirupur. The Company enjoys a long-standing relationship with most of its clients, ensuring repeat business. The Company added over 100 new clients in 2010-11.

Attrition of efficient and experienced people could affect operations

The Company offers lucrative incentives to motivate performance. The employees attend technical seminars and workshops to enhance their expertise levels.The Company's continuous focus on skill-building provides equal opportunities for lateral growth. The Company's attrition rate is below industry standards.

Over 70 percent of Indo Rama's raw materials are imported; so any volatile forex fluctuations may hamper profitability

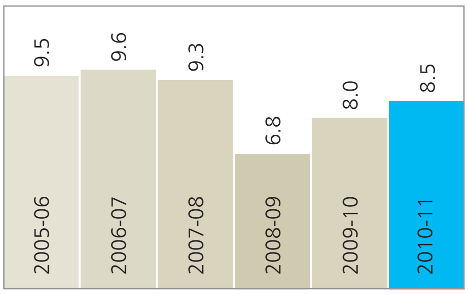
The Company maintains a judicious balance between imports and exports, a natural hedge against its foreign currency debt. It also enters into forward contracts to mitigate forex fluctuations.

Management Discussion and Analysis

The Indian Economy

India is the world's largest democracy and the 12th largest economy of the world. The GDP growth plummeted to 6.8% in 2008-09 (due to global meltdown), recovered to 8% in 2009-10 and finally touched 8.5% in 2010-11. This is owing to India's robust regulatory mechanism and timely stimulus by the government. The country's GDP growth is expected to be around 8-8.5% in 2010-11, aided by increasing domestic consumption, low credit leverage, low debt exposure and a growing thrust on infrastructure creation.

National GDP growth trend (%)



GDP trend*

*(Source: CSO * Growth in GDP at factor cost at 2004-2005 prices)*

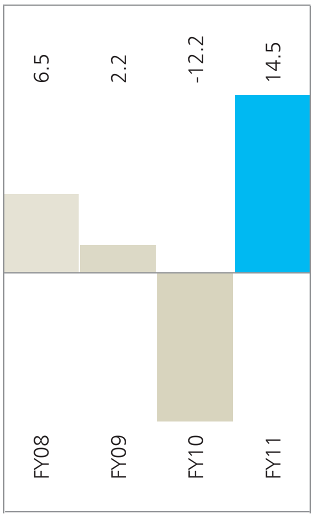
Key Growth Drivers

- Rising population: India's population is estimated to be 1.21 billion in 2011 and growing at 1.3%. The country's 'young' comprises over 50% people, who are below 25 years. This group is expected to drive the sale of lifestyle products.
- Surging per capita income: Per capita income was ₹ 46,492 in 2009-10, and it is expected to grow by 17.3% and reach Rs 54,527 in 2010-11.
- Expanding middle class: The middle class comprises 22% of the total population and by 2010 this class is expected to grow to about 32% of the total population.
- Urbanization: Only 28% of India's population today lives in urban areas, and is expected to reach 40% by 2020, signalling a significant consumer, infrastructure and retail expenditure.

Global Trade Scenario

Global trade is all set to register a turnaround with an estimated growth rate of 14.5% for 2010, compared to -12.2% in 2009. The volumes increased faster than the expected recovery in global trade. Merchandise exports of the developed economies are predicted to expand by 11.5% in volume, vis-à-vis 16.5% for the rest of the world (including developing CIS countries). The strong recovery in trade indicates improved economic activity worldwide. India's share in world trade is close to 2%, which is estimated US$ 500 billion.

World Merchandise Export (%)



(Source: WTO)

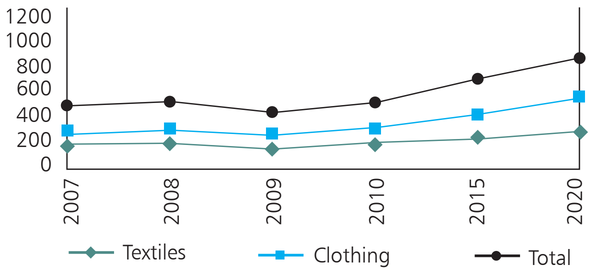
Textile Industry Scenario

Global Textile

The global textile and clothing trade is expected to witness a smart recovery from US$ 527 billion in 2009 to estimated US$ 600 billion in 2010. Although this figure is still short of from US$ 612 billion in 2008, a 14% growth is robust, considering that Q1 2010 still was under the clouds of recession.

China is expected to claim a lion's share of the global textile and clothing trade with estimated US$ 206 billion and India is expected to cross US$ 25 billion in 2010. The global trade in textiles and clothing will increase owing to production centres steadily shifting from Western countries to Asia and the Middle East. Simultaneously, there is an increase in the consumption in USA and European region. The trade is likely to increase from US$ 600 billion to US$800 billion by 2015 and US$1,000 by 2020.

Global textile and clothing trade 2020 (US$ billion)



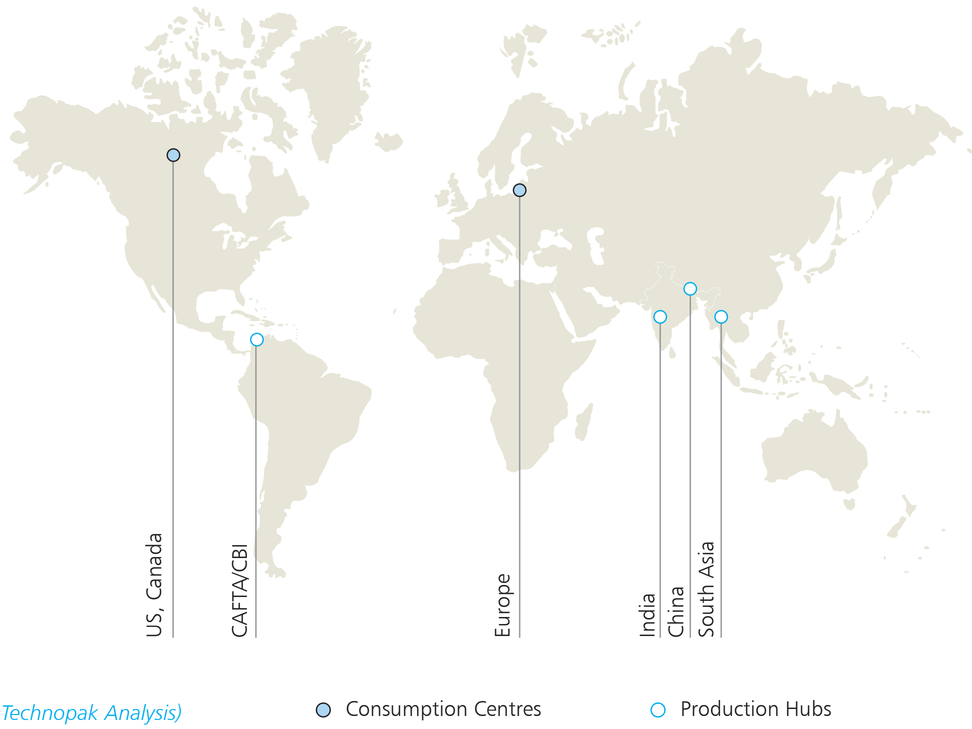
(Source: Technopak)

Changing Focus

The global market for textile and apparel is expected to expand significantly on account of consumption in new markets, global expansion of modern retail business, boom of air and sea shipments, growth of textile and related production in Eastern Europe, CIS, Turkey, the Middle East, South East Asia, India, China and South America.

In 2011, emerging Asian countries, namely Bangladesh, India, Vietnam and Cambodia are believed to steal the spotlight of the global textile industry. These countries will be playing a significant role, owing to their low-cost advantage.

Asia-centric production shift



(Source: Technopak Analysis)

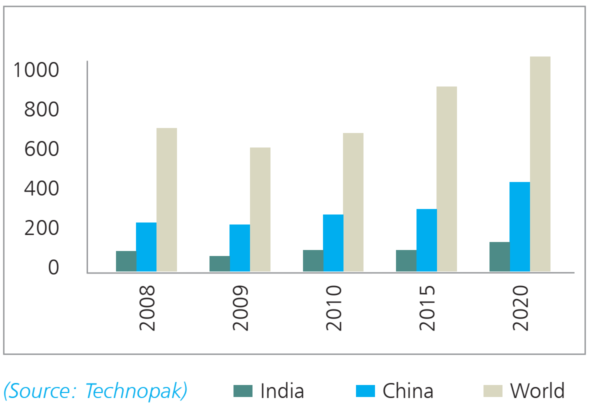
Indian Textile Industry

The Indian Textile industry is expected to register an overall growth of 7% in 2010.

The export performance of Indian textiles and apparel has gained momentum and year 2010-11 is expected to witness an estimated 11% growth at US$ 26 billion. However, India trails substantially behind China, both in rate of growth in exports as well as overall share in world textile exports as China has an estimated 34% share, while India lags behind with 4.3%.

Most developed countries will continue to witness a decline in exports of textiles and apparel, due to higher cost of production. This should create fresh opportunity for India to increase its share in world textile and apparel exports. India may stand to gain from China as it may yield some export opportunity due to rising demand within China and rising cost of production. According to Technopak, India has the capability and opportunity to reach US$ 80 billion exports by 2020. It can enhance the share from the current 4.3% to 8%. There is a significant potential for India to almost double the global export share.

Textile and apparel exports (US$ billion)



(Source: Technopak)

India Advantage

High Growth

Under the Eleventh Plan (2007–2012), the Planning Commission has set a growth rate of 16 per cent for the garments, technical textiles and processing segments, projecting an investment of US$ 31.37 billion (₹1,506 billion) during the Plan period.

Sourcing Hub

Several international retail players, such as Marks & Spencer, Haggar Clothing, Kellwood, Little Label and Boules Trading Company, are using India as a key global sourcing destination.

Liberal FDI

Foreign direct investment (FDI) of up to 100 per cent is allowed in the textiles sector.

Skilled Workforce

The National Skill Development Corporation (NSDC) is targeting the creation of 150 million skilled workforces in India by 2022 for sustaining high economic growth. The industry employs Engineers, Diploma holders, CAs, MBAs and also people with basic schooling.

Government Initiavities

Initiatives such as the Technology Upgradation Fund Scheme (TUFS) aid the development of the domestic industry and attract potential investors.

Fibre Industry Scenario

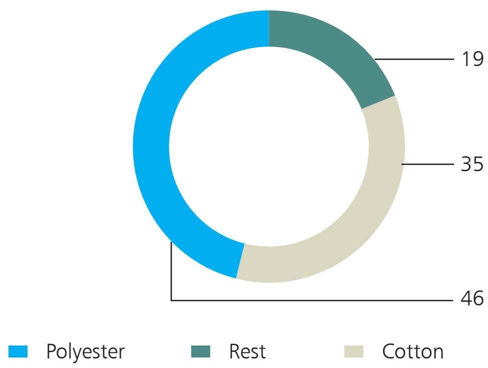
Global Fibre Industry

The global fibre demand recovered by 3.4% to an estimated 73 million tonne in 2010, compared to 70.6 million tonne in 2009. The positive signs of the world economy in 2010 can have a positive impact on fibre growth. While consumption of cotton is expected to grow marginally from 24.5 to 24.7 million tonne, Man-made fibre managed a growth of 4.7% improving demand from 45 million tonne to 47.1 million tonne. The synthetic fibre demand was higher by 4.8% from 42.3 million tonne to 44.5 million tonne.

- Viscose the only cellulosic fibre demand is expected to increase by 3.5% in 2010 over 2009, with volumes at 2.55 million tonne and 2.64 million tonne in 2009 and 2010, respectively.
- Acrylic is estimated to grow marginally by 1.3% due to restricted raw material supply with volumes at 1.95 million tonne and 1.98 million tonne, respectively in 2009 and 2010.
- Nylon growth estimated at 5.2% from 3.58 million tonne in 2009 to 3.78 million tonne in 2010.
- Polypropylene fibre estimated up by 1.5% from 4.26 million tonne to 4.33 million tonne.
- Polyester remains the preferred fibre estimated to grow at 5.3%. The demand is seen at 34.4 million tonne in 2010, compared to 32.7 million tonne in 2009.

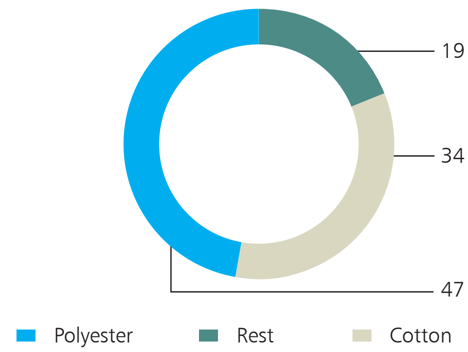
World Demand of Fibres

World Fibre Demand 2009: 70.6 Mn Tonne %



(Source: PCI 2010/11)

World Fibre Demand 2010: 73 Mn Tonne %



(Source: PCI 2010/11)

Rising Cotton Prices

The high international cotton prices due to shortage of cotton worked in favour of polyester. Cotton appreciated over 150% in 2010-11 owing to disruption of cotton crops in Pakistan due to extensive floods and higher demand and lower cotton production in China. The world cotton production is estimated at to 25 million tonne in 2010-11. The cotton demand of 24.7 million tonne is limited by very high prices.

Driving Scope for Polyester (World)

The increase in world polyester fibre capacity continues to dominate the fibre markets. The capacity estimated growth is placed at 6.7%. The capacity in 2010 is at 47 million tonne from 44.1 million tonne in 2009 and major expansions took place in China and India. In contrast, the production of polyester fibre is estimated to be 35.3 million tonne in 2010, compared to 32.7 million tonne in 2009, registering an impressive growth of 8%.

The capacity addition is estimated to continue in 2011-12 from 47 million tonnes to 54.5 million tonnes and production reaching the levels in 2012 at 40.2 million tonnes from 35.3 million tonnes. The Polyester fibre capacity utilisation as per PCI estimated has improved from 74.2% in 2009 to 75.1% in 2010.

In terms of volume polyester filament is estimated to be around 21.4 million tonne in 2010, compared to 20.2 million tonne, a growth of 5.9% in 2009. Polyester Staple fibre (PSF) is estimated to be 13.1 million tonne in 2010, compared to 12.5 million tonne in 2009, registering a growth of 4.8%.

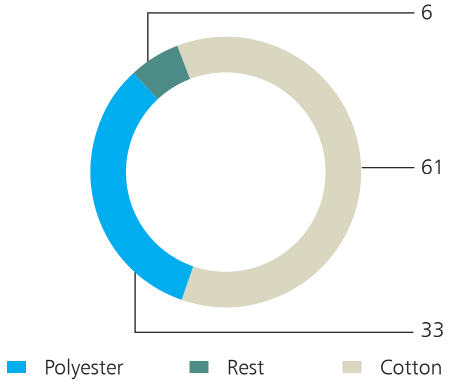
Indian Fibre Industry

India remained stable in terms of production and demand of all fibres. The total fibre production estimated at 8.9 million tonne. This represents an increase of 9.1% in 2010-11. The increase in production of all fibres is attributed due to increase in capacity of PFY, higher capacity utilization in Polyester staple fibre and good cotton crop. The cotton fibre production is estimated to increase at 5.6% in 2010-11 against 5.01 million tonne in 2009-10. The per capita consumption of all fibre in India stands at 7.40 kg, compared to world per capita consumption of all fibres at 10.8 kg.

Indian Polyester

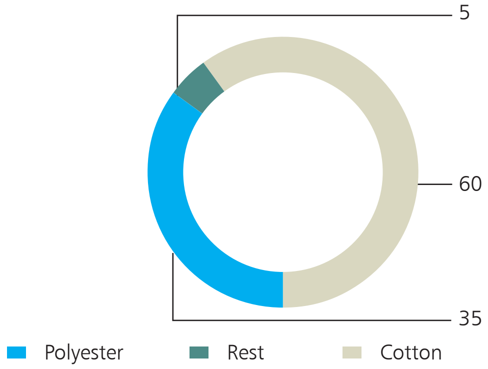
The polyester fibre production was up by a robust 16.7% estimated at 3.14 million tonne in 2010-11 against 2.69 million tonne in 2009-10. The combined production of cotton and polyester fibre is 95% of the total fibre. The country's polyester production share is around 9% of the total world production. India's polyester per capita consumption stands at 2.50 kg in 2010, whereas world polyester per capita consumption in 2010 stands at 5.10 kg.

India Fibre Production 2009: 8.25 Mn Tonne %



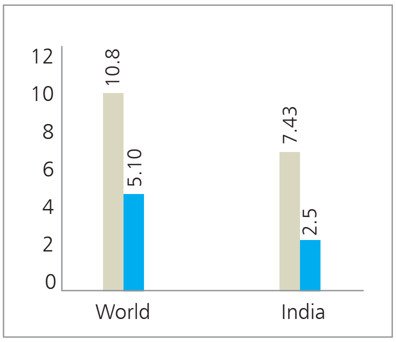
(Source: PCI)

India Fibre Production 2010: 8.9 Mn Tonne (%)



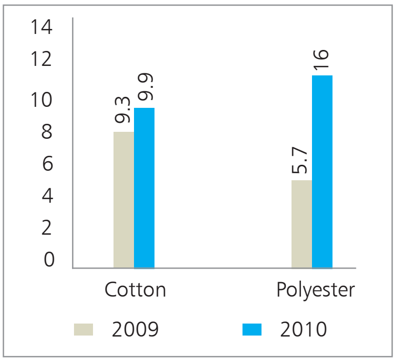
(Source: PCI)

World Vs India : Per Capita Consumption (Kg) - 2010



(Source: PCI)

India: Cotton vs Polyester growth (%)



The all India Fibre demand in 2010-11 is estimated at 7.81 million tonne and represents a share of 10.7% of world demand. Cotton still commands 60% domestic demand, while polyester comes second with 35%. What is noteworthy is the growth over previous year in both the fibres.

While cotton consumption grew from 4.25 million tonne in 2009-10 to 4.67 million tonne, up by 9.9%, despite high volatility in prices and unprecedented rise in prices from the second half of 2010-11.

The year 2010-11 looks promising as polyester demand is expected to rise. The significant gap between the polyester and cotton prices has acted as a catalyst to foster polyester penetration in cotton predominant areas.

Polyester Fibre Industry: Fibre for the future

8.3%	16%	17%	78-72%
Capacity growth	Domestic demand growth	Production increase	Capacity utilization on production

The polyester fibre demand and production displayed a robust performance in 2010-11. The production has risen from 2.69 million tonne in 2009-10 to estimated 3.10 million tonne, which clearly depicts 17% growth. The demand was equally impressive with a growth of 16%, volume up estimated 2.70 million tonne in 2010-11 from 2.33 million tonne in 2009-10. The capacity addition from 3.75 million tonne in 2009-10 to estimated 4.06 million tonne in 2010-11 is fully on account of capacity build-up in polyester filament yarn segment.

The outlook on polyester is positive on account of stable demand of all polyester products, competitive prices vis-à-vis other fibres. Polyester increasing usage non apparel segment, technical textiles and nonwoven applications will further drive demands.

India's expanding middle class, their growing disposable income and wider applications will sustain stable growth of polyester.

The demand is likely to be in the range of 10-12% CAGR. The operational efficiency is estimated to improve to 90% by 2013-14.

Polyester Filament Yarn (PFY)

- The total capacity of PFY in 2010-11 is 2.91 million tonne. The country's PFY production is estimated at 2.15 million tonne in 2010-11 against 1.81 million tonne in 2009-10, registering an impressive 19% growth.

- PFY production share is 68% of total India's polyester fibre production. The domestic demand is seen at 1.92 million tonne in 2011 against 1.66 million tonne in 2010, thereby showing a robust growth of 15%.
- Exports of PFY is estimated at 0.20 million tonne, registering a growth of 24% over 2009-10. The demand based capacity utilization of PFY is 64% in 2010-11. The low capacity utilization is on account of huge expansions carried out in 2011 and will increase in 2012.
- PFY capacity expansions are in various stages of progress and India's capacity is estimated to be 4 million tonne by 2013-14, an increase of estimated 39%. This capacity addition is likely to translate into a CAGR demand of 11-13% for the period 2011-2014. The PFY will be a major contributor in wearable category, dress material, automotive segment and home textiles.

Polyester Staple Fibre (PSF)

- The capacity of PSF in 2010-11 is 1.15 million tonne.
- India's PSF production is estimated at 0.99 million tonne in 2011, as against 0.88 million tonne in 2010. This demonstrates an increase of 12.7% in production. PSF contributes 32% of the India's polyester fibre production.
- Domestic demand is 0.78 million tonne (grew 16.5% in 2011) on account of short supply of major competing fibre and competetive price.
- Export (estimated at 0.185 million tone) is down by 5.4% as domestic demand supply matched. The demand based capacity utilization is seen at 85% in 2011 and is likely to further increase in 2012.
- No new capacity has been announced for expansion in 2011 and 2012. PSF demand is stable and is estimated to grow at a CAGR of 9-11% for 2011-14. The demand is expected to come from non-woven applications, substitution of cotton fibre by PSF and men's wear.

About Indo Rama Synthetics (India) Limited

Indo Rama Synthetics (India) Ltd. (Indo Rama) is a polyester manufacturing company operating its business through two segments, namely polyester division and power division.

The Company offers a wide range of polyester products, which include Polyester Staple Fibre (PSF), Partially Oriented Yarn (POY), Draw Texturised Yarn (DTY), Fully Drawn Yarn (FDY) and Polyester Chips. Equipped with a state-of-the-art integrated manufacturing complex at Butibori near Nagpur in Maharashtra, Indo Rama also has several technical collaborations with various technology leaders in Japan, Germany and the USA. A customer focused organization, Indo Rama stands for high quality standards and innovative business practices.

Indo Rama's Production and Sales

Particulars	2010-11	2009-10
Total sales (₹ in million)	30,529	26,899
Total exports (₹ in million)	8,053	5,296
Polyester Staple Fibre (TPA)	184,081	185,929
Polyester Filament Yarn (TPA)	169,516	176,723
Draw Texturised Yarn (TPA)	45,527	42,304
Polyester Chips (TPA)	10,745	11,864
Electrical power (MWPH)	29.8	48.3

Marketing Strategy

In 2010-11, the Company consolidated sales in its entire products category. The thrust on developing new customers with aggressive marketing intelligence paid rich dividends. A renewed focus on developing sales of PSF in non-woven segment yielded rich dividends. Moreover, Indo Rama is looking to enhance the market share through right placement of products in domestic markets and also looking at diversifying its product base. The Company also strengthened its customer base in export geographies through competitive pricing and quality offerings.

Raw Material Procurement

The scenario in polyester has changed drastically this year, due to the shortage of cotton. The rising prices of cotton and shortage resulted in a swift demand for polyester products like PSF, POY, film and texturised yarn. The price scenario for these products has touched the highest levels. This triggered an unexpected demand of Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG) - the key raw materials to make polyester resulting into price increase. From the present situation it seems that PTA and MEG demands will remain stiff due to increase in polyester capacities.

Purified Terephthalic Acid (PTA)

In the beginning of 2010-11, PTA was expected to be easily available and prices were declining but after the floods hit China and Pakistan there has been a shortage of cotton crop. This impacted the prices, which had been going down started moving up from July onwards and went up to unexpected heights. Only one new PTA plant came up in China during the end of the year and all other commissioning of plants were delayed, which further fuelled the demand for PTA.

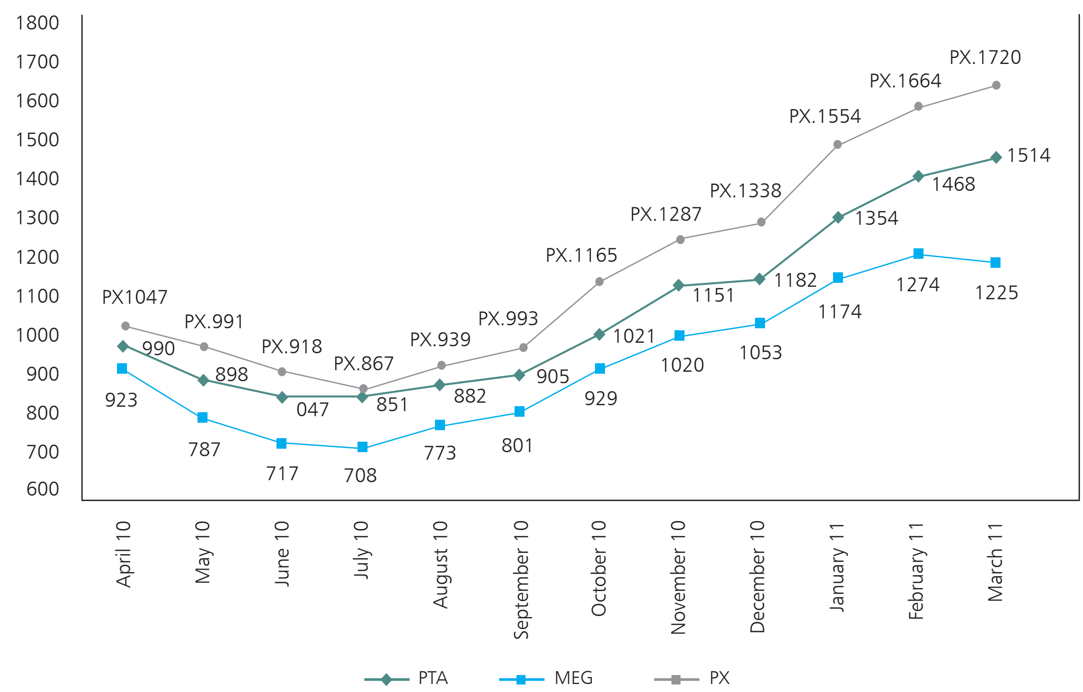
In India imports have gone up from 30,000 MT per month to 70,000 MT per month due to frequent plant outages of local PTA producers.

Analyzing the current situation the demand and supply position, PTA is likely to remain tight due to few new PTA capacities additions and higher utilization of polyester capacities.

Monoethylene Glycol (MEG)

MEG witnessed an increasing trend from June/July due to unexpected demand in polyester. Further MEG expected growth rate was lower than demand growth rate resulting into higher operating rates of MEG plants globally. The trend is expected to continue due to limited MEG Capacities worldwide until new capacities come up by 2013-14. Due to expected polyester capacity utilization the position of MEG in general is likely to remain tight in the next year as no new capacity is likely to come in 2011-12.

Price Trends of PTA MEG and PX (US$ / metric tonne)



(Source: ICIS and PLATTS)

Power Business

11 MW STG Project was initiated to generate additional power to reduce captive power cost in 2010-11. This project was initiated to produce additional 11 MW coal based (thermal) power from the surplus steam of CPP boilers as a substitute for costly DG Power. After project commissioning, the overall captive power cost of polyester production shall reduce. Upon 11 MW STG project commissioning, the installed capacity of power generation in the complex shall be 93.5 MW. The capacity comprises 52.5 MW DG sets, based on furnace oil and 41 MW STG facilities based on coal.

Indo Rama has availed of maximum power for captive consumption through coal based power plants by restricting DG operations to the lowest and imported power from state grid as a cheaper option, whenever necessary.

Human Resource (HR)

Indo Rama has adopted sound and contemporary HR practices to ensure sustainable business practices. The Company has given utmost importance to human resources as they are the drivers for operational efficiency, competitive advantage, profitability and growth of the Company.

HR Framework

Indo Rama strives to be a learning organization. In this endeavor, several training programmes are conducted including on-the-job training and technical training. Programmes of general management and behavioral topics are conducted round-the-year for various verticals, which have ensured a culture of learning and adaptability among employees. Training needs of the employees are identified by conducting training programmes. Performance Appraisal, Succession Planning and Team reward mechanisms are a part of the organizational culture. The commitment and motivation of the staff is maintained through a sound Performance Appraisal system, which recognises and rewards merit.

Recruitment and Training

Sound recruitment practices have been adopted to ensure that candidates with high potential are inducted at all levels. Recruitment at all levels is made purely on merit with effective multilayer selection procedure, which assesses the personalities, past experience and potential to contribute in the future growth the company. Candidates with positive attitude are inducted. For Graduate Engineer Trainees, campus recruitment is organised in reputed colleges. Sound induction and extensive feedback systems have been introduced to make the new inductees familiar with the existing culture of the company. Rigorous on-the-job training under the guidance of senior executives is undertaken so that the trainees are able to acquire technical competency to operate the machines in a very short time. International ISO standards have been adopted by Indo Rama to maintain high quality of HR Management System. The staff is trained and motivated to adopt and implement these practices to meet standard expectations. In this direction, training needs are identified for each level of employees and training programmes for up-gradation of skills, multi-skill of employees are organised. A unique training programme has been imparted for the spouses of the employees and so far in last 3 years around 300 couples have covered in this training programme.

Initiatives like Cultural programmes, Sports activities are organised for the employees and their family members and also for the entire industrial area to maintain good life balance.

HR Policy

The basic principles of Human Resources policies include: Recruitment based solely on merit by following well-defined and systematic selection procedures without discrimination; sustain motivated and quality work force through appropriate and fair performance evaluation, reward and recognition systems; identify training needs within the organisation and design and implement those need based training programmes resulting in continuous upgradation of knowledge, skills and attitudes of the employees; maintain a quality Human Resource Management System to meet the international ISO standards; plan, design, train, equip and motivate the department staff to meet this standard of expectation. Regular and sustained training and growth programmes are at the core of all Indo Rama functions and operations, and the year 2010-11 saw several initiatives being undertaken by the Company in this regard. The Company follows a strict training policy for its employees after identifying the needs of the individual. Cultural and sports activities are not only organised for the employees and their family members but also for the entire industrial area to maintain a cordial and healthy relations. Effective cost-saving measures have become a major part of the employees' work profile. The sincere efforts put in by the employees over the past years have resulted in major savings in administrative expenses.

Work culture emphasises:

- Freedom to experiment
- Continuous learning and training
- Transparency
- Quality in all aspects of work
- Rewards based on performance and potential

Risk Management

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

Safety, Health and Environment

Indo Rama is certified for Environment Management System: ISO 14001:2004 and accordingly EMS has been developed along with 'Environment Policy'.

Safety

- Indo Rama has well equipped and secured safety installations to meet any kind of emergencies within company as well assistance to nearby industries in Fire & Safety. The Company complied with all statutory requirements as per the Factory Act.
- As a continual effort and stress on fire and safety no major incident happened in 2010-11.
- 'Safety for all through training' is the motto of Indo Rama and 1812 employees including contract workers were trained.
- To strengthen safety culture employees participation is ensured and regular Safety Meetings, Safety awareness programs, Safety Competitions, Safety Audits & Drills are organised through out the year.
- Indo Rama has its Emergency Preparedness Plan in place. Regular drills are conducted for emergency preparedness.
- External and internal Safety audits are conducted and compliance of recommendations is done.

Environment

- Indo Rama has well designed treatment facilities to manage and control water pollution. The treated effluent complies with Maharashtra Pollution Control Board norms. Major part of the industrial water and domestic waste water is recycled in Effluent Treatment Plant and in Sewage Treatment Plant.
- Installation of CLO2 generator for Utility Cooling Towers under initiation towards cleaner technology. Also we are in planning stage for installation of Reverse Osmosis plant of 1000 M3 Capacity for Cooling Tower blow down, which will further reduce fresh water intake from MIDC.
- IRSL is in process of exploring the usage of ozonation system in Power Plant Cooling Tower. This is a proven cleaner technology.

- Ambient air quality, water and waste water quality is regularly measured through MOEF approved lab.
- Sale of Polymer and fibre wastes to recognised parties for reuse. Other solid waste is handled through registered recyclers who are authorised by the concerned Pollution Boards and the MOEF.
- Electro static Precipitators are provided in boiler house to control the emissions within norm. We are in process of installation of on-line continuous ambient air quality monitoring station at IRSL complex.
- Various in-house training programs were conducted to enhance awareness level towards environment. World Environment Day was celebrated by organising plantation activities and other competitions involving people. Environment Day was celebrated in June 2010 with full enthusiasm.
- The Company has reduced its specific water consumption by about 13.0% over the last two years.
- Effluents from the production areas are treated and recycled to achieve 'zero discharge pollution'. Indo Rama has adopted measures to continuously increase usage of recycled water.
- During 2010-11, the Company has executed projects, which has collected rainwater from the roofs of the staff colony, main administration building and plant building thus diverting the water to storage areas.
- The Company has adopted a 34-acre plot to develop forest cover. Moreover, the original forest cover around the factory has been maintained in its original condition.

Health

- Indo Rama has well equipped round the clock operating Health Centre with Qualified Medical staff and Doctors at its manufacturing site in Butibori.
- Employees Health check up is done regularly along with expert advice time to time.
- Medical Centre organises various programmes like HIV/Aids awareness campaign, camp on 'Gyanae disorders and diet', B.M.D Camp, awareness programme on 'Healthy Life style ', awareness programme on 'Effects of Gutkha/Tobbaco' on human life, etc.
- This year the medical centre trained more than 250 employees in the sphere of giving first aid.

Information Technology

The Company implemented SAP in 2000 and is currently using the Sales and Distribution (SD), Finance & Costing (FI/CO), Material Management (MM) and Plant Maintenance (PM) modules of SAP. The tight integration of the various modules in SAP helps avoid redundant data inputs and provide an online view of the operations to the Company's Senior Management. Implementation of SAP has helped the Company optimise its operations and reduce costs significantly. As of date, all major locations are connected to the SAP Central Server, housed in the state-of-the-art Data Centre located at Butibori, Nagpur.

The Company's Intranet site, Antarnaad provides ready access of its internal policies, notices, organizational details, latest financial information etc. to its employees. It also provides links to LMS (Leave Management System), the workflow tool for management of leave requests, RFC (Request for Change) system, which logs and tracks SAP, Legacy and Facility change requests from users. The portal also provide links to the EMIS system, a tool for high-level management reports, based on operational data, and an E-auction site for transparent management of vendor quotations.

Major activities undertaken during the year:

- SAP Functionality Enhancements.
- Graphical Trend Analysis of the yearly machinery spares consumption.
- Automation of Quantity Discount payable to the customers.
- Aging analysis of Returnable Packaging Material [RPM].
- Tracking of Bank guarantees in SAP resulting in better control.
- Plant Maintenance MIS reports in graphical and tabular form.
- SAP Version Upgrade from 4.7 Enterprise to SAP ERP ECC 6.0 EhP4.
- Oracle Version Upgrade from 9i to 10g.

Proposed initiatives for 2011-2012

Going forward, the following major initiatives are proposed for 2011-12 fiscal:

- IFRS Enablement of the corporate accounting system in SAP to comply with the GOI directives for IFRS compliance.
- Implementation of additional SAP Modules like Production Planning (PP), Quality Management (QM) and Costing (CO) for improved product costing.
- Implementation of SAP BI & EP to provide better forecasting and trend analysis tools to the top management.

It is expected that these initiatives will contribute to a more seamless integration of all key functions and processes of the Company and provide inputs to further optimise its costs, resulting in improved bottom lines.

Internal Controls and their adequacy

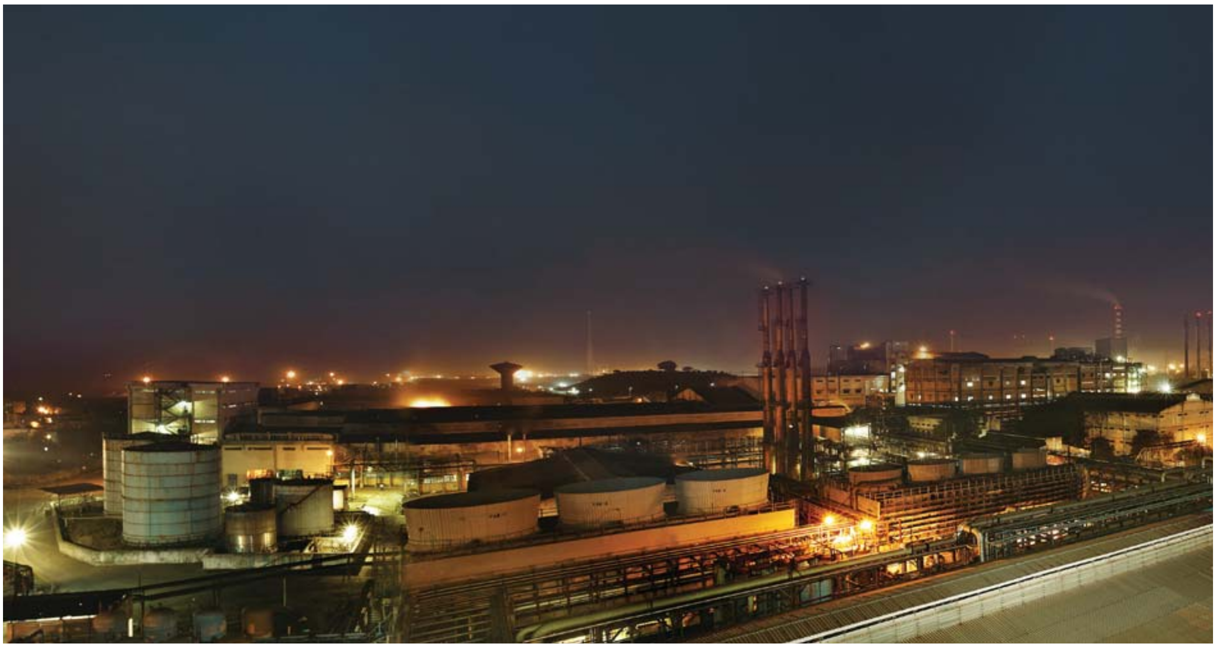
Internal Audit is used as an effective tool to check and enhance efficacy of systems, processes and controls of the Company. It is carried out by an independent agency. The review plan for the year covers all the major areas at least once during the year. The plan is drawn in consultation with senior 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 with the 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

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 2011, 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 2010-11, the Board of the Company met five times on 27 May 2010, 12 August 2010, 25 September 2010, 9 November 2010 and 14 February 2011. 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 as overleaf.

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Number of Board Meetings		Last AGM Attended	No. of Other Directorships *	No. of Board Level Committees where chairperson or member	
		Held	Attended			Committee Chairmanships	Committee Memberships
Mr. M. L. Lohia # (Chairman Emeritus)	Promoter, Non-Executive	5	-	No	-	-	-
Mr. O. P. Lohia # (Chairman & Managing Director)	Promoter, Executive Chairman	5	5	No	2	-	1
Mr. Vishal Lohia # (Whole time Director)	Executive	5	5	Yes	-	-	2
Mr. A. K. Ladha	Independent	5	5	No	7	2	-
Mr. O. P. Vaish	Independent	5	5	No	5	1	3
Dr. A. Pandalai	Independent	5	5	Yes	1	-	1

Notes:

* *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 March 31, 2011

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. 9 of Schedule 18 'Notes to Accounts' annexed to the financial statements of the year. There have been no material pecuniary transactions or relationships between the Company and its non-executive and/or independent Directors during the year 2010-11.

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 2010-11. Declarations signed by the Chairman & Managing Director and Whole-time 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 2011, 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. The Chairperson of the Audit Committee authorised Dr. A. Pandalai vide letter dated 22 October 2010 to attend the Annual General Meeting (AGM) held on 25 October 2010 on his behalf.

During 2010-11, the Audit Committee of the Company met five times on 27 May 2010, 12 August 2010, 25 September 2010, 9 November 2010 and 14 February 2011. Table 2 gives the attendance record of the members of the Audit Committee.

Table 2: Attendance record of the Audit Committee Meetings for 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A. K. Ladha	Independent Director	Chairman	5	5
Mr. O.P. Vaish	Independent Director	Member	5	5
Mr. Vishal Lohia	Executive Director	Member	5	5
Dr. A. Pandalai	Independent Director	Member	5	5

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;
- 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 27 May 2010 during 2010-11.

Remuneration Policy and Detail 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 Director 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 2011 is set forth in Table 3 below.

Table 3: Remuneration paid or payable to Directors for the year ended 31 March 2011.

(₹ '000)

Name of the Director	Relationship with other Directors	Salary	Perquisites	Deferred Benefits PF#	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	16,440	588	1,440	-	18,468
Mr. Vishal Lohia * (Whole time Director)	Grandson of Mr. M.L. Lohia and Son of Mr. O.P. Lohia	12,600	957	936	-	14,493
Mr. A K Ladha	None	-	-	-	380	380
Mr. O P Vaish	None	-	-	-	220	220
Dr. A. Pandalai	None	-	-	-	220	220
Total		29,040	1,545	**2,376**	**820**	**33,781**

**Remuneration to the aforesaid managerial personnel has been paid/ payable as per approval of Central Government.*

 # 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 2011

Name of the Director	Category	Number of shares held
Mr. M L Lohia	Promoter	300,028
Mr. A K Ladha	Independent Director	17,713
Mr. O P Vaish	Independent Director	14,120
Dr. A. Pandalai	Independent Director	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 2010-11 on 9 July 2010, 30 September 2010, 27 December 2010 and 31 March, 2011 Table 5 gives the details of attendance.

Table 5: Attendance record of the Shareholders' / Investors' Grievances Committee for 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A K Ladha	Independent Director	Chairman	4	4
Mr. O P Lohia	Executive Director	Member	4	4
Mr. Vishal Lohia	Executive Director	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 2011, 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 2010-11.

Table 6: Shareholders and Investors complaint received and redressed during 2010-11.

Total Complaints Received	Total Complaints Redressed	Pending as on 31.03.2011
63	63	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 2010-11 four meetings of the Banking and Finance Committee were held.

Management Committee

The Management Committee comprises of Mr. O.P. Lohia, Mr. A.K. Ladha and Mr. Vishal Lohia. The Management Committee deals with routine operational matters which are of an urgent nature. The Chairman of the Committee is appointed by a voice vote and the presence of any two members forms a quorum. No meeting of the Management Committee took place during the year 2010-11.

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 2011, 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 2010-11, the Share Allotment and Transfer Committee held nine meetings to expeditiously dispose of matters referred to above.

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 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. O P Lohia	Executive Director	Member	9	9
Mr. A K Ladha	Independent Director	Member	9	1
Mr. Vishal Lohia	Executive Director	Member	9	9

Subsidiary Companies

The Company has no subsidiary as on 31 March 2011.

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.

CEO/ CFO Certification

The Whole-time Director (as the CEO of the Company) and the Financial Head 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 2011.

Shareholders

Appointment/ Re-appointment of Directors

Mr. M. L. Lohia and Dr. Arvind Pandalai 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 25th Annual General Meeting.

Communication to Shareholders

Indo Rama Synthetics (India) Ltd. 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, 'Business Standard' (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 practising 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
2007-08	AGM	12 Sep. 2008	11.00 A.M.	31-A, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	None
2008-09	AGM	11 Sept. 2009	11.00 A.M.	31-A, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	None
2009-10	AGM	25th Oct., 2010	12:00 Noon	31-A, 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.

Postal Ballot

No resolution has been passed through Postal Ballot Mechanism during the year 2010-11.

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

25th Annual General Meeting

Date: Thursday, the 14 July 2011.

Time: 12.00 Noon.

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

Book Closure: from 7 July 2011 to 14 July 2011 (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 2012	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/Convertible Preferential Warrants

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.

1,316,420 GDRs were outstanding as on 31 March 2011, representing 10,531,360 Equity Shares of ₹10 each, constituting 6.94% 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.

During the current year, pursuant to shareholder's approval in Annual General Meeting held on 25 October 2010, the Company has 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.

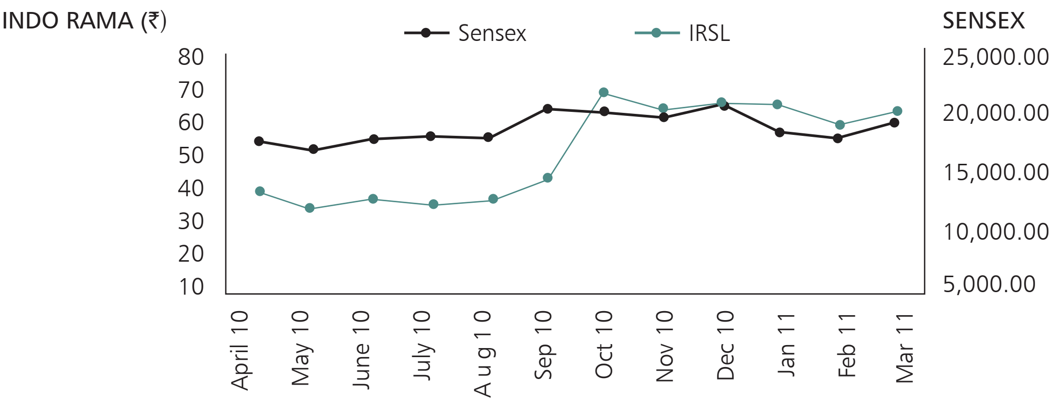
Stock Market Data

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 2010-11.

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 2010	41.90	35.50	42.00	35.55
May 2010	41.45	34.00	41.40	34.50
June 2010	40.50	32.10	40.15	32.10
July 2010	41.80	35.00	41.80	35.00
August 2010	41.00	35.00	40.80	35.10
September 2010	47.00	36.40	46.85	36.30
October 2010	71.20	42.80	71.40	42.80
November 2010	81.00	52.60	81.00	53.20
December 2010	67.00	53.10	67.00	50.60
January 2011	73.35	60.55	73.25	60.00
February 2011	70.50	55.75	70.50	54.30
March 2011	69.75	58.00	69.60	57.00

Chart A: Share prices of Indo Rama versus BSE Sensex for the year ended 31 March 2011.



Note: Based on Monthly closing Share price on BSE (April 2010 to March 2011)

Share Transfer Agents and Share Transfer and Demat System

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

MCS Limited
F-65, Okhla Industrial Area, Phase-1
New Delhi-110 020.
Tel. No.: +91-11-41406149-52
Fax No.: +91-11-41709881
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 receives 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 2011.

Table 10 : Status of Dematerialisation as on 31 March 2011.

No. of Shares Dematerialised	7,71,25,571	50.80 % of total share capital
No. of shareholders in D'mat Form	13,511	67.99 % of the total shareholders

Shareholding Pattern and Distribution of Shareholding as on 31 March 2011. 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 2011.

		No. of Equity Shares	Shareholding (%)
A.	PROMOTERS' HOLDING	97,124,582	63.97
B.	NON-PROMOTERS' HOLDING		
a)	Banks, Financial Institutions, Insurance Companies, Central / State Govt Institutions, Non-government Institutions	6,433,693	4.24
b)	Foreign Institutional Investors (FIIs)	13,100,561	8.63
c)	Foreign Direct Investment (FDI)	-	-
d)	Mutual Funds (including UTI)	6,099,920	4.02
e)	Private Corporate Bodies	9,233,587	6.08
f)	Indian Public	8,814,063	5.81
g)	NRIs / OCBs	4,84,476	0.32
h)	Shares held by custodians against which Depository Receipts have been issued	10,531,360	6.94
	Grand Total	**151,822,242**	**100.00**

Table 12: Pattern of shareholding by share class as on 31 March 2011.

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 500	17,331	25,23,724	1.66
501 to 1,000	1,426	10,93,845	0.72
1,001 to 5,000	828	17,94,341	1.18
5,001 to 10,000	116	9,04,952	0.60
10,001 to 50,000	115	25,79,613	1.70
50,001 to 100,000	18	13,81,323	0.91
100,001 and above	39	14,15,44,444	93.23
Total	**19,873**	**151,822,242**	**100.00%**

Plant Location

The Company has its manufacturing and operating complex at:

31-A, MIDC Industrial Area,
Butibori, 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
2003-04	Final	25 June 2004	24 July 2011
2004-05	Interim	20 October 2004	19 November 2011
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

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
31-A, MIDC, Industrial Area,	20th Floor, DLF Square,	F-65, Okhla Industrial Area, Phase-1
Butibori, Nagpur-441122	DLF Phase - II, NH-8,	New Delhi-110 020.
Maharashtra	Gurgaon-122002.	Tel. No. 011-4140 6149-52
Tel. No. 07104-663000-01	Haryana, India.	Fax No. 011-4170 9881
Fax No. 07104-663200	Tel. No. 0124-4997000	E-mail: admin@ mcsdel.com
	Fax No. 0124 4997070	

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 2010-11

Place : Gurgaon
Date: 21 April 2011

O. P. Lohia
Chairman & Managing Director

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 2010-11

Place : Gurgaon
Date: 26 April 2011

Vishal Lohia
Whole-time 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 2011, 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: 26 April 2011

CEO & CFO Certificate

To

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

We, Vishal Lohia, Whole-time Director and L.P. Soni, Vice President (Finance) 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 March 31, 2011, 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 2010-11.

Vishal Lohia
(Whole-time Director)

Place : Gurgaon
Dated: 26 April 2011

L.P. Soni
(VP Finance)

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the 25th Annual Report together with the audited accounts for the financial year ended 31 March 2011.

Financial Highlights

The financial performance of your Company for the year ended 31 March 2011 is summarised below.

(₹ million)

Particulars	Year Ended 31 March 2011	Year Ended 31 March 2010
Net Sales and Other Income	28,487.70	25,565.75
Profit before Financial expenses, Depreciation and Tax (EBIDTA)	4,279.00	2,338.06
Financial Expenses	696.60	770.39
Profit before Depreciation and Tax (PBDT)	3,582.40	1,567.67
Depreciation	1,499.00	1,491.47
Profit / (Loss) before Tax	2,083.40	76.20
Provision for taxation	689.30	4.88
Profit / (Loss) after Tax	1,394.10	71.32
Profit brought forward from previous year	2,257.67	780.21
Transfer from Debenture Redemption Reserve	-	12.03
Profits available for Appropriation	2,257.67	863.57
Appropriations :		
Proposed Dividend on equity shares	151.83	-
Corporate Tax on Proposed Dividend	50.43	-
Surplus carried to Balance Sheet	1,703.70	863.57
Total Appropriation	1,905.96	863.57

The Board of Directors has recommended a final dividend of ₹ 1 per equity share of the face value of ₹ 10/- each for the financial year ended 31 March 2011. (Total dividend is ₹ 2 per share for the financial year 2010-11)

Operational and Financial Review

During the year under report, your Company recorded gross sales of ₹ 30,001 million as against ₹ 26,594 million in previous year, representing an increase of 12.81% which is considered satisfactory considering the present market scenario. EBIDTA is up at ₹ 4,279 million as against ₹ 2,338 million last year representing an increase of 83%. Profit Before Tax stood at ₹ 2,083 million against a ₹ 76 million for the previous year.

This year the net profit Stood at ₹ 1,394 million as against ₹ 71 million last year. The turnaround in profits was possible due to improvement in margins coupled with optimal utilization of resources and reduction in interest cost.

Your Company is witnessing an improved business environment marked by a combination of rising raw material prices and improvement in demand for finished goods. There has also been growing interest from relatively new segments like technical and home textiles, which in turn is contributing to the demand. Despite the multifarious business challenges of 2010, we have been able to achieve motivating results. It is encouraging to see that both domestic as well as export segments are registering increase in demand across all our products.

Polyester demand is expected to further rise on back of high prices of cotton and other alternate fibres. Cotton prices have already reached a record high, and are continuously rising because of short supply. Moreover, no further capacities are being further added going forward in near term, in existing polyester fibre capacities. The demand for polyester products is expected to rise at faster pace in coming years because of widening price gap between cotton and polyester products. All these will augur well for us in the coming years.

In financial year 2010-11, we have gone ahead with several value addition projects like replacing Furnace Oil (FO) based heat treatment media (HTM) with coal based plant, expansion in high capacity Draw Texturised Yarn (DTY) machines which will convert more POY into value added DTY products and also setting up Stream turbine generator of 11MW capacity. All these projects shall be operational in the current financial year. On completion, these initiatives will significantly contribute to our operational efficiency and reduction in cost and thereby increasing our profits.

Dividend

The Board of Directors has recommended a final dividend of ₹ 1 per equity share of the face value of ₹ 10/- each for the financial year ended 31 March 2011, amounting to ₹ 15,18,22,242. This is in addition to the interim Dividend for financial year 2010-11 of ₹ 1 per equity share of the face value of ₹ 10/- each paid in 7 March 2011. The total dividend payout for the financial year 2010-11 would be ₹ 30,36,44,484 (excluding the Corporate Dividend Tax), and is as per the financial needs of 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.

Issuance of Securities

Preferential allotment of warrants.

Pursuant to approval of the members of the Company the Company allotted 20,000,000 (Twenty million) preferential convertible warrants at ₹ 40.60 each. (including premium of ₹ 30.60 per equity share) on preferential basis to two of the promoter companies. Lohia Industries Pvt. Ltd. and Indo Rama Retail Holdings Pvt Ltd. on 9 November 2010. The warrants are convertible into equity shares of ₹ 10 each on or before 18 months from the date of allotment of warrants i.e. on or before 8 May 2012.

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 Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

Fixed Deposits

The Company has not invited /accepted any deposits during the year ended on 31 March 2011 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. M.L. Lohia and Dr. A. Pandalai 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 25th 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 2011, 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 31st March 2011 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 2011 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.

As regards observation of the auditor in para (xi) of the Annexure referred to in para 3 in their Report, the Company had incurred losses during financial year 2008-09 due to economic downturn and forex losses that adversely impacted the cash flow of financial year 2009-10. Due to above Company could not meet some of its financial commitments in time to Bank/Financial Institutions. During the year the Company has reached to the reschedulement arrangements with all the banks and financial institutions for its long term borrowings except for a bank. The Company has initiated steps to comply with the terms and conditions wherever applicable, of these reschedulement arrangements. In respect of a bank an understanding has been arrived to make the payment to the said bank of its dues in periodic manner.

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 2011.

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

A.K.Ladha
Director

Place: Gurgaon
Date: 26 April 2011

Vishal Lohia
Whole-time Director

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 2011.

A. Conservation of Energy

Energy Saving measures taken and proposals under implementation.

- Power Saving by optimization of Nitrogen compressor for conveying PTA in plants.
- Optimization of PP transfer line pressure in accordance with Filter back pressure to save power.
- Power saving by optimization of CP-2/3 Slurry feed tank Agitator Speed.
- Optimization of POY Quench Return air 6 Nos fans of POY M/C resulting in to power saving.
- Reduction in PSF Quench system power consumption by stopping one takeup fan & reduced frequency of running fan.
- Refrigeration load reduced by optimizing take up temperature, thereby resulting into power savings.
- Rationalization of air washer pumps in HVAC CP-1 & CP-2/3.
- Cooling water pump heads optimization.
- Height extension of AHU's in PSF2/3 for energy saving.
- Compressed air header pressure optimization.
- Replacement of high pressure IM Air jets with low pressure jets at DTY Plant.
- Installation of Energy Efficient Pump at CP-2/3 for condensate transfer.
- CP4 and CP-5 Take up supply air fan (5 No) to run on inverter.
- CP5 POY return air fan U01,U08 & U11 to run with inverter.
- Reduction of power consumption by optimization and replacement of energy efficient Light fixtures in following areas CP2/3 , CP4, CP5 , Utility and outside area. (CP+PSF+Estrification+PTA+TEG+HTM)
- CP4 Drawline AHU1 run on inverter.
- Replacement of existing 12 bar reciprocating compressor with energy efficient screw compressor.

Form- A

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

Particulars	Current Year 31.03.11	Previous Year 31.03.10
(A) POWER & FUEL CONSUMPTION		
1) ELECTRICAL		
a) Purchases From MSEDCL & Other		
Units (kwh in '000)	5999	1038
Total Amount (₹ in '000)	33380	9081
Rate / kwh (in ₹) *	5.56	8.75
For FY 09-10 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 31.03.11	Previous Year 31.03.10
Units (kwh in '000)	46275	177651
Units / Ltr of FO	4.19	4.46
Cost / Unit (₹ / Unit)	5.81	4.46
ii) Through STG (Coal based)		
Units (kwh in '000)	204143	81653
Units / kg of Coal	1.05	1.09
Cost / Unit (₹ / Unit)	2.26	1.87
2) COAL		
Quantity in MT	303230	285789
Total Cost (₹ in ' 000)	716740	586358
Average Rate (₹ / MT)	2364	2052
3) FURNACE OIL		
Quantity (KL)	40169	81201
Total Cost (₹ in ' 000)	979332	1616593
Average Rate (₹ / Lt)	24.38	19.91
(B) CONSUMPTION PER UNIT OF PROD'N		
Production of Polymer products (Fresh) - MT	409953	416636
Electricity / Kg (in kwh)	0.63	0.62

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)

- Saving in PSF packing cost by increasing bale weight in plant CP-4 PSF plant.
- Optimization of Slurry feed tank agitator speed in CP-2/3.
- Trials in CP-4 PSF for use of Chrome plated rolls in place of Plasma Coated rolls helped to increase production of 1.0 D.
- Introduction and development of new DTY Products 240/144 IM, 240/216 IM.
- Development of new DTY product 360 Den Stretch Yarn.
- Enhancement of DTY product range by installing of new generation Texturising machines for 60 TPD.
- Development of new POY products 250/144,160/108,330/144.
- In house designing and fabrication of finish sludge drying bed.

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

- Increase in PSF Bale weight has resulted into packing cost saving of ₹ 1.15 million and transportation.
- Optimization of Slurry feed tank agitator speed resulted in saving of ₹ 1.2 million.
- Production enhancement in 1.0 D in CP-4 PSF increased productivity by 3.0% and cost benefit of ₹ 1.9 million.
- Texturised Yarn 240/144 IM and 240/216 IM are the replacement of 2/40 PV/PC in WARP for suiting application.
- Development of 360D+ feed yarn has resulted to cost benefit and increased IRSL share in specialty DTY yarn.
- Installation of new DTY machines have improved productivity with wider product range and performance.

- In-house developed sludge drying system has helped in sludge handling.

3. **Import Substitution :**

*Indigenous Development:

- Modified Gear box for PSF dryer.
- Bottom insert of HTM heaters of CP 4 / 5 plants.
- Spare rotary drive without casing for bottom discharge seal less pumps.
- PP feed pump vispac seal inplace of Vislip seal.
- IGBT for Siemens Master drive Inverter.
- IGBT for PSF Spinning 2/3/4/5 Quench inverters.
- TYT -E PC Drive computer & software up gradation.
- Polymer gear pump spares.
- TiO2 centrifuge knives.
- Lances for strapper machine to suit modified pallets.
- TSU Flange pipe for the PSF CP-4 draw lines.
- DRR scrapper condenser gear box.
- Seal kit for catch up guide cylinders for winders.
- Repairing of ACW Interface card for POY winder.

4. **Future Plan of Action (2011-12)**

- Installation of Coal based thermic fluid heaters in place of Furnace Oil based thermic fluid heaters.
- Proposal for recycle polymer base PSF plant under review.
- Installation of higher number hole spinneratte in CP-4 PSF for high productivity with increase in product range.
- Renovation of PSF draw line 3.
- Expansion of DTY production capacity by installation of 14 DTY machines.
- Installation of energy efficient Screw compressor in place of existing 12 bar reciprocating compressor.
- Installation of latest technology energy efficient vapour evaporation chillers in place of existing aerated vapour absorption chillers.
- Installation of 3 bar centrifugal compressor for low pressure application in POY and DTY plant.

5. **Expenditure on Research & Development :**

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

6. **Technology Absorption, Adaptation and Innovation.**

- TEG consumption reduction by optimizing the level during cleaning process.
- Production enhancement in 1.2 Denier by increasing speed and optimizing process parameters.
- Waste raw water recycling from CPP-RO (CMF Section) through STP to Utility CT's as a Makeup.
- In-house Repairing and Reuse of HTM- Heater -4 Imported Lamtec GmbH Make Ratio Controller VR2.
- Packing cost Saving by optimizing paper tube to 115 gram x 57 mm from 120 gram x 57 mm dia.
- DTY machine wise paper tube optimised and Used 63mm paper tubes in place of 69mm paper tubes.
- Conversion of Introl unit in Himson SDS 900 m/c no. 14.
- Indigenous development of the TSU Flange pipe for the PSF CP-4 draw lines.
- Development of baler pump against the obsolesce of existing pump P07.
- Dimensions optimised for the top and bottom lids used in Jumbo box packing.

7. **Benefits derived as a result of above efforts.**

- TEG consumption reduction has resulted in saving of ₹ 0.61 million.
- Production enhancement in 1.2 Denier by increasing speed has yielded saving of ₹ 5.52 million.
- Waste raw water recycling from CPP-RO (CMF Section) through STP to Utility CT's as a Makeup resulted in saving of ₹ 1.23 million.
- In-house Repairing and Reuse of HTM- Heater -4 Imported Lamtec GmbH Make Ratio Controller VR2 resulted in saving of ₹ 0.41 million.
- Use of paper tube-115 gram x 57 mm dia from 120 gram x 57 mm dia resulted in saving of ₹ 0.79 million.
- Use of 63mm paper tubes on DTY machines in place of 69mm paper tubes resulted in saving of 1.24 million.
- Conversion of Introl unit in Himson SDS 900 m/c no. 14.resulted in saving of ₹ 0.71 million.
- Indigenous development of TSU flange pipe has saved ₹ 0.41 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	2010-11	2009-10
F.O.B. value of exports	725.66	493.60
Dividend	6.09	2.98
Sale of current non trade investments (Gross consideration)	3.66	-
Income from renunciation of subscription rights in a rights issue	5.67	-
Others	0.05	0.04
Total	**741.13**	**496.62**

CIF value of imports

(₹ crore)

Particulars	2010-11	2009-10
Raw materials	1,744.13	960.65
Packing materials	0.88	1.98
Stores and spares	4.16	10.84
Capital goods	4.30	1.29
Total	**1,753.47**	**974.76**

Expenditure in foreign currency (accrual basis)

(₹ crore)

Particulars	2010-11	2009-10
Travelling	0.75	0.70
Commission	4.93	2.67
Interest	10.11	19.78
Consultancy charges	0.69	-
Others	0.49	0.05
Total	16.97	23.20

Net dividend remitted in foreign exchange*

(₹ crore)

Period to which dividend relates to	2010-11 1 April 2010 to 31 March 2011	2009-10
- Number of non-resident shareholders (Nos.)	3	
- Number of equity shares held on which dividend was due (Nos.)	48,894,465	
- Amount remitted US$ 950,337 and JPY 9,433,018 (Previous year nil) (₹ in crore)	4.89	

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

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

A.K.Ladha
Director

Place: Gurgaon
Date: 26 April 2011

Vishal Lohia
Whole-time Director

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 2011 and also the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2011 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 2011;

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

      c) in the case of 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: 26 April 2011

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 2011.

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

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding Rs 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.

There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

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 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanation 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
		58.03	5.97	1996- 97 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal
		9.81	0.08	1996-97 to 2008-09	Commissioner Appeal
		0.26	-	1997-98 to 2010-11	Assistant Commissioner/ Deputy Commissioner
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	13.62	1.70	2008-09 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
		0.79	0.79	2010-11	Special Valuation Branch, Delhi
		0.04	-	1997- 98 to 1998-99	Assistant Commissioner/ Deputy Commissioner
Income Tax Act, 1961	Income tax	0.01	-	Assessment year 2007-08	Commissioner of Income tax (appeals)
Finance Act, 1994	Service Tax	2.84	-	2004-05 to 2009-10	Director General of Customs and Excise
		0.22	-	2002-03 to 2005-06	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 defaulted in repayment of dues to a bank amounting to ₹ 104.20 crore (for delays ranging upto one year) and ₹ 63.76 crore (for delays ranging from one year to two years).* During the year, out of total overdue amounts the Company has paid ₹ 89.35 crore to the said bank and ₹ 78.61 crore is outstanding as at the year end.

Further, with regard to the delays in repayment of dues to certain other bank and financial institution, the Company has entered into reschedulement arrangements with them, involving amounts aggregating ₹ 67.88 crore. Before such arrangements, the delays in payments of dues ranged upto two years. The Company has initiated steps to comply with terms and conditions, where applicable, stated in these arrangements. Considering the above referred reschedulement, the delays in the above cases have presently been considered as regularised.

(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 overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment.

(xviii) During the year, the Company has issued convertible preferential warrants to companies covered in the register maintained under Section 301 of the Companies Act, 1956. According to the information and explanations given to us, these warrants have been issued at a price which is not prejudicial to the interest of the Company.

(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 year.

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

Kaushal Kishore
Partner
Membership No.: 090075

Place: Gurgaon
Date: 26 April 2011

Balance Sheet as at 31st March 2011

(₹ crore)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	151.82	151.82
Share warrants (Refer note 3 in schedule 18)		20.30	-
Reserves and surplus	2	447.67	356.88
		619.79	508.70
Loan funds			
Secured loans	3	611.56	866.02
Unsecured loans	4	-	5.04
		611.56	871.06
Deferred tax liability (Refer note 10 in schedule 18)		207.22	139.47
TOTAL		**1,438.57**	**1,519.23**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		3,054.17	3,032.64
Less: Accumulated depreciation/amortisation		(1,731.83)	(1,569.76)
Net block		1,322.34	1,462.88
Capital work-in-progress including capital advances		19.84	6.75
		1,342.18	1,469.63
Investments	6	17.64	17.24
Foreign currency monetary item translation		-	0.73
Current assets, loans and advances			
Inventories	7	682.01	289.21
Sundry debtors	8	101.68	85.16
Cash and bank balances	9	20.89	19.43
Loans and advances	10	235.74	242.12
		1,040.32	635.92
Less: Current liabilities and provisions			
Current liabilities	11	(901.72)	(589.05)
Provisions	12	(59.85)	(15.24)
		(961.57)	(604.29)
Net current assets		78.75	31.63
TOTAL		**1,438.57**	**1,519.23**
Significant accounting policies and notes to the accounts	18		

The accompanying schedules 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

A. K. Ladha
Director

Vishal Lohia
Whole-time Director

Jayant Sood
Company Secretary

L.P. Soni
Vice President (Finance)

Place: Gurgaon
Date: 26 April 2011

Place: Gurgaon
Date: 26 April 2011

Profit & Loss Account for the year ended 31st March 2011

(₹ crore)

	Schedule	For the year ended 31 March 2011		For the year ended 31 March 2010	
Income					
Sales of goods:					
-manufactured goods			2,995.62		2,634.06
-traded goods			4.52		25.35
Gross sales			3,000.14		2,659.41
Less: Excise duty			204.08		133.36
Net sales			2,796.06		2,526.05
Other income	13		52.71		30.52
TOTAL INCOME			**2,848.77**		**2,556.57**
Expenditure					
Raw materials consumed			2,154.87		1,929.35
Goods for trading			4.31		22.42
Operating and other expenditure	14		448.60		413.59
Increase in finished goods and work-in-progress	15		(211.43)		(48.26)
Increase in excise duty on stocks of finished goods and waste			24.52		5.67
Financial expenses	16		69.66		77.03
Depreciation/amortisation		163.80		163.02	
Less : Transferred from revaluation reserve		13.90	149.90	13.87	149.15
Profit before taxation			**208.34**		**7.62**
Provision for taxation :					
- Current tax (including ₹ 1.18 crore for earlier year, Previous year ₹ 1.02 crore)		41.36		2.38	
Less: MAT credit entitlement		40.18	1.18	1.36	1.02
- Deferred tax charge/(credit) (Refer note 10 in schedule 18)			67.75		(0.53)
Profit after taxation			**139.41**		**7.13**
Balance brought forward			86.36		78.02
Transfer from debenture redemption reserve			-		1.21
Balance available for appropriation			**225.77**		**86.36**
Appropriations:					
Interim dividend			15.18		-
Proposed dividend			15.18		-
Tax on dividend			5.04		-
Transferred to general reserve			20.00		-
Balance carried to the balance sheet			**170.37**		**86.36**
Basic and diluted earnings per equity share (in ₹) [Face value ₹ 10 each]	17		9.18		0.47
Significant accounting policies and notes to the accounts	18				

The accompanying schedules 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

A. K. Ladha
Director

Vishal Lohia
Whole-time Director

Jayant Sood
Company Secretary

L.P. Soni
Vice President (Finance)

Place: Gurgaon
Date: 26 April 2011

Place: Gurgaon
Date: 26 April 2011

Cash Flow Statement for the year ended 31st March 2011

(₹ crore)

		For the year ended 31 March 2011	For the year ended 31 March 2010
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before taxation	208.34	7.62
	Adjusted for:		
	Depreciation	149.90	149.15
	Loss on scrap / disposal of fixed asset	0.71	0.75
	Provision made written back for diminution in the value of investments	(0.46)	(0.07)
	Income from renunciation of right issues	(5.67)	-
	Profit on sale of current non trade investments	(3.60)	-
	Foreign Exchange (gain)/loss (net)	0.73	(9.25)
	Interest income	(4.96)	(4.76)
	Dividend income	(6.09)	(2.98)
	Interest expense	59.27	66.77
	Operating profit before working capital changes	398.17	207.23
	Changes in:		
	(Increase) in inventories	(392.80)	(120.05)
	(Increase) in sundry debtors	(16.52)	(16.31)
	Decrease in loans and advances	42.11	41.36
	Increase in current liabilities and provisions	313.53	50.12
	Cash generated from operations	344.49	162.35
	Income tax paid	(11.05)	(0.60)
	Net cash flow from operating activities (A)	**333.44**	**161.75**
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(30.93)	(14.00)
	Sale of fixed assets	0.47	0.17
	Sale of investments	3.66	-
	Income from renunciation of subscription rights in a rights issue	5.67	-
	Dividend received	6.09	2.98
	Interest received	4.89	5.41
	Net cash used in investing activities (B)	**(10.15)**	**(5.44)**
C.	CASH FLOWS USED IN FINANCING ACTIVITIES		
	Share warrants issued to promoter group companies	20.30	-
	Long-term borrowings repaid during the year	(176.69)	(88.53)
	Long-term borrowings during the year	-	7.78
	Repayment of short term borrowings	(90.40)	(7.67)
	Payment of dividend (including unclaimed dividend)	(15.23)	(0.02)
	Taxes on dividend	(2.52)	-
	Interest paid	(57.29)	(74.90)
	Net cash used in financing activities (C)	**(321.83)**	**(163.34)**

	For the year ended 31 March 2011	For the year ended 31 March 2010
		(₹ crore)
Net changes in cash and cash equivalents (A+B+C)	**1.46**	**(7.03)**
Cash and cash equivalents - opening balance	**19.43**	**26.46**
Cash and cash equivalents - closing balance	**20.89**	**19.43**
Components of cash and cash equivalents comprise		
Cash in hand	0.19	0.11
With scheduled banks:		
In current accounts	15.85	18.58
In margin money account (Refer note 2 below)	0.08	0.08
In fixed deposit account (Refer note 3 below)	4.16	-
In unpaid dividend accounts (Refer note 2 below)	0.61	0.66
	20.89	19.43

Significant accounting policies and notes to the accounts (Refer schedule 18)

The accompanying schedules form an intergal part of the financial statements.

Notes:

1. 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.
2. Fixed deposits held as margin money and bank balances in unclaimed dividend accounts are not available for use by the Company.
3. Pledged with banks for credit limits.

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

A. K. Ladha
Director

Vishal Lohia
Whole-time Director

Jayant Sood
Company Secretary

L.P. Soni
Vice President (Finance)

Place: Gurgaon
Date: 26 April 2011

Place: Gurgaon
Date: 26 April 2011

Schedules to the Accounts

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1: SHARE CAPITAL		
Authorised		
185,000,000 (Previous year 185,000,000) equity shares of ₹ 10 each	185.00	185.00
Issued, subscribed and 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

Notes :

1. Of the above equity shares of ₹ 10 each :
   a) 325,200 were issued as fully paid-up otherwise than for cash, pursuant to a contract (Previous year 325,200 shares).
   b) 22,927,269 were allotted as fully paid-up bonus shares by capitalisation of share premium account (Previous year 22,927,269 shares).
   c) 10,531,360 are outstanding against 1,316,420 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid-up equity shares of ₹10 each (Previous year 10,531,360 equity shares against 1,316,420 GDRs).
   d) 20,000,000 were 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.

(₹ crore)

	As at 31 March 2010	Additions	Deductions/ Adjustments	As at 31 March 2011
SCHEDULE 2: RESERVES AND SURPLUS				
Capital reserve	0.08	-	-	0.08
Revaluation reserve (a)	76.61	-	13.90	62.71
Share premium account	166.22	-	-	166.22
General reserve	27.61	20.00	-	47.61
Hedging Reserve (b)	-	0.68	-	0.68
Profit and loss account	86.36	84.01	-	170.37
	356.88	**104.69**	**13.90**	**447.67**
Previous year	**363.62**	**8.34**	**15.08**	**356.88**

a) Deduction from revaluation reserve is in respect of additional depreciation on account of revaluation of assets.

b) Refer to note 2k (iv) of Schedule 18.

(₹ crore)

	As at 31 March 2011		As at 31 March 2010	
SCHEDULE 3: SECURED LOANS				
Loans and advances from banks				
Cash/other credit facilities		90.57		175.97
Term loans				
- Rupee loans	216.27		338.95	
- Foreign currency loans	210.42	426.69	246.06	585.01
Other loans and advances				
- Rupee loans	18.76		25.01	
- Foreign currency loans	72.46	91.22	77.80	102.81
Interest accrued and due on loans		3.08		2.23
		611.56		**866.02**

Notes :

1. Loans and advances from banks:

   - cash/other credit facilities from banks amounting to ₹ 90.57 crore (Previous year ₹ 175.97 crore) 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 loans are further secured by a second charge on all the immovable properties of the Company, both present and future.

2. Rupee term loans from banks comprising:

   - amounts aggregating ₹ 142.50 crore (Previous year ₹ 213.71 crore) are 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.

   - amounts aggregating ₹ 35.98 crore (Previous year ₹ 61.48 crore) availed from bank is secured by first specific charge over the specific assets purchased under the loan agreement for thermal power project of the Company.

   - amounts aggregating ₹ Nil (Previous year ₹ 3.75 crore) are secured by way of subservient charge on the current and fixed assets of the Company.

   - amounts aggregating ₹ Nil (Previous year ₹ 2.63 crore) are secured by way of subservient charge on the movable fixed assets of the Company.

   - working capital term loans aggregating ₹ 37.62 crore (Previous year ₹ 57.38 crore) are secured by way of first charge on the Company's entire fixed assets ranking pari-passu with other banks.

   - car loan from bank of ₹ 0.17 crore (Previous year ₹ Nil) is secured by way of hypothecation of specific vehicle.

3. Foreign currency term loans from banks comprising:

   - amounts aggregating ₹ Nil (Previous year ₹ 6.15 crore) are 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.

- amounts aggregating ₹ 210.42 crore (Previous year ₹ 239.91 crore) availed from a bank are secured by first pari-passu specific charge on the equipment purchased under this agreement for the Company's polyester expansion project and a first charge on the land situated at Mehsana, Gujarat.

4. Other loans and advances:

- rupee term loan from others of ₹ 18.76 crore (Previous year ₹ 25.01 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.

- foreign currency term loan from others of ₹ 72.46 crore (Previous year ₹ 77.80 crore) are 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.

[Loans and advances from banks and others aggregating ₹ 230.42 crore (Previous year ₹ 278.16 crore) are payable within one year, after considering reschedulement as referred to in note 15 of schedule 18].

		(₹ crore)
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 4: UNSECURED LOANS		
Short term loans and advances		
- Inter corporate deposit from body corporates	-	5.00
Interest accrued and due on loans	-	0.04
	-	**5.04**

SCHEDULE 5 : FIXED ASSETS

(₹ crore)

Asset description	Gross block				Depreciation				Net block	
	Book value at cost or revalued amounts as at 31 March 2010	Additions at cost	Disposals/ adjustments	Book value at cost or revalued amounts as at 31 March 2011	Upto 31 March 2010	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangibles:										
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
Road and 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 machinery	2,852.43	19.32	-	2,871.75	1,513.05	158.40	-	1,671.45	1,200.30	1,339.38
Furniture and fittings	25.89	2.62	2.21	26.30	17.74	1.34	1.39	17.69	8.61	8.15
Vehicles	4.65	1.00	0.70	4.95	2.21	0.43	0.34	2.30	2.65	2.44
Intangibles:										
Software	1.69	-	-	1.69	1.69	-	-	1.69	-	-
Current year	3,032.64	24.44	2.91	3,054.17	1,569.76	163.80	1.73	1,731.83	1,322.34	
Previous year	3,072.25	8.41	48.02	3,032.64	1,409.68	163.02	2.94	1,569.76		1,462.88
Capital-work-in-progress [including capital advances ₹ 11.39 crore (previous year ₹ 4.53 crore)]									**19.84**	6.75
									1,342.18	1,469.63

Notes:

1. Leasehold land, building and plant and machinery were revalued on 31 March 2000 based on the valuation carried out by an independent valuer.
2. Additions to plant and machinery include loss on foreign exchange fluctuation ₹ 6.84 crore. (Previous year gain of ₹ 44.16 crore adjusted in deletions).
3. Buildings include ₹ 0.01 crore (Previous year ₹ 0.01 crore) being cost of shares in a Co-operative Housing Society.

(₹ crore)

	No.	As at 31 March 2011	No.	As at 31 March 2010
SCHEDULE 6: INVESTMENTS (NON TRADE)				
(I) 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)
		-		-
(II) Current investments (at the lower of cost and fair value)				
A) In Government securities, unquoted				
National Savings Certificates VIth issue (pledged with sales tax authorities)		- *		- *
Other investments (quoted)				
B) Equity shares				
Fully paid-up equity shares of ₹ 10 each				
Optel Telecommunications Limited	52,501	0.37	52,501	0.37
Sanghi Polyesters Limited	708,400	2.34	708,400	2.34
Fully paid-up equity shares of ₹ 5 each				
Balasore Alloys Limited	72,601	0.17	72,601	0.17
Fully paid-up equity shares of 1 Baht each				
Indorama Ventures Public Company Limited, Thailand (Sale of 500,000 equity shares during the year)	127,529,200	14.04	128,029,200	14.10
		16.92		16.98
C) Preference shares				
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: Provision for diminution in the value of current investments		(0.17)		(0.63)
		0.72		0.26
		17.64		17.24

	As at 31 March 2011		As at 31 March 2010	
	Aggregate Book Value (₹ crore)	Market Value/Net Asset Value (₹ crore)	Aggregate Book Value (₹ crore)	Market Value/Net Asset Value (₹ crore)
Quoted investments				
-Equity shares	16.92	987.86	16.98	289.41
-Preference shares	0.72	0.72	0.26	0.26
Unquoted investments				
-Others	- *		- *	
	17.64		17.24	

* ₹ 4,000 (previous year ₹ 4,000)

(₹ crore)

SCHEDULE 7: INVENTORIES	As at 31 March 2011	As at 31 March 2010
Stores and spares	21.86	21.60
Raw materials	330.51	149.40
Stock in trade		
- Work- in-progress	32.00	19.26
- Finished goods	295.50	98.74
- Waste	2.14	0.21
	682.01	289.21

(₹ crore)

SCHEDULE 8: SUNDRY DEBTORS	As at 31 March 2011	As at 31 March 2010
Unsecured		
- Debts outstanding over six months		
Considered good	5.18	7.90
Considered doubtful	-	6.30
- Other debts		
Considered good	96.50	77.26
	101.68	91.46
Less : Provision for doubtful debts	-	6.30
	101.68	85.16

(₹ crore)

SCHEDULE 9: CASH AND BANK BALANCES	As at 31 March 2011	As at 31 March 2010
Cash in hand	0.19	0.11
Balances with scheduled banks:		
- Current accounts	15.85	18.58
- Fixed deposit accounts #	4.16	-
- Margin money accounts *	0.08	0.08
- Unclaimed dividend accounts	0.61	0.66
	20.89	19.43

pledged with banks for credit limits

* pledged with banks for performance guarantees issued to government authorities on behalf of the Company

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 10: LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	31.01	22.50
Balances with customs and excise authorities	49.58	70.32
Advance tax (net of provision, as at 31 March 2010 ₹ 48.61 crore)	-	5.20
MAT credit entitlement	51.45	11.27
Security deposits	1.75	3.62
Interest accrued on deposits and others	0.09	0.02
Claims and other receivables	101.86	129.19
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	0.26	0.26
	236.00	242.38
Less : Provision for doubtful advances	0.26	0.26
	235.74	**242.12**

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 11: CURRENT LIABILITIES		
Acceptances	267.27	229.34
Sundry creditors - micro and small enterprises (Refer note 16 in schedule 18)	0.01	0.01
- others	624.16	351.40
Advances from customers	4.49	4.57
Unclaimed dividends (Refer note 17 in schedule 18)	0.61	0.66
Interest accrued but not due on loans	3.07	1.89
Other liabilities	2.11	1.18
	901.72	**589.05**

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 12: PROVISIONS		
Retirement benefits		
- Gratuity	11.11	9.77
- Leave benefits	5.93	5.47
Proposed dividend	15.18	-
Tax on proposed dividend	2.52	-
Provision for taxation (net of advance tax payments as at 31 March 2011 amounting to ₹ 64.86 crore)	25.11	-
	59.85	**15.24**

(₹ crore)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 13: OTHER INCOME		
Interest from others (tax deducted at source ₹ 0.21 crore, previous year ₹0.23 crore)	4.96	4.76
Dividend income from current non trade investments (tax deducted at source ₹ Nil, previous year ₹ 0.21 crore)	6.09	2.98
Profit on sale of current non trade investments	3.60	-
Income from renunciation of subscription rights in a rights issue	5.67	-
Reversal of provision for diminution in the value of current non trade investments	0.46	0.07
Sale of scrap	4.91	5.44
Foreign exchange fluctuation	8.28	8.36
VAT refund	9.90	4.25
Miscellaneous receipts	8.84	4.66
	52.71	**30.52**

(₹ crore)

		For the year ended 31 March 2011		For the year ended 31 March 2010
SCHEDULE 14: OPERATING AND OTHER EXPENDITURE				
Salaries, wages and bonus		51.56		46.87
Leave benefits		1.51		0.99
Gratuity		2.62		1.81
Contribution to provident and other funds		4.46		3.64
Workmen and staff welfare expenses		3.42		3.42
Consumption of stores and spares		30.78		36.98
Packing materials consumed		53.56		46.62
Power and fuel		176.87		181.31
Freight and forwarding charges	89.56		76.28	
Less : Recovery	44.41	45.15	48.82	27.46
Rent and hire charges		5.64		5.14
Rates and taxes		1.10		1.16
Insurance	4.38		5.13	
Less: Recovery	0.95	3.43	0.92	4.21
Repairs and maintenance:				
- plant and machinery		4.50		3.77
- buildings		0.72		1.12
- others		4.82		4.43
Brokerage and commission on sales (other than to sole selling agents)		8.58		6.02
Cash discounts and claims		4.65		6.45
Directors' sitting fee		0.08		0.06
Auditors' remuneration:				
- audit fee		0.34		0.28
- tax audit fee		0.05		0.04
- limited review of financial statements		0.21		0.18
- certification, etc.		0.03		0.02
- out of pocket expenses		0.01		0.01

(₹ crore)

		For the year ended 31 March 2011		For the year ended 31 March 2010
SCHEDULE 14: (CONTD.)				
Donations		0.08		0.01
Provision for doubtful debts and advances		-		1.93
Bad debts and advances written off	11.59		1.53	
Less: Provision held (net)	6.30	5.29	1.51	0.02
Loss on scrap/disposal of fixed assets		0.71		0.75
Miscellaneous expenses		38.43		28.89
		448.60		**413.59**

(₹ crore)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 15: (INCREASE) IN FINISHED GOODS AND WORK-IN-PROGRESS		
Closing balance		
- Finished goods	295.50	98.74
- Work-in-progress	32.00	19.26
- Waste	2.14	0.21
	329.64	118.21
Less: Opening balance		
-Finished goods	98.74	54.31
-Work-in-progress	19.26	14.57
-Waste	0.21	1.07
	118.21	69.95
	(211.43)	**(48.26)**

(₹ crore)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 16: FINANCIAL EXPENSES		
Interest on fixed loans:		
-on debentures	-	0.33
-on term loans	51.62	53.14
Interest on others	7.65	13.30
Bank charges	10.39	10.26
	69.66	**77.03**

(₹ crore)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 17: EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account	139.41	7.13
Number of equity shares of ₹ 10 each at the beginning of the year	151,822,242	151,822,242
Total 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 earning per share (in ₹) (Per share of ₹ 10 each)	9.18	0.47

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Nature of operations

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) and Chips. The Company is also engaged in power generation, which is used for captive consumption and surplus power is sold through grid. The Company's manufacturing facilities are located at Butibori, Nagpur.

2. Significant accounting policies

(a) 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.

(b) 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, provision for doubtful debts and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) 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 [amended vide MCA notification no. G.S.R. 225 (E) dated 31 March 2009] are capitalised as per the policy stated in note (k) below.

(d) 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 are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.
- Fixed assets individually costing up to ₹ five thousand are depreciated at the rate of 100%.
- Additional depreciation on account of revaluation of assets is transferred from/ charged to the Revaluation Reserve account.
- Software are amortised on straight line method over a period of three years.

(e) 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 profit and loss account.

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 been recognised.

(f) 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 profit and loss account.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term 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.

(h) 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 realizable 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.

(i) 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.

(j) 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 Profit and Loss Account on a straight-line basis over the lease term.

(k) 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 profit and loss account.

ii) In accordance with notification no. GSR 225 (E) dated 31 March 2009 of Ministry of Corporate Affairs, 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 but not beyond 31 March 2011.

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 recognised in the Profit and Loss Account 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", which has been recommendatory for the accounting periods commencing on or after 1 April 2009. 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 Profit and Loss Account 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 Profit and Loss Account.

(l) 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 Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account.

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.

(m) 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 arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of realisation of such amounts. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. 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.

(n) 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.

(o) 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.

3. During the current year, pursuant to shareholder's approval in Annual General Meeting held on 25 October 2010, the Company has 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. (Refer note 9 of schedule 18)

4. 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 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.

5.1 Particulars in respect of goods manufactured

Class of goods	Unit	Licensed capacity		Installed capacity (see foot note i) below)		Actual Production	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Polyester Staple Fibre	TPA	See foot note ii)		263,550	263,550	184,081	185,929
Polyester Filament Yarn	TPA	See foot note ii)		259,000	259,000	169,516	176,723
Draw Texturised Yarn	TPA	See foot note ii)		63,200	43,800	45,527	42,304
Polyester Chips	TPA	See foot note ii)		87,500	87,500	10,745	11,864
Electrical power	MWPH	NA	NA	82.5	82.5	29.8	48.3

Notes:

i) The Company manufactures varying denier/ qualities of fibers/ yarn. The above capacity is calculated based on a mix of product range as certified by the management and relied on by the auditors being a technical matter.

ii) Delicensed vide notification no. 477 (E) dated 27 July 1991 and press note No 1 (1998 series) dated 8 June 1998.

iii) TPA-Tonnes per annum

iv) MWPH-Mega watt per hour

v) Pursuant to press note no. 2/2011 dated 8 February 2011, issued by Ministry of Corporate Affairs, disclosures required by part – II, paras 3(i) (a), 3(ii)(a) and 3(ii)(b) of Schedule VI to the Companies Act, 1956, have not been given.

5.2 Value of raw materials, stores and spares and packing materials consumed:

Particulars	Percentage of total consumption		Value (₹ crore)	
	2010-2011	2009-2010	2010-2011	2009-2010
Raw Materials				
Imported	76	48	1,642.39	924.56
Indigenous	24	52	512.48	1,004.79
Total	**100**	**100**	**2,154.87**	**1,929.35**
Stores and Spares				
Imported	11	27	3.48	10.01
Indigenous	89	73	27.30	26.97
Total	**100**	**100**	**30.78**	**36.98**
Packing Materials				
Imported	1	5	0.57	2.13
Indigenous	99	95	52.99	44.49
Total	**100**	**100**	**53.56**	**46.62**

6.1 Managerial remuneration

(₹ crore)

Particulars	2010-11	2009-10
Salaries and allowances	2.90	2.75
Contribution to provident fund	0.24	0.21
Perquisites	0.15	0.07
Sitting fee	0.08	0.06
Total	**3.37**	**3.09**

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the managing director/whole time director is not ascertainable and, therefore, not included above.

6.2 Earnings in foreign currency (accrual basis)

(₹ crore)

Particulars	2010-11	2009-10
F.O.B. value of exports	725.66	493.60
Dividend	6.09	2.98
Sale of current non trade investments (Gross consideration)	3.66	-
Income from renunciation of subscription rights in a rights issue	5.67	-
Others	0.05	0.04
Total	**741.13**	**496.62**

6.3 CIF value of imports

(₹ crore)

Particulars	2010-11	2009-10
Raw materials	1,744.13	960.65
Packing material	0.88	1.98
Stores and spares	4.16	10.85
Capital goods	4.30	1.29
Total	**1,753.47**	**974.77**

6.4 Expenditure in foreign currency (accrual basis)

(₹ crore)

Particulars	2010-11	2009-10
Travelling	0.75	0.70
Commission	4.93	2.67
Interest	10.11	19.78
Consultancy charges	0.69	-
Others	0.49	0.05
Total	**16.97**	**23.20**

6.5 Net dividend remitted in foreign exchange*		
Particulars	**2010-11**	**2009-10**
Period to which dividend relates to	1 April 2010 to	-
	31 March 2011	-
- Number of non-resident shareholders (Nos.)	3	-
- Number of equity shares held on which dividend was due (Nos.)	48,894,465	-
- Amount remitted US$ 950,337 and JPY 9,433,018 (Previous year nil) (₹ in Crores)	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.

7. Disclosure pursuant to Accounting Standard 15 on "Employee Benefits"

Defined contribution plans

An amount of ₹ 4.46 Crore (Previous year ₹ 3.64 Crore) for the year, has been recognised as an expense in respect of the Company's contribution for Provident Fund and Employees State Insurance deposited with the government authorities and have been included under operating and other expenditure in the Profit and Loss Account.

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 profit and loss account:

(₹ crore)

Particulars	**For the year ended 31 March 2011**	**For the year ended 31 March 2010**
Changes in present value of obligation		
Present value of obligation as at the beginning of the year	9.77	8.58
Interest cost	0.73	0.64
Current service cost	0.96	0.88
Past service cost	0.43	-
Benefits paid	(1.23)	(0.58)
Actuarial loss on obligation	0.45	0.25
Present value of obligation as at end of the year	11.11	9.77
Expenses recognised in the profit and loss account		
Current service cost	0.96	0.88
Past service cost	0.43	-
Interest cost on benefit obligation	0.73	0.64
Net actuarial loss recognised in the year	0.45	0.25
Expenses recognised in the profit and loss account	2.57	1.77

Experience adjustments

(₹ crore)

	For the year ended 31 March 2011	For the year ended 31 March 2010	For the year ended 31 March 2009	For the year ended 31 March 2008
Defined benefit obligation	11.11	9.77	8.58	7.40
Plan assets	-	-	-	-
Surplus / (deficit)	0.45	0.25	0.57	0.97
Experience adjustment on plan liabilities	(0.03)	(0.34)	(0.49)	(0.97)
Past service cost	0.43	-	-	-
Experience adjustment on plan assets	-	-	-	-

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

Particulars	2010-11	2009-10
Discount rate	7.50%	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.

8. Segmental information:

(a) Information about primary business segment:

The Company primarily deals in polyester business and, considering the risks and rewards and reporting systems, has viewed Polyester Staple Fibre (PSF), Polyester Filament Yarn (PFY) and Draw Texturised Yarn (DTY) as one integrated business. The Company is also engaged in sale of surplus power. Accordingly, the Company has organised its operations into two major business segments, i.e., Polyester and Power.

Segment revenues, results and other information

(₹ crore)

	Polyester		Power		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue								
External sales (net of excise duty)	2,766.28	2,374.02	29.78	152.03	-	-	2,796.06	2,526.05
Inter-segment sales	-	-	126.87	112.56	126.87	112.56	-	-
Other business related income	26.10	13.79	2.65	1.21	-	-	28.75	15.00
Total revenue	**2,792.38**	**2,387.81**	**159.30**	**265.80**	**126.87**	**112.56**	**2824.81**	**2,541.05**
Results								
Segment result	242.30	21.85	25.36	56.80	-	-	267.66	78.65
Unallocated expense (net of unallocated income)							(5.01)	(9.02)
Profit/ (loss) from operation before interest and taxation							262.65	69.63
Interest expense							(59.27)	(66.77)
Interest income							4.96	4.76
Profit/ (loss) before taxation							208.34	7.62
Other information								
Assets								
Segment assets	2,117.33	1,862.70	186.09	203.65	-	-	2,303.42	2,066.35
Foreign currency monetary item translation							-	0.73
Unallocated assets							96.72	56.44
Total assets	2,117.33	1,862.70	186.09	203.65	-	-	2,400.14	2,123.52
Liabilities/ shareholders' funds								
Segment liabilities	884.12	573.78	12.87	15.33	-	-	896.99	589.11
Unallocated liabilities							883.36	1,025.71
Share capital							151.82	151.82
Share warrants							20.30	-
Reserves (including revaluation reserve ₹ 62.71, previous year ₹ 76.61)							447.67	356.88
Total liabilities	884.12	573.78	12.87	15.33	-	-	2,400.14	2,123.52
Others								
Capital expenditure	32.36	0.56	2.09	4.90	-	-	34.45	5.46
Unallocated capital expenditure							3.08	6.32
							37.53	11.78
Depreciation	135.65	135.25	13.26	13.10	-	-	148.91	148.35
Unallocated depreciation							0.99	0.80
							149.90	149.15

(b) Information on secondary/ geographical segment

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

(₹ crore)

Particulars	2010-11	2009-10
Segment revenue		
Domestic	2,065.10	2,032.77
Overseas	759.71	508.28
Total	**2,824.81**	**2,541.05**
Segment debtors		
Domestic	69.39	56.73
Overseas	32.29	28.43
Total	**101.68**	**85.16**

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.

9. Related party disclosures

(i) Related parties where control exists: None

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

Key management personnel	Mr. O.P. Lohia, Chairman cum Managing Director
	Mr. Vishal Lohia, Whole Time Director
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)

(iii) Transactions with related parties:

(₹ crore)

Particulars	Key Management Personnel		Enterprises over which key management personnel or their relatives have significant influence	
	2010-11	2009-10	2010-11	2009-10
Purchases				
- IRPL	-	-	463.77	196.48
- TPT Petro	-	-	272.78	6.38
- IRRHPL	-	-	-	0.07
Issue of Warrants (Refer note 3 of schedule 18 also)				
- LIPL	-	-	10.15	-
- IRRHPL	-	-	10.15	-
Managerial remuneration (Refer note 6.1 in schedule 18 also)				
- Mr. O.P. Lohia	1.85	1.91	-	-
- Mr. Vishal Lohia	1.44	1.12	-	-
Balances outstanding as at the year end:				
- IRPL	-	-	161.36	79.80
- TPT Petro	-	-	133.53	-

10. Deferred tax liability

Components of net deferred tax liability:

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
Deferred tax liability, primarily on account of :		
-Accelerated depreciation	246.25	266.81
Deferred tax assets on account of:		
-Unabsorbed depreciation and tax losses*	33.93	121.48
-Effect of expenditure debited to profit and loss account in the current/earlier years but allowable for tax purposes in following years	5.01	3.68
-Provision for doubtful debts and advances	0.09	2.18
	39.03	**127.34**
Net deferred tax liability	**207.22**	**139.47**

* Above excludes deferred tax asset aggregating ₹ 269.60 Crore (Previous year ₹ 258.36 Crore) in relation to unabsorbed depreciation amounting to ₹ 811.62 Crore, which have not been recorded. The same has been a subject matter of litigation by the Income Taxes Authorities and appeals in this regard are pending with the appellate authorities.

11. 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)

	2010-11	2009-10
Lease rentals charged during the year	5.64	5.14

(₹ crore)

	Total future minimum lease rentals payable as on 31 March 2011	Total future minimum lease rentals payable as on 31 March 2010
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	3.98	5.65
Total	**12.32**	**13.99**

12. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 86.53 Crore (Previous year ₹ 34.35 Crore).

13. Contingent liabilities not provided for :

(₹ crore)

	As at 31 March 2011	As at 31 March 2010
Excise / customs / service tax matters in dispute/ under appeal	66.84	62.86
Income tax matters in dispute/ under appeal	6.47	12.25
Sales tax matters in dispute/ under appeal	22.68	4.64
Claims by ex-employees, vendors, customers and civil cases	1.72	1.24

14. Derivative instruments and unhedged foreign currency exposure

(a) Foreign currency forward contracts outstanding:

(₹ crore)

Purpose	As at 31 March 2011		As at 31 March 2010	
	US$	₹	US$	₹
Sell				
Hedge of expected future exports	10.00	445.90	1.36	60.91
Buy				
Hedge of creditors, buyers' credit and foreign currency loans	-	-	6.51	291.74

(b) Particulars of unhedged foreign currency exposure:

(₹ crore)

Particulars	Currency	As at 31 March 2011			As at 31 March 2010		
		Amount in foreign currency	Exchange rate (in absolute ₹)	Amount in ₹	Amount in foreign currency	Exchange rate (in absolute ₹)	Amount in ₹
Trade receivables	USD	0.72	44.59	32.29	0.63	44.80	28.43
Trade payables*	USD	10.74	44.60	479.00	-	-	-
	Euro	0.0016	63.45	0.10	0.0149	60.55	0.90
	JPY	7.12	0.54	3.83	65.23	0.48	31.31
Advance from customer	USD	0.06	44.60	2.49	0.03	44.81	1.33
Loans (including interest payable)	USD	3.48	44.60	155.35	3.72	44.81	166.81
	Euro	3.48	63.45	221.06	4.15	60.55	251.02

* excluding payable on account of material in transit.

15. During the year, reschedulement arrangements have been reached with all the banks and financial institution for its long term borrowings except for a bank. The Company has initiated steps to comply with the terms and conditions, where applicable, of these reschedulement arrangements. In respect of a bank, an understanding has been reached to make the payment to the said bank of its dues in monthly instalments.

16. 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 'The Micro, Small and Medium Enterprises Development Act, 2006' are given below:

(₹ crore)

Sl. no.	Particulars	2010-11	2009-10
(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.	-	-

* ₹ 26 thousand (Previous year ₹ 94 thousand)
** ₹ 603 thousand (Previous year ₹ 356 thousand)
# ₹ 9 thousand (Previous year ₹ 23 thousand)
₹ 34 thousand (Previous year ₹ 25 thousand)

17. There are no amounts due to be deposited with the Investor Education and Protection Fund in respect of unclaimed dividends (Previous year Nil).

18. The figures relating to previous year have been regrouped, wherever necessary, to conform to the current year's classification.

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

A. K. Ladha
Director

Vishal Lohia
Whole-time Director

Jayant Sood
Company Secretary

L.P. Soni
Vice President (Finance)

Place: Gurgaon
Date: 26 April 2011

Place: Gurgaon
Date: 26 April 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per Schedule VI Part (iv) of the Companies Act, 1956)

a) Registration Details

Registration no. L17124MH1986PLC166615 State Code : 11

Balance Sheet date 31 (Date) 03 (Month) 2011 (Year)

b) Capital raised during the year (Amount in ₹ crore)

Public issue: NIL	Right issue: NIL
Bonus issue: NIL	Private placement: NIL

c) Position of mobilisation and deployment of funds (Amount in ₹ crore)

Sources of funds:

Total liabilities: 2400	Total assets: 2400
Paid-up capital: 152	Reserves and surplus: 448
Share warrants: 20	
Secured loans: 612	Unsecured loans: -
Deferred tax liability: 207	

Application of funds :

Net fixed assets (including capital work-in-progress): 1342	Investment: 18
Deferred tax asset: -	Miscellaneous expenditure: -
Net current assets: 79	Accumulated losses: -

d) Performance of Company (Amount in ₹ crore)

Turnover (including other income): 2848	Total expenditure: 2640
Profit before tax: 208	Profit after tax: 139
Earning per share (₹): 9.18	Dividend rate %: 20

e) Generic Name of three Products/Services of Company (as per monetary terms)

1) Item Code No.(ITC Code) 55032000

Product Description Polyester staple fibre

2) Item Code No.(ITC Code) 54024200

Product Description Polyester filament yarn partially oriented

3) Item Code No.(ITC Code) 54023300

Product Description Draw texturised yarn of polyester

Ten Years at a Glance

Year ended 31st March	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Sales & Other Income (₹/Million)	30,529	26,899	25,962	28,592	22,177	21,647	22,283	22,988	22,056	19,228
(Of which Exports Turnover) (₹/Million)	8,053	5,296	4,228	5,347	3,400	3,291	2,791	2,045	4,917	4,956
PBDIT (₹/Million)	4,279	2,338	1,348	2,573	1,807	1,947	2,431	3,960	3,704	2,784
Interest/Fin. Exp. (₹/Million)	697	770	1,138	1,029	396	295	389	469	620	1,071
Profit before Depreciation / Amortisation and Tax (₹/Million)	3,582	1,568	210	1,544	1,411	1,652	2,043	3,491	3,084	1,713
Depreciation/ DRE-W/O (₹/Million)	1,499	1,491	1,515	1,473	1,068	981	978	965	946	1,045
Profit/(Loss) before Tax (₹/Million)	2083	76	-1,305	71	343	672	1,065	2,526	2,138	668
Profit/(Loss) after Tax (₹/Million)	1394	71	-978	30	206	518	702	1,717	1,248	413
Earning/(Loss)/ Share (₹)	9.18	0.47	-6.44	0.2	1.57	3.93	5.33	12.99	9.39	2.48
Gross Fixed Assets (₹/Million)	30,542	30,327	30,723	30,109	28,060	20,734	20,737	20,578	20,802	23,049
Net Current Assets/ (Liabilities) (₹/Million)	788	316	-164	1,360	54	-1,522	307	424	940	668
Equity Capital (₹/Million)	1,518	1,518	1,518	1,518	1,318	1,318	1,318	1,318	1,330	1,662
Reserves & Surplus # (₹/Million)	4,477	3,569	3,636	4,817	5,273	5,357	5,433	5,468	4,511	4,999
Loan Funds (₹/Million)	6,116	8,711	10,134	10,961	9,418	5,609	5,765	7,886	9,920	11,022
Net Worth # (₹/Million)	6,198	5,087	5,154	6,335	6,591	6,675	6,746	6,754	5,783	6,558
Book Value/ Share (₹)	40.83	33.51	34	42	50	51	51	51	43	39
Sales/Share Capital (Times)	20.11	17.72	17	19	16	16	17	17	16	11

Includes Revaluation of Assets.

Note: Figures of the previous year regrouped wherever necessary.

Notes

Marketing Offices

Bhilwara
8S-27/28, Basant Vihar,
K.C. Textile Building,
Opposite Circuit House,
Bhilwara - 311001, Rajasthan, India.
Tel : 01482-237576, Telefax: 01482-237733

Coimbatore
"Sarang", 1st Floor,
8/5 Race Course Road,
Coimbatore - 641018,
Tamil Nadu, India.
Tel : 0422-2220456, Fax: 0422-2220658

Erode
No. 3, Ganapathypuram,
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Erode - 638003,
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Telefax: 0424-2240847

Gurgaon
20th Floor, DLF Square,
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Gurgaon - 122002, Haryana, India.
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No. 102/G-1, Kameshwara Apartment,
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Mumbai
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Bandra (East), Mumbai - 400051,
Maharashtra, India.
Tel: 022-26571234, Fax: 022-26571222

Silvassa
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Gurukrupa Business Centre,
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UT of Dadra & Nagar Haveli, India.
Tel: 0260-2643416/17, 2644519

Surat
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Opp. Fire Station, Ring Road,
Surat - 395002, Gujarat, India.
Tel: 0261-2339368 / 2350701

Tirupur
4/5, Alagappa Complex,
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Telefax: 0421-2217994

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A-31, MIDC Industrial Area, Butibori,
Nagpur – 441122, Maharashtra, India.
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INDO RAMA
Synthetics (India) Limited

The history of Indo Rama Synthetics (India) Ltd. dates back to 1989, when it first forayed into the business of polyesters. Believing that polyester was going to be the fibre of the future, the commitment and perseverance over the years by the company has today resulted in an undisputed leadership position for it in the Indian polyester arena. A leading manufacturer and supplier in the country's fast growing polyester sector since the last two decades, Indo Rama has emerged as India's second largest dedicated polyester manufacturer having carved a niche in the market place for its unmatched quality offerings.

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