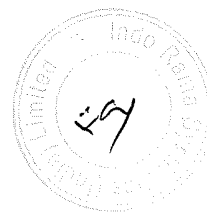


FORM B

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	Indo Rama Synthetics (India) Limited
2.	Annual Financial Statements for the year ended	31 March 2013
3.	Type of Audit Qualification *	<p>Qualifications in the Annexure referred to in paragraph 6 of the Independent Auditors' Report dated 10 May 2013 to the members of Indo Rama Synthetics (India) Limited on the accounts for the year ended 31 March 2013:</p> <p>(a) <i>Sales tax/ value added tax dues have not generally been regularly deposited with the appropriate authorities and there have been serious delays in several cases which have been deposited before the year end. [refer to paragraph (ix) (a) of the above referred annexure to the Independent Auditors' Report]</i></p> <p>(b) <i>The Company has delayed in repayment of dues aggregating Rs. 44.88 Crores for a period ranging from 40 days to 92 days to a bank. However, there are no overdue amounts outstanding to banks and financial institutions as at the year end. [refer to paragraph (xi) of the above referred annexure to the Independent Auditors' Report]</i></p> <p>(c) <i>The Company has used short term funds to the extent of Rs. 237.85 Crores for long-term investments, primarily towards fixed assets and investments. [refer to paragraph (xvii) of the above referred annexure to the Independent Auditors' Report]</i></p>
4.	Frequency of Qualification	<p>(a) First Time in respect of item 3 (a) above</p> <p>(b) Sixth Time in continuation (including on the financial statement for the year ended 31 March 2008 by the previous auditors) in respect of item 3 (b) above</p> <p>(c) Second Time in continuation in respect of item 3 (c) above</p>



5.	Draw attention to relevant notes in the Annual Financial Statements and management response to the qualification in the Directors Report:	<p>Page No.: 48 of Directors' Report of Annual Report 2012-13, under the heading "Auditors"</p> <p>With regard to the observation made by the Auditors at point number ix (a), xi and xvii of the annexure of Auditors' Report, we would like to inform that wherever there has been a delay in payment of Sales Tax / Value Added Tax dues, the same has been made along with interest. Further, a long downturn in the industry compounded by weak rupee had impacted the cash flows of the Company in this financial year. Due to cash flow mismatch Company could not meet the payment commitment of one of its lender on time. However, there are no overdue amounts at the close of the financial year. The cash accruals are expected to improve in the next financial year with improvement in business, while the scheduled debt repayments will go down. This is expected to correct the temporary mismatch in the short term liabilities and assets.</p>
6.	Additional comments from the Board / Audit Committee Chair	Nil

* Following emphasis of matter has also been given in the Independent Auditors' Report for the year ended 31 March 2013:

Attention is drawn to note 45 to the financial statements, which explains the early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments- Recognition and Measurement", issued by the Institute of Chartered Accountants of India. An amount of Rs. 21.11 Crores has been recognized as income in these financial statements for the year ended 31 March 2013 and included in exceptional items as an adjustment on application of Accounting Standard 30. Our opinion is not qualified in respect of this matter.



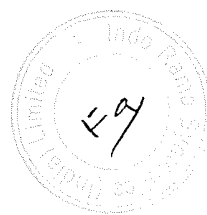
CEO / Managing Director

CFO / Head - Finance

Auditor of the company

Audit Committee Chairman

Sd/-
(Ashok Kumar Ladha)
Chairman - Audit Committee
DIN: 00089360





ON THE MOVE

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.



For additional
information, please visit:
www.indoramaindia.com

ROADMAP FOR THE READER

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CORPORATE INFORMATION

Board of Directors

Mohan Lal Lohia
Chairman Emeritus

Om Prakash Lohia
Chairman and Managing Director

Vishal Lohia
Whole-time Director

Ashok Jagjivan Gupta
Whole-time Director and CEO

Ashok Kumar Ladha
Non-executive Independent Director

Om Prakash Vaish
Non-executive Independent Director

Arvind Pandalai
Non-executive Independent Director

Suman Jyoti Khaitan
Non-executive Independent Director

Company Secretary

Jayant K Sood

Corporate Executives

Anant Kishore
Chief Operating Officer

Anupam Singhania
Head – Finance

M G Birajdar
Plant Head

Auditors

B S R and Associates, Gurgaon

Bankers

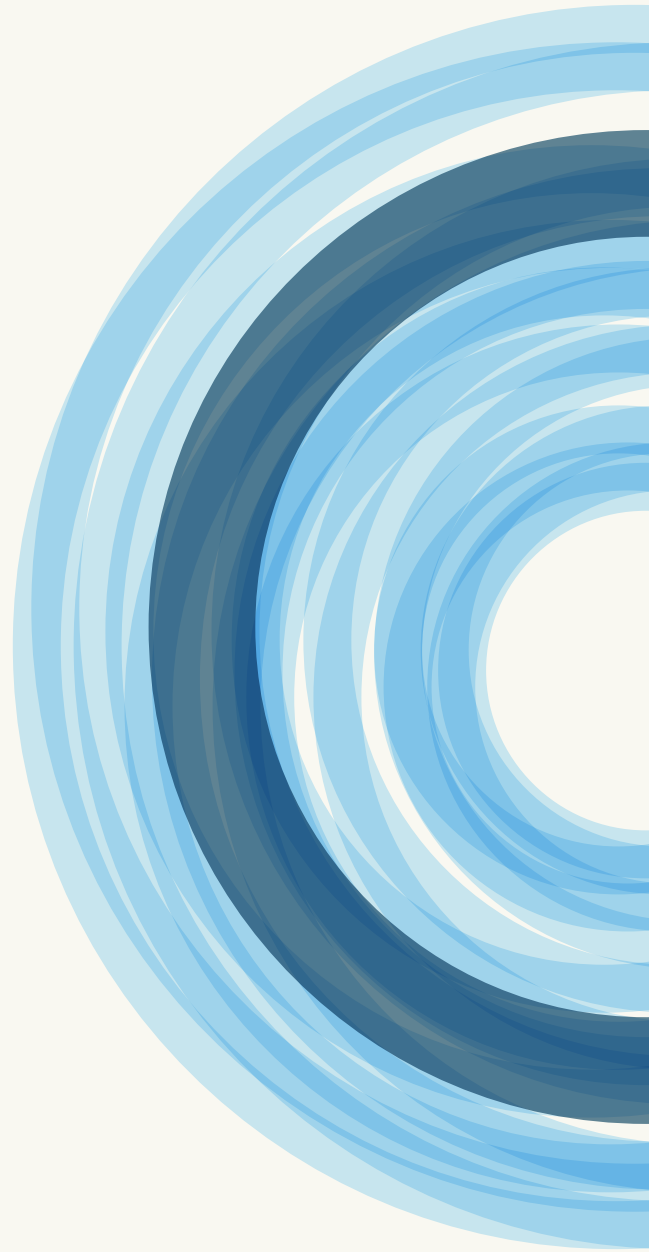
Axis Bank Limited
Bank of India
HDFC Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Travancore

Institutions

DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH
IKB Deutsche Industriebank AG
Life Insurance Corporation of India

Do we see
the world
in the same
way,
as we saw it a
few decades
ago?

No.





Because life in the post-modern world is all about consistent evolution, driven by rising population, growing consumption, expanding middle class and large-scale urbanisation.

Polyester has an important role to play in this scenario.

From the moment we wake up in the morning to the time we go to sleep, we say yes to polyester in fascinating ways.

From the toothbrush we use to the dresses we wear. From the transport we avail to travel everyday to the home or office furnishings we can think of. There is a touch of polyester. Even our work and communication devices need polyester in more ways than one.

Interestingly, the applications are increasing every day.

As India's largest dedicated polyester manufacturer with an integrated manufacturing complex, this is the source of our enduring optimism. It helps us counter challenges, embrace opportunities, develop and deploy capabilities and create an inspired workforce.

As we re-imagine products, processes, customer aspirations, markets and stakeholder engagements in an evolving business landscape, the focus remains the same.

Forward movement for future value creation.

STABILITY IN MOTION

TOTAL INCOME

(₹ in Millions)

2012-13	34,072
2011-12	33,883
2010-11	30,446
2009-10	26,899
2008-09	25,962

0.56%

PRE-TAX PROFIT

(₹ in Millions)

2012-13	407
2011-12	382
2010-11	2,083
2009-10	76
2008-09	(1,305)

6.55%

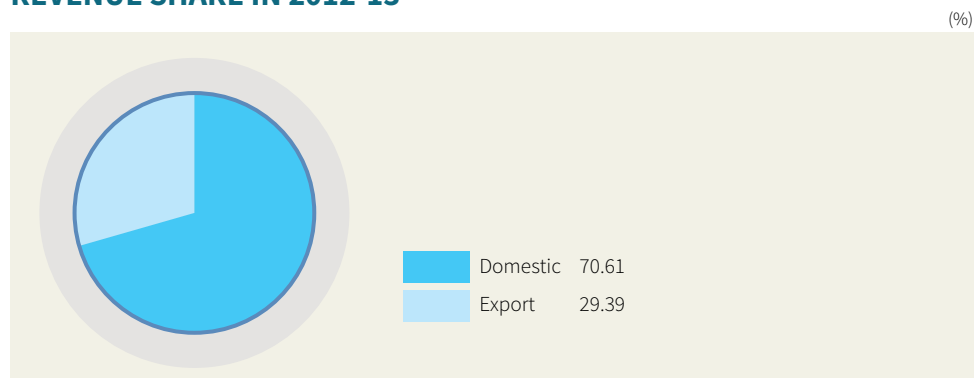
POST-TAX PROFIT

(₹ in Millions)

2012-13	413
2011-12	320
2010-11	1,394
2009-10	71
2008-09	(978)

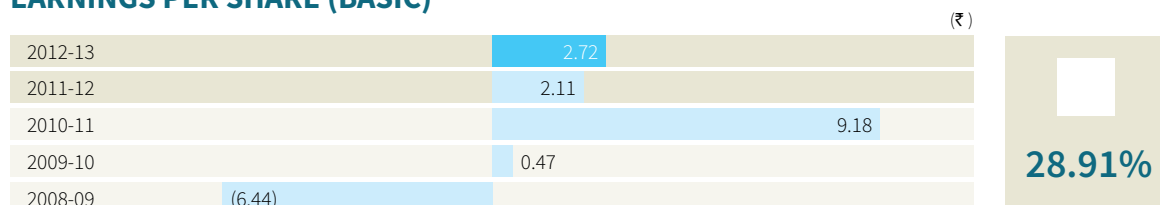
29.07%

REVENUE SHARE IN 2012-13

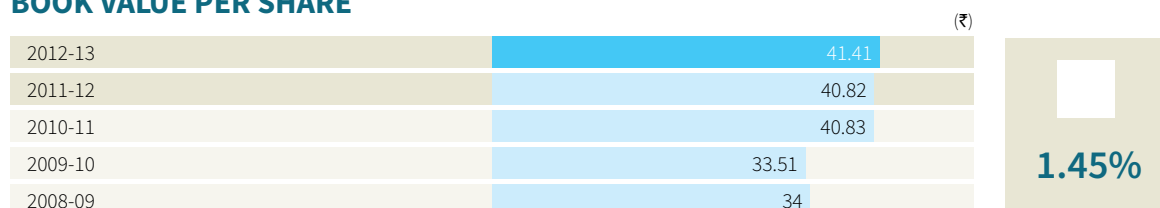




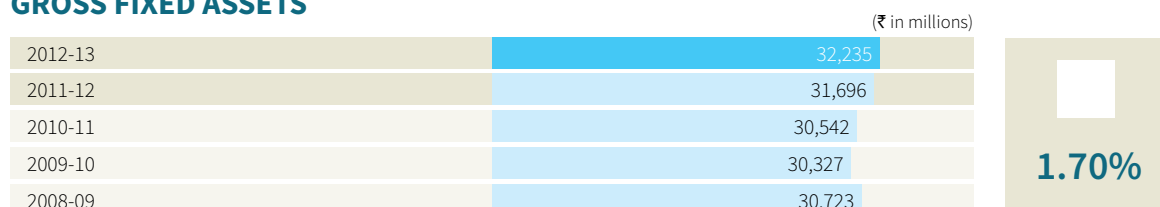
EARNINGS PER SHARE (BASIC)



BOOK VALUE PER SHARE




GROSS FIXED ASSETS



FINANCIAL RATIOS

	2010-11	2011-12	2012-13
Debt-equity ratio	0.93	0.58	0.38
Interest coverage ratio	7.04	5.02	7.27
Debt service coverage ratio	1.79	1.02	1.42
Current ratio	0.99	0.81	0.75
Fixed asset coverage ratio	2.47	3.79	5.11



We see society transforming as polyester finds greater relevance in people's lives. It gives us the confidence to embrace emerging opportunities and sustain our forward motion.



Incorporated in 1986, Indo Rama has emerged as India's largest dedicated polyester manufacturer, with an annual capacity of 6,10,050 tonnes. Our integrated manufacturing facility in Butibori (near Nagpur, Maharashtra) has helped us emerge as one of India's most cost-efficient polyester producers.

BUSINESS DOMAINS

POLYESTER

Products	Installed capacity
Polyester Staple Fibre (PSF)	2,63,550 TPA
Polyester Filament Yarn (PFY)	2,59,000 TPA
Draw Texturised Yarn (DTY)	87,400 TPA
Polyester Chips	87,500 TPA

POWER

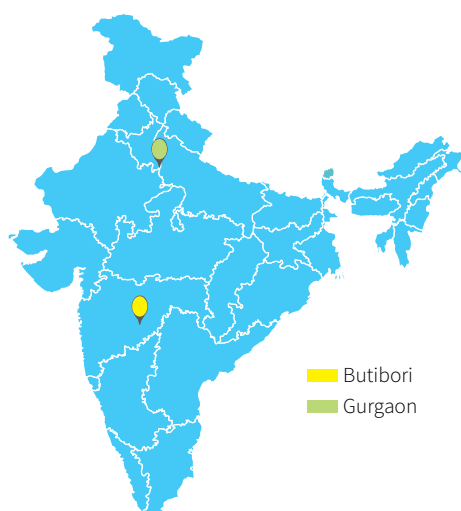
85 MW

MARKET REACH

- Customers spread across **Asia, Europe, Africa and the Americas**
- Enhanced market penetration in countries like **Nepal, Bangladesh, Sri Lanka, Indonesia, Germany, Kenya, Spain, Italy, Peru, Brazil, Mexico, Turkey and USA**, among others

14 Offices: Ahmedabad, Bhilwara, Coimbatore, Erode, Gurgaon (Corporate Office), Hyderabad, Kolkata, Ludhiana, Madurai, Mumbai, Panipat, Silvassa, Surat and Tirupur

Registered Office and Plant:
Butibori (Nagpur), Maharashtra



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
- REACH - Substance of Very High Concern (SVHC)** certification for human health and environment safety

TECHNOLOGY ASSOCIATIONS

- 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

RECOGNITION

- Best export performance in Synthetic and Rayon Textile Export Promotion Council Award; Bronze Medal for four consecutive years (2008-09, 2009-10, 2010-11 and 2011-12); best export performance in the textile category
- Adjudged among India's most admired companies by 'Fortune India' in its issue (March 2012)
- Won best of the best 'PAR EXCELLENCE AWARD' in All India Seminar on Quality Progress – 2013, organised by the Institute of Engineers, Nagpur
- Gold Award to IRSL Kaizen Team in quality circle convention (manufacturing category) by the Indian Institute of Engineers, Nagpur chapter
- First prize in LSI Textiles Category for export performance for 2010-11, by Director of Industries, Government of Maharashtra

TICKERS

- NSE Ticker:** INDORAMA
- BSE Ticker:** 500207
- Bloomberg Ticker:** IRSG:LX

TOUCH OF POLYESTER IN EVERYDAY LIFE

HOME FURNISHING / HOME TEXTILE

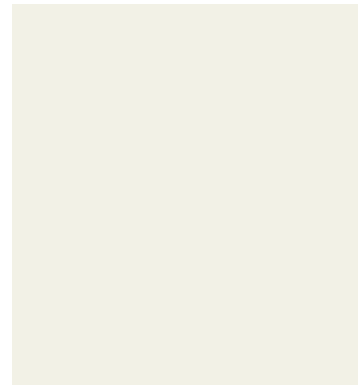
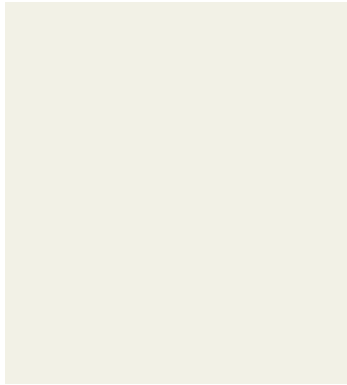
Bed linen | Bath linen |
Kitchen linen | Curtains |
Upholstery

APPAREL

Shirting | Suiting | Jeans |
Ladies wear | Dhoti | Saree |
T-Shirt

AUTOMOTIVE

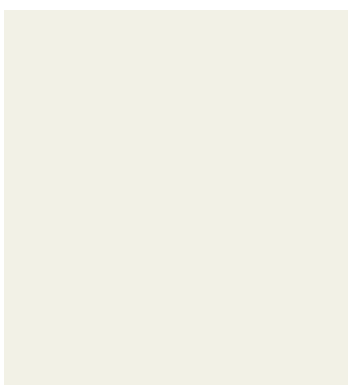
Seat cover | Steering cover |
Auto upholstery





SPORTSWEAR

Sports apparel | Sports footwear |
Sports equipment



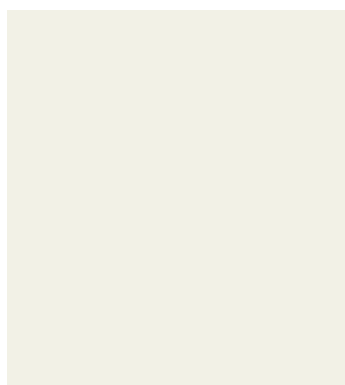
TECHNICAL TEXTILE

Agrotech (Agro-textiles) |
Mobiltech (Automotive and
aerospace textiles) | Buildtech
(Construction Textiles) |
Clothtech (Clothing textiles)
| Geotech (Geotextiles) |
Hometech (Domestic textiles)
| Indutech (Industrial textiles)
| Mobiltech (Textiles used
in transport) | Oekotech or
Ecotech (Environmentally
friendly textiles) | Packtech
(Packaging textiles) | Protech
(Protective textiles)



NONWOVEN

Face Wipes | Hand Wipes |
Back Covers



CHAIRMAN'S MESSAGE

India's long-term growth prospects continue to be bright, and the government is initiating reforms to elevate the economy to a high growth trajectory. At Indo Rama, we withstood challenges and were able to deliver satisfactory overall performance.



Dear Shareowners,

Can we talk about optimism in the current scenario? I think we can. I believe, rather than putting the entire onus on the external economic landscape, we must try to evolve our own strategies of growth and resilience. Interestingly, many large global business enterprises were founded, not during years of easy growth. But, during years of economic hardships. The reason is simple: hardship teaches us to question conventions, think laterally and take the road less travelled.

2012-13 evoked mixed response from economies across the world. While Europe continues to weather uncertainties, the US economy is showing signs of sustainable growth. Japan, on the other hand, after several years of deflation and marginal growth, is on the road to recovery. China continues to steal the show with above 7% growth, followed by India and other emerging economies.

India's long-term growth prospects continue to be bright, and the government is initiating reforms to elevate the economy to a high growth trajectory. At Indo Rama, we withstood challenges and were able to deliver satisfactory overall performance.

In the current financial year, we achieved a turnover of ₹ 2,865.02 Crores (₹ 2,943.27 Crores in 2011-12). Our EBIDTA stood at ₹ 282.45 Crores against ₹ 319.06 Crores in 2011-12 and a net profit of ₹ 41.26 Crores against ₹ 31.96 Crores in 2011-12. Our earnings per share stood at ₹ 2.72, as on 31 March 2013. In 2012-13, we maintained persistent focus on customers and product quality to drive creditable sales performance. Moreover, we completed several cost optimisation projects that improved our cost competitiveness and enhanced profitability, despite the decline in global trade, fluctuation in dollar prices and crude oil, and adverse local market conditions.

During the year, we completed some key margin strengthening projects. We successfully commissioned 11 MW of power to utilise the spare boiler capacity for captive consumption. Also, expanded production capacity for value-added product Draw Texturized Yarn (DTY) from the earlier 71,200 tonnes to 87,400 tonnes with the commissioning of 11 new machines.

POLYESTER SCENARIO

Over the last few years, the demand for polyester fibre is growing. The year 2012 was no exception. During



the year, demand grew at 6%. Moreover, the year was characterised by soaring capacity additions in the PFY segment. Polyester fibre outlook remains positive and demand is estimated to increase by 5% between 2013 and 2016, on account of a decline in cotton fibre production in 2013-14.

GREEN ENERGY

We entered into the renewable energy space through a wholly-owned subsidiary, with a 30 MW wind energy project in Maharashtra. This will come on stream by June 2013. The renewable energy sector is expected to grow significantly in future. We aim to build a robust portfolio of renewable energy assets, offering optimum shareholder returns. We plan to add another 60-70 MW of renewable energy capacity by 2014. We have already acquired land in Rajasthan and Gujarat, having wind energy project development potential of around 300 MW.

BACKWARD INTEGRATION INTO PTA

In my last letter, I talked about our strategic backward integration initiative into petrochemical – Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET) and Polyester Staple Fiber (PSF) – where we have entered into a Joint Venture with Indorama Ventures (Thailand) having equal equity partnership to set this project with an investment of ₹ 5,000 Crores.

In 2012-13, we made significant developments on this project, conducted feasibility studies for site location across various states. Finally, we zeroed in on a location in Chennai (Tamil Nadu), from where we have two ports (Ennore Port and L&T Port) having liquid terminal facility in close vicinity. This will enable us to transport Paraxylene (key raw material) to our plant at minimal logistical cost and find an MoU with the Government of Tamil Nadu for fiscal and infrastructure support. This plant would be a strategic backward integration project, ensuring 100% security of the key raw material (Purified Terephthalic Acid) for polyester, enabling uninterrupted operations. The PTA produced would be of consistent quality on account of best-in-class technology.

The plant will also manufacture downstream products like PET Resin and PSF. PET resin is used for bottle grade applications meant for mineral water and carbonated soft drinks packaging. PSF finds application in apparel and non-apparel industries.

Our strategic backward integration initiative into petrochemical – PTA (Purified Terephthalic Acid), PET (Polyethylene Terephthalate) and PSF (Polyester Staple Fiber) – where we have entered into a Joint Venture with Indorama Ventures (Thailand) having equal equity partnership to set this project with an investment of ₹ 5,000 Crores.

The future belongs to polyester, and we are well positioned to leverage the market potential.

FUTURE POTENTIAL

Despite challenges, India holds out an enormous market potential. The per capita consumption of all fibre in India is around 6.86 kg per person, compared to the global per capita consumption of 12 kg per person. However, for polyester fibre and yarns, India's per capita consumption is 2.45 kg per person, as against the global per capita consumption of 5.85 kg. Polyester accounts for 36% of per capita fibre consumption in India. On the back of India's burgeoning population, rapid urbanisation, enhanced industrialisation, increasing cotton prices and insignificant cotton production growth, I am hopeful that polyester consumption will increase substantially in the coming years.


We are strengthening our cost competitiveness by virtue of backward integration and cost rationalisation. Therefore, positioning ourselves as a reliable supplier of high quality raw materials to downstream industries helps us achieve one of the highest profitability levels in the industry.

The future belongs to polyester, and we are well positioned to leverage the market potential. On the strength of talent and teamwork, we are building an organisation known for its dynamism and constant innovation. In short, an organisation constantly on the move to create exceptional value for all stakeholders.

On behalf of the Board, I would like to thank our shareowners, management team, employees, suppliers, associates and loyal customers for their unflinching support and endeavour.

OM PRAKASH LOHIA

Chairman and Managing Director



We are willing
to travel a long
way to help
shape economic
opportunities,
build an
empowered
team and create
more value for
customers.



DRIVING METICULOUS PLANNING AND EFFICIENT EXECUTION

RATIONALISED INWARD LOGISTIC COSTS

- Over 90% of raw material (PTA and MEG) transit now happens through rail transport, replacing road transport, on account of rising fuel cost, enabling significant cost saving
- We import PTA through Container Corporation of India (CONCOR) from Vizag and Mumbai, saving around ₹ 109 per metric tonne. Moreover, we are also planning to utilise Private Inland Container Depots for PTA, which will further save around ₹ 100 per metric tonne

OPTIMISED OUTWARD LOGISTIC COSTS

- We deployed bigger customised trucks and ensured optimum loadability, resulting in cost savings and enhanced people efficiency
- Used 30 feet long trucks for DTY with better loadability, catering to larger markets of Bhiwandi and Ludhiana
- Increased bigger side-open bodied truck; these trucks also bring back the empty pallets collected from various customers
- Various initiatives to optimise outward logistics helped save around ₹ 33.56 lacs



ON TIME

We improved on-time in full (OTIF) on account of better inventory control and planning.

OTIF IMPROVEMENT PRODUCT-WISE

(%)

	2011-12	2012-13
POY	97	98
PSF	97	97
DTY	93	97
Polyester clips	96	99

OTHER EFFICIENCY ENHANCING INITIATIVES

- Reduced key raw material average inventory days from around 33 days in 2011-12 to around 23 days in 2012-13, on account of better inventory management and production planning
- Commenced bar-coding of our DTY products, reducing product identification discrepancies

REALISING OUR POTENTIAL



AT INDO RAMA, WE ARE CONSISTENTLY EXPANDING OUR PRODUCT PORTFOLIO TO PENETRATE LARGER MARKET SEGMENTS AND ENHANCE VALUE-ADDED PRODUCTS CAPACITY TO STRENGTHEN OUR CUSTOMER BASES.

- Introduced new varieties of Fully Drawn Yarn (FDY) product (65/24 SD) and Partially Oriented Yarn (POY) product (165/72 SD) to widen our product basket and enhance customer satisfaction
- Developed new DTY products for sewing thread application, mattress ticking, carpet warp, weft and denim to cater to fashionable market segments
- Installed 11 additional new Draw Texturized Yarn (DTY) machines, taking the capacity from 71,200 tonnes to 87,400 tonnes, enhancing the value-added product basket



EMERGING COST SMART



**WHILE OPERATING
IN AN INFLATIONARY
ECONOMY, WE ARE
CONTINUOUSLY
THINKING BEYOND
CONVENTIONS TO
RAISE COST EFFICIENCY
TARGETS.**

- Rationalised coal procurement cost by selecting mines in plant vicinity, reducing cost from ₹ 1.15 per kcal to ₹ 0.97 per kcal
- Optimised one furnace oil circulation pump in oil-fired heat transfer medium, saving energy cost
- Reduced packing cost by increasing bobbin weight for FDY and optimised polythene bag dimension for POY packing
- Optimised the frequency of quench return fan from 50 Hz to 35 Hz and comfort air fan inverter from 30 Hz to 25Hz; this helped in saving costs
- By enabling use of coal-fired heat transfer medium steam at low pressure in LP Headers achieved cost saving

PRODUCING MORE FROM LESS

Reduced water consumption by more than 2% over the last two years

Conducts training on industrial safety and health for Company employees and contractors, which was attended by over 1,800 people



AT INDO RAMA, WE FOCUS ON FIVE AREAS OF RESOURCE CONSERVATION: WATER STEWARDSHIP, SUSTAINABLE PACKAGING, ENHANCED RECYCLABILITY, ENERGY CONSERVATION AND CLIMATE CHANGE.

BEST-IN-CLASS WASTE MANAGEMENT

We have adopted various methods and practices for solid and hazardous waste management. Solid wastes like polymer and fibre wastes are sold to authorised parties for reuse. Hazardous wastes are handled through registered recyclers, who are authorised by the concerned Pollution Boards and the Ministry of Environment and Forests (MOEF). Waste generated in Dissolved Air Flotation Effluent Plant (DAF-ETP) after treating spin finish effluent is sent to the common hazardous waste storage and treatment facility at Butibori.

PROACTIVE TRAINING AND AWARENESS

We conduct various in-house training programmes to enhance the environment awareness of our people. World Environment Day was celebrated by organising plantation activities and other competitions involving people. Our Environment Committee meets regularly to supervise our eco-friendly approaches and measures.

FACILITATING GREEN COVER

Tree plantation activity is undertaken in a planned manner on an enormous scale every year. As a result, the barren land acquired by the Company has been converted to a green belt today with different varieties of trees, gardens, lawns, fountains, flora and fauna. The green cover represents a wonderful balanced ecology.



REVIEWING OUR NUMBERS

OUR PERFORMANCE

	(₹ in Crores)	
	2012-13	2011-12
Total income*	3,407	3,388
EBIDTA	282	319
PBT	41	38
PAT	41	32
Book value per share (₹)	41.41	40.82
Earnings per share (₹)	2.72	2.11

* Total income includes gross sales and other income

OUR MARGINS

	(%)	
	2012-13	2011-12
EBIDTA margin to net Sales	9.86	10.84
Net profit margin to net Sales	1.44	1.08

INDO RAMA'S FINANCIAL INFORMATION IS PRESENTED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS (AS). OUR REPORTING CURRENCY IS INDIAN RUPEES (INR).

ANALYSIS OF THE PROFIT AND LOSS ACCOUNT NUMBERS

- The Company's net revenue declined marginally by 1.98% from ₹ 2,968.80 Crores in 2011-12 to ₹ 2,910.13 Crores in 2012-13, following moderate operational scale and reasonable polyester demand
- Export sales marginally declined by 7.96% from ₹ 909 Crores in 2011-12 to ₹ 842 Crores in 2012-13. Export sales contributed 30.88% to the Company's net sales in 2011-12 and 29.39% in 2012-13
- Other income increased by 16.17% from ₹ 207.26 Crores in 2011-12 to ₹ 240.78 Crores in 2012-13
- Total operating cost increased marginally by 0.40% from ₹ 2,857 Crores in 2011-12 to ₹ 2,868.46

Crores in 2012-13, on account of enhanced production scale

- The Company's raw material costs escalated by 6.48% from ₹ 2,278.98 Crores in 2011-12 to ₹ 2,426.62 Crores in 2012-13, following rising costs of critical raw materials Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG)
- Financial expense decreased by 27.30% from ₹ 61.22 Crores in 2011-12 to ₹ 44.51 Crores in 2012-13, following decline in debt component
- Depreciation grew by 2.35% from ₹ 154.36 Crores in 2011-12 to ₹ 157.99 Crores in 2012-13
- Foreign exchange exposure (imports and exports) - in 2012-13 resulted in a foreign exchange loss of ₹ 39.26 Crores (₹ 65.25 Crores in 2011-12), on account of volatile currency scenario globally

Net worth increased by 1.47% from ₹ 619.63 Crores, as on 31 March 2012 to ₹ 628.75 Crores in 31 March 2013

ANALYSIS OF THE BALANCE SHEET NUMBERS

- Net worth increased by 1.47% from ₹ 619.63 Crores, as on 31 March 2012 to ₹ 628.75 Crores in 31 March 2013
- The Company's equity comprised 151,822,242 equity shares with a face value of ₹ 10 per share. The promoters held 64.06% in the Company, as on 31 March 2013
- Reserves and surplus increased by 2.04% from ₹ 447.51 Crores on 31 March 2012 to ₹ 456.63 Crores on 31 March 2013 following an increase in retained earnings. The Company retained 56.35% of the net profits in the business. Around 56.02% of the reserves and surplus comprised free reserves
- Long-term borrowings declined from ₹ 330.01 Crores in 2011-12 to ₹ 223.32 Crores in 2012-13
- Gross block increased from ₹ 3,169.64 Crores, as on 31 March 2012 to ₹ 3,223.53 Crores, as

on 31 March 2013, on account of commissioning/continued capacity expansion in value-added products

- Capital work-in-progress decreased by 90.03% from ₹ 26.57 Crores in 2011-12 to ₹ 2.65 Crores in 2012-13 due to capitalisation of miscellaneous projects across the Company
- Inventory decreased by 16.50% from ₹ 363.60 Crores in 2011-12 to ₹ 303.60 Crores in 2012-13
- The corporate tax charge/credit declined from ₹ 6.27 Crores in 2011-12 to ₹ (0.57) Crores in 2012-13 on account of lower deferred tax liabilities

MANAGING RISKS. OPTIMISING RETURNS.

OPERATING IN A VOLATILE BUSINESS ENVIRONMENT, WE HAVE FORMULATED A WELL-DEFINED AND STRUCTURED RISK MANAGEMENT PROCESS TO INSULATE AGAINST BUSINESS ADVERSITY ON ONE HAND AND MAXIMISE OPPORTUNITIES ON THE OTHER.



DEMAND RISK

RISK EXPLANATION

Downstream industries might witness a slowdown, affecting demand for products

- Polyester finds multi-faceted use in apparel, automotive, home furnishing, industrial textile and sportswear sectors than any other forms of man-made fibre
- Factors like increasing population of India, industrialisation growth, rapid urbanisation, rising purchasing power, growing middle class, increasing cotton prices and low cotton production capacity growth will significantly drive polyester demand



COST RISK

RISK EXPLANATION

Inflationary trends in various input costs can dent profitability

- Benefits can be derived from economies of scale in the procurement of raw materials and consumables
- Converted Heat Treatment Media (HTM) from Furnace Oil (FO) to coal base heating, resulting in saving on energy cost
- Shifted from road to railway logistics, reducing logistical cost; the Company has also rationalised costs by using bigger trucks for inward and outward transit of material
- Renegotiated rates with all vendors for all key raw materials, stores and spares; further optimised cost
- Substituted expensive material with easily available economical alternatives without compromising end-product quality



COMPLETION RISK

RISK EXPLANATION

Consistent growth and attractive business prospects can attract competition

- Widened the value-added product portfolio to address a broader client base
- Reinforced a culture of innovation to reduce cost
- Fully-equipped quality control laboratory with contemporary equipment ensures continuous supply of best quality products



TECHNOLOGY RISK

RISK EXPLANATION

Technology obsolescence may affect the production process

- Adopted best-in-class technology from Germany, USA, Japan, France, Finland, Switzerland, Belgium and Singapore, among others
- Consistent investment in technology upgradation enables the Company to stay ahead of the curve
- Increasing average realisations through re-engineering and improvisation



CUSTOMER REACH RISK

RISK EXPLANATION

Inability to reach out to the demand pockets in India and globally may affect business growth

- The Company strengthened its direct customer base; added several new customers across all product categories
- Strengthened marketing and sales team, enabling increased market penetration
- In domestic market, over 50 customers have been added across core product segment (PSF and PFY)
- Marketing department closely monitors relationships with customers to ensure repeat business
- Key account managers have been identified for customers, who will cater to all their needs by providing customised solutions
- Established direct contact with international customers helping in better understanding of customer requirements, as a result increasing profitability
- Footprints across key demand pockets, both nationally and internationally



HUMAN CAPITAL RISK

RISK EXPLANATION

People attrition could affect operations

- Conducted multiple competence building initiatives for all employees, enabling capability building
- In 2012-13, the Company conducted 89 training programmes (1421 person days) on various functional areas
- Enhanced employee retention to more than 95%
- Ensured an amicable working environment



FOREX RISK

RISK EXPLANATION

Volatile global currencies may impact profitability

- Maintained a balance between exports receipts and imports payments, creating a natural hedge against adverse currency fluctuations
- Hedged positions through forward / options contracts to safeguard against currency volatility

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MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The financial year 2012-13 saw underperforming economies, sluggish growth and emergency rescue efforts by most governments across the world. The financial crisis of Eurozone nations is weakening the strength of the economic bloc and adversely impacting global economic growth. Cyprus plunged deep into economic hardships and social chaos, as it sought major bailout from other Euro nations. However, the US economy demonstrated early signs of recovery, spearheaded by manufacturing growth and prudent policy initiatives. The International Monetary Fund estimates the global economic growth for 2012 at 3.2%, as against 3.8% in 2011.

The emerging economies were also impacted by global headwinds, with China registering economic slowdown, along with other BRICS nations. In 2012-13, China grew by only 7.8%, while India finished the race a close second at 5%.

Economic growth projections

(%)

GDP Growth	2010	2011	2012	2013 (E)
World output	5.1	3.8	3.2	3.5
Advanced economies	3.0	1.6	1.3	1.4
Emerging economies	7.4	6.2	5.2	5.5

Source: International Monetary Fund

INDIAN ECONOMY

India's economy has also been facing socio-economic challenges for the past two years, impacted by a combination of international and domestic factors. The Reserve Bank of India infused ₹ 18,000 Crores to its economy by reducing the cash reserve ratio (CRR) to 4% in its third monetary policy during 2012-13. Moreover, increasing FDI limits across major sectors has significantly improved India's capital inflows. The government is also taking various initiatives to keep the fiscal deficit within 5.2%.

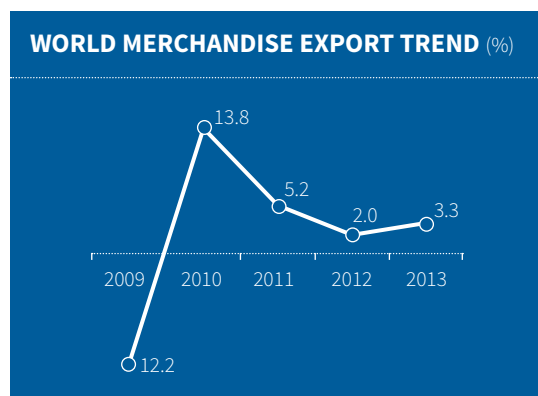
While the GDP growth for 2012-13 is at 5%, the same is targeted to be 6.1% in 2013-14 [Source: World Bank].

GDP Trend	2010-11	2011-12	2012-13
GDP at factor cost	9.3	6.2	5.0

Source: Central Statistics Office

GLOBAL TRADE SCENARIO

Global trade growth slowed down significantly from 5.2% in 2011 to 2.0% in 2012. World merchandise exports in value terms remained unchanged in 2012 at USD 18.3 Trillion, due to reducing prices of traded goods. Commodity prices witnessed maximum decline and cotton prices recorded a reduction of 42% [Source: IMF commodity price statistics].



Source: World Trade Organisation (WTO)

Similar to the 2012 trends, persistent global economic predicament, especially European economic crisis and China's deceleration in growth, are slowing down world export trade growth in 2013. With expected improvements in the US economic conditions, the WTO has projected a growth rate of 3.3% for global export trade in 2013.

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TEXTILE INDUSTRY SCENARIO

Global Textile

The global textile and clothing trade marginally declined from USD 706 Billion in 2011 to USD 700 Billion in 2012. China's export in 2012 grew by 3% to an estimated USD 260 Billion and represented 37.7% of the global textile and clothing trade. India's export is estimated to decline to USD 31-32 Billion in 2012.

Year on Year (Y-o-Y) % change in USD values in world textile and clothing trade (%)

Year	2011	2012
Q1	19	-1
Q2	22	-8.5
Q3	17.5	-8
Q4	2	-1

The textiles and clothing sector witnessed a sharp decline in USD terms in Q2 and Q3 of 2012, but recovered in Q4. The overall global demand across textiles and apparel value chain is expected to grow at 3% to 3.5% year-on-year over the next decade.

GLOBAL TEXTILE AND CLOTHING SCENARIO 2011-2015 (USD Billion)

2015	775
2014	749
2013	724
2012	700
2011	706

Source: WTO, Industry, 2011: Actual, 2012-2015: Estimated

The table provided below represents global yarn and fabric output for 2012 on quarter-to-quarter basis. The yarn and fabric production exhibited significant improvements in Q2-Q4 2012. The Q1 2013 outlook appears positive with Asia's production levels expected to stabilise.

Global yarn and fabric production in 2012

	Q1	Q2	Q3	Q4
World yarn production	-7.7	+7.4	+7.5	+4.0 to 5.0
Asia yarn production	-9.0	+8.1	+8.5	+5.0 to 6.0
World fabric production	-11.9	+3.5	+3.0	+2.0 to 3.0
Asia fabric production	-14.2	+3.1	+4.0	+3.0 to 4.0

Source: ITMF (Q1-Q3), Q4-Estimated

Polyester production increased by 5% over 2011 to reach 41.31 million tonnes in 2012 and covered 50% of the fibres produced worldwide. The staple fibre production grew by 3.4% to reach 14.9 million tonnes and polyester filament yarn (PFY) increased by 5.7% to touch 26.4 million tonnes.

Globally, over 60% of textile and apparel consumption centres are located in the US, Canada, China, Japan and the European nations. On the other hand, India, Pakistan, China, Vietnam, Indonesia, Thailand and Bangladesh account for more than 60% of the global textiles and apparel production.

Indian Textile Industry

India's total textile and apparel market, for domestic business and exports taken together, is projected to grow at Compound Annual Growth Rate (CAGR) of 9.5% from USD 89 Billion in 2011 to reach USD 223 Billion by 2021.

India's textile and apparel market size		(USD Billion)	
	2011	2016 (P)	2021 (P)
Total	89	143	223
Domestic	58	93	141
Export	31	50	82

Source: Technopak

The self-sufficiency in all fibres is a key to sustained growth of India's domestic and export markets for textiles and fibre. The segments, namely apparel, home textiles and technical textiles, are expected to grow at 9%, 8% and 10%, respectively, propelling fibre production and consumption growth.

On the export front, India has emerged as a preferred sourcing destination for global buyers and is globally ranked as the fifth-largest exporter of textile and clothing. However, volatility in the EU market has impacted India's 2012 exports.

FIBRE INDUSTRY SCENARIO

Global Fibre Industry

The global fibre production for 2012 is estimated at 82.0 million tonnes, registering an increase of 1.2% over 2011. Cotton fibres production is estimated to be 26 million tonnes and manmade fibre (MMF) is likely to account for 55 million tonnes. The polyester fibre in the MMF segment accounted for an estimated 41.3 million tonnes (75%). Polyester and cotton together accounted for 82% of the fibre volumes produced in 2012. The global fibre demand is expected to increase by 3% on medium term due to rising population and increasing prosperity in the emerging markets.

China emerged as the biggest manufacturer of all MMF fibres with 35.5 million tonnes production volume, accounting for 64.5% of global MMF production. On the price front, cotton fibre's clear downward trend from mid-2012 is putting pressure on all other fibres.

Cotton

Global cotton fibre production declined by 3.7% from 27 million tonnes in 2011 and reached 26.01 million

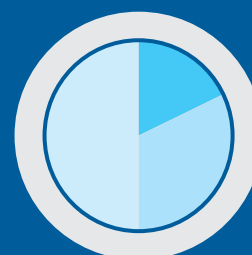
tonnes in 2012. The consumption, however, registered an increase of 4.0% from 22.42 million tonnes in 2011 to 23.32 million tonnes in 2012. The cotton production in 2013-14 is likely to further decline to 23.47 million tonnes [Source: ICAC].

Polyester

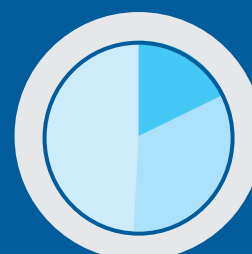
Polyester production increased by 5% over 2011 to reach 41.31 million tonnes in 2012 and covered 50% of the fibres produced worldwide. The staple fibre production grew by 3.4% to reach 14.9 million tonnes and polyester filament yarn (PFY) increased by 5.7% to touch 26.4 million tonnes. In 2012, 75% capacity utilisation summed up to the global polyester production of 41.31 million tonnes. The polyester fibre production is estimated to grow at 6-7% from 2013 to 2015.

GLOBAL FIBRE PRODUCTION SCENARIO 2012 VS 2011

Fibre Production :
2012 : 82 million tonne



Fibre Production :
2011 : 81 million tonne



Source: PCI/Industry Reports

Other Fibres

In 2012, the global production of man-made cellulose fibre expanded much faster than the other fibres is estimated at 6.8%. Production volumes of polyamide fibres increased by 3.8%, while acrylic fibres declined by 4%.

Indian Fibre Industry

India's fibre production declined by 2% to reach an estimated 9.6 million tonnes in 2012-13 compared to 9.8 million tonnes in 2011-12. Cotton fibre production declined by an estimated 4.1% from 6.03 million tonnes in 2011 to 5.78 million tonnes in 2012 [Source: Cotton Advisory Board]. Cotton accounted for 60% of the total fibres produced in India in 2012. Polyester fibre production has reached an estimated 3.30 million tonnes, as against 3.26 million tonnes in 2011, a marginal increase of 1.2%. Polyester fibre accounted for 34% of India's total fibre production in 2012.

INDIA'S FIBRE PRODUCTION SCENARIO

India Fibre Production :
2012-13 : 9.6 million tonne



India Fibre Production :
2011-12 : 9.8 million tonne

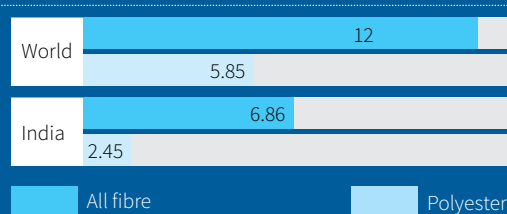


Source: CAB / Industry Estimates

India's fibre consumption increased by 9.7% over the previous year to reach an estimated 8.23 million tonnes in 2012-13, as compared to 7.50 million tonnes in 2011-12. Cotton fibre led the consumption increase, growing at a rate of 13%, followed by polyester fibre at 6.1%.

India's current per capita consumption for all fibres is 6.86 kg. However, for polyester fibre, India's per capita consumption for 2012 was 2.45 kg, as against a global value of 5.85 kg. The Polyester fibre accounts for 36% of per capita fibre consumption in India.

GLOBAL AND INDIA FIBRE PER CAPITA CONSUMPTION IN 2012 (Kg)



India's Fabric Scenario

India's yarn and fabric production increased largely on account of growth in 100% cotton as well as the blended category. The fabric production is estimated to increase by 4.0%; however, the yarn production is likely to show an impressive growth of 11%.

Production increases for cotton fabric and cotton yarn for 2012 are estimated to reach 12% and 14%, respectively. The blended fabric and yarn also witnessed positive growth in 2011-12. The fabric production in 100% non-cotton segment declined due to lower off-take in domestic and export markets. The 100% non-cotton yarn production, however, remained at the same level of that in 2011-12.

Fabric production

(million sq. meters)

Types	2010-11	2011-12	2012-13(E)
Cotton	31,718	30,570	34,102
Blended	8,278	8,468	9,243
100% non-cotton	21,765	20,567	18,646
Total	61,761	59,605	61,991

Source: Textile Ministry, 2012-13E, Excluding Khadi, Wool and Silk

Yarn production

(million Kg)

Types	2010-11	2011-12	2012-13(E)
Cotton	3,490	3,127	3,562
Blended	796	789	823
100% non-cotton	427	457	456
Total	4,713	4,373	4,841

Source: Textile Ministry, 2012-13(E)

INDIAN POLYESTER INDUSTRY: SNAPSHOT

Polyester fibre demand grew at 6%, driven by PSF and FDY in 2012-13. The year was characterised by high capacity additions in PFY segment and FDY. The operational capacity declined to 68% as a whole, as new PFY capacity struggled to place the volumes in the market amid price erosion in the domestic and export markets. The growth was limited due to power shortage in southern states. The production output is stable at 3.30 million tonnes.

Polyester fibre outlook remains positive and demand is estimated to increase by 6% to 7% from 2013 to 2016. The estimated decline in production of cotton fibre in 2013-14 due to declining acreage, gradual recovery in economic growth and favourable measures taken by the Indian Government for textile sectors augurs well for polyester fibre demand.

Polyester Filament Yarn (PFY)

- PFY again proved to be the preferred capacity addition segment; the capacity grew around 15% to 3.67 million tonnes in 2012-13 from 3.18 million tonnes in 2011-12
- PFY estimated production grew by 1.2% to 2.41 million tonnes in 2012-13 from 2.38 million tonnes in 2011-12
- In 2012-13, estimated domestic demand stood at 2.22 million tonnes against 2.08 million tonnes in 2011-12, growing by 6.7%; the captive POY demand saw huge increase of 7.6% due to conversion of POY to DTY as value addition process within the Company

12%Capacity
increase
in 2012-13**6%**Domestic
demand up in
2012-13

- Exports declined by 22% to estimated 0.18 million tonnes in 2012-13 from 0.23 million tonnes in 2010-11; the decline in POY segment was attributed to collapsing of Syrian market and political disturbances in the Middle East markets
- Capacity utilisation on total demand stood at an estimated 66% in 2012-13
- PFY is estimated to grow by 7-8% between 2013 and 2016, due to higher growth in home textiles, women's wear and automotive segment

Polyester Staple Fibre (PSF)

- PSF's estimated demand increased by 4.2% to reach 0.72 million tonnes in 2012-13 against 0.69 million tonnes in 2011-12; the upside potential was limited, owing to power cut in southern states and decline in production of 100% non-cotton fabrics and yarns
- Production declined by 1.2% to estimated 0.88 million tonnes in 2012-13 from 0.89 million tonnes in 2011-12
- Exports declined in 2012-13 from previous year, due to suppressed demand from Europe and weakness in global market
- Capacity utilisation on total demand stood at estimated 73% in 2012-13
- PSF is estimated to grow at 5-7% between 2013 and 2016, following lower forecast cotton production next year, anticipated higher retail growth, home textiles, non-woven segment and industrial textiles





Industry Demand Drivers

Rising disposable income: India's consumer spending is going through a fundamental shift. The country's per capita income is likely to increase by 11.7% to reach ₹ 5,729 per month in 2012-13, compared to ₹ 5,130 in the previous fiscal. So, the strong demand for better life style and high disposable income has acted as an icing on the cake for the industry.

High penetration: India's per capita fibre consumption for 2012 was 5-6 kg, as against the global average of 10.6 kg, implying a significant scope for penetration and higher growth opportunity.

High working population: Every year, 14 million people will be added to India's employment list. This increase in corporate workforce, along with the shift in tastes and preferences, are expected to fuel the apparel industry demand.

Growth in organised retail segment: India's retail market is expected to grow from USD 470 Billion in 2011 to USD 675 Billion in 2016, registering a CAGR of 7.5%. The apparel market growth will be driven by rapid urbanisation, modernisation, existence of foreign brands, rapid emergence of malls in metro cities as well as in Tier-I and Tier-II cities.

Government's support: The government has provided a plethora of initiatives, like TUFs, integrated textile parks and others. These policies have permitted 100% FDI under automatic route, Duty Drawback Schemes and Excise Duty abatement on readymade garments and so on, to help increase India's textile demand.

ABOUT INDO RAMA SYNTHETICS (INDIA) LIMITED (INDO RAMA)

Indo Rama, India's largest dedicated polyester manufacturer, has an integrated manufacturing complex at Butibori near Nagpur (Maharashtra). The Company has an annual capacity of 6,10,050 tonnes. Its product portfolio comprises polyester stable fibre (PSF), polyester filament yarn (PFY), draw texturised yarn (DTY), fully drawn yarn and textile grade chips.

Indo Rama's Edge

- Over two decades of prominence in the polyester field
- One of India's most cost-efficient polyester manufacturers
- Wider value-added product range through enhanced DTY production capacity with new-generation machines
- Increasing global footprints across major markets and unexplored geographies
- Enduring relationship with existing clients, ensuring repeat business

Indo Rama, India's largest dedicated polyester manufacturer, has an integrated manufacturing complex at Butibori near Nagpur (Maharashtra). The Company has an annual capacity of 6,10,050 tonnes.

Production and sales performance

Particulars	2012-13	2011-12
Total sales (₹ in Million)	31,664	31,810
Total exports (₹ in Million)	8,421	9,089
Electrical power (MWPH)	25.57	24.4
Polyester Staple Fibre (TPA)	164,246	130,628
Polyester Filament Yarn (TPA)	147,459	159,954
Draw Texturised Yarn (TPA)	60,260	58,916
Polyester Chips (TPA)	2,373	23,916

Financial performance

Particulars	2012-13	2011-12
Total income*	34,072	33,883
EBIDTA	2,825	3,190
PBT	407	382
PAT	413	320
Book value per share (₹)	41.41	40.82
Earnings per share (₹)	2.72	2.11

* Total income includes gross sales and other income

MARKETING ENDEAVOURS

In a commodity business, the frontrunner is inevitably the Company that delivers the best price-value proposition at the right time, to the right customers. Indo Rama is competently placed to deliver this proposition within the country and abroad. The Company is consistently including value-added products in its portfolio.

Key Highlights (domestic markets), 2012-13

- Enhanced direct customer base; added several new customers across all product categories
- Strengthened marketing and sales teams, enabling increased market penetration
- Introduced micro level dealers, which was a significant success
- Increased the proportion of repeat business
- Several domestic customers added across core product segments (PSF and PFY)
- Key account managers identified to cater to customers with customised solutions

Key Highlights (global markets), 2012-13

- Exports witnessed 20% increase over the last fiscal
- Established direct contact with buyers to better understand customer requirements and, in turn, increased profitability
- Footprints in over 17 countries, namely Nepal, Bangladesh, Sri Lanka, Indonesia, Germany, Kenya, Spain, Italy, Peru, Brazil, Mexico, Turkey and USA among others

Road Ahead

- Target the South American markets of Columbia and Venezuela
- Penetrate European countries like Germany, Israel, Spain, Poland, Italy and others for non-woven products
- Long-term plan to open branch offices in Turkey and Brazil following due diligence

RAW MATERIAL SCENARIO

The main raw materials of polyester are purified terephthalic acid (PTA) and mono ethylene glycol (MEG). Costs of these petrochemical derivatives are subjected to volatility in crude oil prices.

Prices of PTA and MEG are also directly related to the polyester industry's demand. With India's polyester industry going through a rough phase, demand has been low. The reduced prices of PTA and MEG resulted in decrease in demand for finished goods. The reduced demand has increased inventory levels, forcing polyester manufacturers to decrease production levels. This, in turn, has reduced the demand of PTA and MEG.

PTA producers were beset by negative margins for PTA producers to apply production cutbacks and reduce operating rate to around 65% in February/March. Low demand for PTA and MEG in 2012-12 resulted in the averages prices to reach USD 1,097 and USD 1,043, respectively.

Despite polyester capacity additions, PTA's availability is anticipated to ease next year due to expected commencement of operation at PX's new plants from this year end. MEG is expected to remain tight, as no new capacity is coming up. At the same time, MEG demand will increase due to higher polyester capacities.

Purified Terephthalic Acid (PTA)

Slowdown in the polyester industry resulted in decrease of PTA prices from the expected levels of USD 1,140 to USD 1,180. Prices started falling in Q1 2012 and went down to USD 945 in June 2012.

PTA prices remained in the USD 945-1,195 range in 2012-13. Due to low demand, the average polyester capacity utilisation in China was between 60% and 65%. The PX prices reached an all-time high at USD 1,710 in February 2013. This forced the PTA producers to reduce production, as they couldn't recover their conversion cost.

India's PTA imports reduced from 70,000 MT per month to 25,000 MT per month by March 2013. Despite frequent outages of domestic producers, lower demand of finished goods ensured PTA's availability.

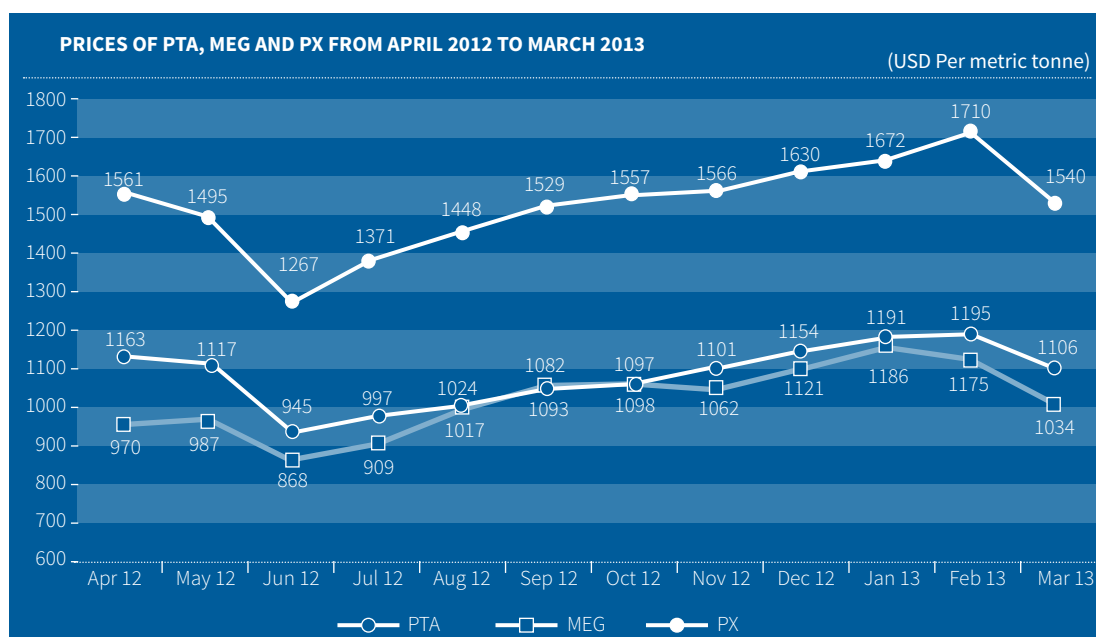
Mono Ethylene Glycol (MEG)

Unlike the costs of PX and PTA, MEG's prices remained steady during the beginning of the year. However, it reduced from USD 970 to USD 868 in June 2012, owing to lower demand. MEG prices were expected to increase during the year, as no new production capacity was added.

The MEG prices recovered to USD 1,017 in August 2012, and to USD 1,121 in January 2013, in anticipation of polyester price revival. However, the prices slumped again to USD 1,034 in March 2013.

MEG was available in local markets. Most of the tankages at port were full till Q3 2012, as the polyester manufactures collect quantities as per the agreement; but, due to lower production, higher inventories got accumulated.

In 2012, an 11 MW steam turbine generator (STG) unit was commissioned to produce additional power from the surplus steam available from the CPP boilers. After the 11 MW STG additions, CPP's installed capacity has increased to 85.62 MW, comprising 41 MW coal-based thermal plant and furnace oil-based 44.62 MW DG sets.





POWER BUSINESS OVERVIEW

Conventional Energy

In 2012, an 11 MW steam turbine generator (STG) unit was commissioned to produce additional power from the surplus steam available from the CPP boilers. After the 11 MW STG additions, CPP's installed capacity has increased to 85.62 MW, comprising 41 MW coal-based thermal plant and furnace oil-based 44.62 MW DG sets.

This has enabled to meet the additional power demand arising out of the new projects of coal-fired heat transfer medium (CFHTM) plant and DTys expansion. This has helped substitute costly power from the grid and DG sets and has led to reduction of power costs.

The DG set operation has been restricted to a bare minimum, only as emergency back-up and the maximum power demand has been met through the coal-based captive power plant.

Road Ahead

Indo Rama continues to endeavour in reducing the power generation cost by:

- Enhancing generation capacities by maximising plant load factor
- Availing cheaper power from open market to offset the requirement of generating high-cost power from the grid and the DG sets
- Reducing the overall power cost for polyester production, thus contributing to the core business profitability

Further, the surplus power shall be sold in the power exchange and to consumers on available opportunity to generate additional revenues.

Non-Conventional Energy

Indo Rama Renewables Limited (IRRL), a wholly owned subsidiary of Indo Rama Synthetics (India) Limited, is an independent power producer in the renewable energy space. Incorporated in May 2012, IRRL aspires to be a leading renewable energy power producer. The Company is all set to commission its maiden 30 MW wind energy project in Maharashtra by the first quarter of FY 2013-14.

IRRL was set up for the Group to diversify into new growth areas, having significant potential for value creation. The renewable energy industry, still in its infancy, is expected to offer immense growth potential in future. IRRL aims to build a robust portfolio of renewable energy assets offering optimum shareholder

returns. The Company plans to add another 60-70 MW of renewable energy capacity in FY 2014. It is in the process of identifying land parcels to develop and roll out further renewable energy capacity going forward. It has already acquired land parcels in Rajasthan and Gujarat, states having wind energy project development potential of around 300 MW.

HUMAN CAPITAL

Sound human resource (HR) practices, modified to suit business environment changes, represent the cornerstone of Indo Rama's management philosophy. This philosophy has positioned the organisation as one of the most professionally managed companies in India's polyester sector.

HR Policy

The basic principles of HR policies at Indo Rama include:

- Following merit-based recruitment through well-defined and systematic selection procedures to eliminate discrimination
- Sustaining motivated and quality work force through appropriate and fair performance evaluation, reward and recognition systems
- Identifying internal training needs; designing and implementing those training programmes to enhance knowledge, skills and employee attitude
- Meeting international ISO standards
- Planning, designing, training, equipping and motivating the staff to meet the standards

Regular and sustained training programmes form the core of Indo Rama's functions and operations. The Company undertook several initiatives in this regard in 2012-13. It followed a stringent employee training policy to identify the needs. It organises cultural and sports activities for employees and their family members as well as for the entire industrial area to facilitate cordial and healthy relations. Effective cost-saving measures have become a major part of the employee work profile at Indo Rama. The sincere efforts of the employees have resulted in major administrative expense savings.

A Vibrant Work Culture

- Freedom to experiment
- Continuous learning and training
- Transparency
- Quality
- Performance-based rewards

Incorporated in May 2012, IRRL aspires to be a leading renewable energy power producer. The Company is all set to commission its maiden 30 MW wind energy project in Maharashtra by first quarter of FY 2013-14

HR Activities in 2012-13

- Developed cross-functional teams to drive three main goals - cost reduction and efficiency, energy conservation and operational competence
- Imparted employee trainings on various activities
- Encouraged employee participation in external competitions conducted by pan-India, quality-focused organisations like Quality Circle Forum of India (QCFI) and others, across various operational areas to inculcate a winning culture across all levels
- Kicked off multiple competence-building initiatives for all employees, enabling capability building
- In 2012-13, conducted 89 training programmes (1,421 man days) on various functional areas
- Concentrated on one-to-one grievance readdressal to ensure employee harmony
- Maintains one of the lowest attrition rates in the industry

RISK MANAGEMENT

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

SAFETY, HEALTH AND ENVIRONMENT

Sustainable development is an integral part of Indo Rama's management credo. The Company continues to take significant initiatives towards enhancing safety and improving health and environment.

Safety

- Indo Rama has a full-fledged safety department that caters to safety requirements of the plant and employee; with a systematic approach, the Company has attained high standard of safety management capabilities
- The Company meets all safety-related statutory compliances; with a structured system of recording, reporting and analysing all accidents, it has helped reduce mishaps significantly
- Conducted industrial safety workshop and health training programmes for companies and contractors – an event, which was attended by over 1,800 people
- Enhanced awareness by celebrating safety month, fire service day and safety day; over 400 employees with family members participated in various events
- Well-defined onsite disaster management plan to tackle major emergencies; conducted mock drills to check emergency preparedness
- The Company's fire and safety department also provides their services to nearby areas and industries; national fire service college executives provide onsite training to the employees

Health

At its manufacturing site at Butibori, Indo Rama has well-equipped, round-the-clock operating health centre with qualified medical staff and doctors. Health check up of the employees is conducted regularly, along with periodic expert advice. The health centre organised various activities as below:

- Pulse polio immunisation programme – catered to 168 children
- Awareness lectures on subjects like anti-alcohol and anti-tobacco measures
- Cancer screening camp - 90 persons helped
- Vitamin A prophylaxis programme – catered to 171 children
- AIDS awareness programme conducted for all employees
- First aid training sessions for employees conducted by the Chief Medical Officer (CMO) at frequent intervals - 15 sessions conducted - 195 persons participated
- School health check up of 253 students from IRA International School, Butibori
- Gynaecology camp -104 ladies examined
- Medical centre organised blood donation camp; collected 87 units of blood
- Eye camp for workers covered under Employees' State Insurance Corporation (ESIC), India

Environment

As a responsible corporate citizen, Indo Rama has always remained focused to maintain ecological balance and preserve environment. Continuous monitoring through various pollution control equipment helps keep emission levels much below the State Pollution Control Board-specified standards. Moreover, the Company's environment management systems are ISO 14001 certified. Measures taken for a cleaner environment are the following:

- Upgraded existing effluent treatment plant by installing one more dissolved air flotation (DAF) unit of 480 m³/day capacity
- Installed three continuous ambient air and micro meteorological monitoring station to control air pollution
- Established ammonia injection system to reduce stack emission
- Installed orifice in all water taps to control water wastage
- Planning to install chlorine dioxide plant to eliminate gas chlorination use in cooling towers



- Set up water sprinklers to control fugitive emission from roads on account of vehicle movement
- Reduced water consumption by ~2% over the last two years
- In 2012-13, the Company had undertaken several rainwater harvesting initiatives from plant roofs
- Adopted a 34-acre plot to develop forest cover and maintained the existing one around the factory area

INFORMATION TECHNOLOGY (IT)

At Indo Rama, robust IT infrastructure enables time-critical and proactive decision making. The Company undertook the following initiatives to further strengthen the framework: Implemented SAP Business Intelligence Warehouse (BIW) for monthly business review meeting.

The SAP BIW module was implemented, covering the existing monthly BRM reports.

All the daily transactional data of 2:00 AM (everyday) and the master data of 9:00 PM (everyday) are picked up for these reports. Dashboard reports that comprise sales, production, inventory and profitability from the above module are graphically represented. The figures are useful for senior management in decision making. Moreover, monthly closing processes were revisited, enabling early monthly financial closure.

Bar-Coded DTY Carton

DTY consignment labels were bar coded to dispatch cartons correctly, while loading the truck. At operational level, the DTY warehouse is equipped with bar code scanning-capable handheld devices (HDs). Once the delivery is created against the sales order in SAP, a downloading provision is made for the list of cartons, which moves seamlessly to the HD. The list transferred to the HD is non-editable and is confirmed against carton scanned for dispatching. Finally, the HD downloads the list of cartons in a PC and the PDF file of scanned documents is sent for delivery confirmation to complete the dispatch process.

Control on Procurement and Consumable Budget

Based on senior management's requirement, certain expenses (administrative overheads, stores and spares) were to be monitored for better controls. So, the budgetary control was enabled in SAP Fund Management (FM) module, with SAP annual budget maintenance provision for these expenses. Further, these expenses will be monitored against actual budget on a real-time basis. Any deviation from the budget would require appropriate authority's approval. The budget is controlled at purchase requisition, purchase order, actual FI posting, PM order consumptions, direct consumptions against cost centre and payroll level.

INTERNAL CONTROLS AND THEIR ADEQUACY

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

STATUTORY COMPLIANCE

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

CAUTIONARY STATEMENT

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



REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

BOARD OF DIRECTORS

Composition of the Board, Board Meetings and Attendance

As on 31 March 2013, Indo Rama's Board comprised of eight Directors. There are three Executive Directors on the Board, including the executive Chairman. One director is non-executive and non-independent; the remaining four Directors are non-executive independent Directors. The number of non-executive independent Directors on the Board meets the 'composition criterion' as laid down by Securities and Exchange Board of India (SEBI).



During 2012-13, the Board of the Company met four times on 25 April 2012; 6 August 2012; 17 October 2012 and 30 January 2013. The maximum gap between any two Board meetings was less than four months. Table 1 gives the attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorship and Chairmanship / Membership of Committees of each Director in various Companies:

TABLE 1 : Composition of the Board of Directors

Name of the Directors	Category	Number of Board Meetings		Last AGM Attended	No. of Other Directorships ¹	No. of Chairmanship(s)/ Membership(s) of the Board Committees in other Companies ²	
		Held	Attended			Chairmanships	Memberships
Mr. Mohan Lal Lohia ³ (Chairman-Emeritus)	Promoter, Non-executive	4	-	No	-	-	-
Mr. Om Prakash Lohia ³ (Chairman & Managing Director)	Promoter, Executive Chairman	4	4	Yes	2	-	-
Mr. Vishal Lohia ³ (Whole-time Director)	Executive	4	4	No	4	-	-
Mr. Ashok Jagjivan Gupta ⁴ (Whole-time Director & CEO) (Since 30.01.13)	Executive	1	1	No	-	-	-
Mr. Ashok Kumar Ladha	Independent	4	4	No	7	-	-
Mr. Om Prakash Vaish	Independent	4	4	No	5	1	2
Dr. Arvind Pandalai	Independent	4	4	Yes	5	-	-
Mr. Suman Jyoti Khaitan ⁴ (Since 30.01.13)	Independent	1	-	No	8	2	3

Notes:

1. The Directorships held by the Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.
2. In accordance with Clause 49, Chairmanships/Memberships of only Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies [excluding Indo Rama Synthetics (India) Limited] have been considered.
3. Mr. Mohan Lal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia are related to each other.
4. Appointed as Additional Directors with effect from 30 January 2013.

There is no Director who has relinquished office during the year ended 31 March 2013.

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

Directors with Material Pecuniary or Business Relationship with the Company

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

- apart from receiving Director's remuneration (sitting fee), do not have any material pecuniary relationships or transactions with the Company, its Promoters or Directors, its Senior Management which may affect independence of these Directors.

- are not related to Promoters or persons occupying management positions at the Board level or at one level below the Board.
- have not been an executive of the Company in the immediately preceding three financial years.
- are not partners or executives or were not partners or executives during the preceding three years of the:
 - a) Statutory audit firm or the internal audit firm that is associated with the Company.
 - b) Legal/consulting firm(s) that have a material association with the Company.
- are not material suppliers, service providers or customers or lessors or lessees to the Company which may affect independence of the Directors.

- are not substantial shareholders of the Company, i.e. do not own two percent or more of the block of voting shares.

Transactions with related parties are disclosed in Note No. 36 of the 'Notes to the Financial Statements'. There has been no material pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors during the year 2012-13.

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 2012-13. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

RISK MANAGEMENT

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

COMMITTEES OF THE BOARD

Audit Committee

As on 31 March 2013, the Audit Committee of the Company comprises of four Directors, viz.; Mr. Ashok Kumar Ladha, Mr. Om Prakash Vaish, Mr. Vishal Lohia and Dr. Arvind Pandalai. Mr. Ashok Kumar Ladha, Mr. Om Prakash Vaish and Dr. Arvind Pandalai are independent Directors. Mr. Ashok Kumar Ladha is the Chairman of the Audit Committee. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement. All the members of the Audit Committee are financially literate and have accounting and financial management expertise. Due to illness, the Chairman of the Audit Committee authorised Dr. Arvind Pandalai vide letter dated 22 May 2012 to attend the 26th Annual General Meeting (AGM) held on 21 June 2012, on his behalf.

During 2012-13, the Audit Committee of the Company met four times on 25 April 2012; 6 August 2012; 17 October 2012 and 30 January 2013. Table 2 gives the attendance record of the members of the Audit Committee.

TABLE 2 : Attendance record of the Audit Committee Meetings for 2012-13

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. Ashok Kumar Ladha	Independent	Chairman	4	4
Mr. Om Prakash Vaish	Independent	Member	4	4
Mr. Vishal Lohia	Executive Director	Member	4	4
Dr. Arvind Pandalai	Independent	Member	4	4



The Chairman & Managing Director and 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;

- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor.

Remuneration Committee

The Remuneration Committee comprises of three members, viz.; Mr. Ashok Kumar Ladha, Mr. Om Prakash Vaish and Dr. Arvind Pandalai. Mr. Ashok Kumar Ladha is the Chairperson of this Committee. The 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.

Two meetings of Remuneration Committee took place on 17 October 2012 and 30 January 2013 during 2012-13.

Remuneration Policy and details of Remuneration paid to Directors

Subject to the approval of Board of Directors and subsequent approval by the Shareholders at the General Meeting and such authorities as the case may be the remuneration of the Managing Director and whole-time Directors of the Company is fixed by the Remuneration Committee. Remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, commission linked to profits, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them. Remuneration paid or payable to the Directors of the Company during the year ended 31 March 2013 is set forth in Table 3 below.

TABLE 3 : Remuneration paid or payable to Directors for the year ended 31 March 2013

(₹ '000)

Name of the Director	Relationship with other Directors	Salary	Perquisites	Deferred Benefits (PF and Gratuity) @	Commission	Sitting Fees for Board and Committee Meetings	Total
Mr. Mohan Lal Lohia (Chairman-Emeritus)	Father of Mr. Om Prakash Lohia and Grandfather of Mr. Vishal Lohia	-	-	-	-	-	-
Mr. Om Prakash Lohia (Chairman & Managing Director)	Son of Mr. Mohan Lal Lohia and Father of Mr. Vishal Lohia	22,200	720	2,016	-	-	24,936
Mr. Vishal Lohia (Whole-time Director)	Grandson of Mr. Mohan Lal Lohia and Son of Mr. Om Prakash Lohia	15,204	966	1,008	-	-	17,178
Mr. Ashok Jagjivan Gupta (Whole-time Director & CEO)	None	2,671	64	176	-	-	2,911
Mr. Ashok Kumar Ladha	None	-	-	-	-	300	300
Mr. Om Prakash Vaish	None	-	-	-	-	200	200
Dr. Arvind Pandalai	None	-	-	-	-	200	200
Mr. Suman Jyoti Khaitan	None	-	-	-	-	-	-
Total		40,075	1,750	3,200	-	700	45,725

@ 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 2013

Name of the Director	Category	Number of shares held
Mr. Mohan Lal Lohia	Promoter	300,028
Mr. Ashok Kumar Ladha	Independent	17,713
Mr. Om Prakash Vaish	Independent	14,120
Dr. Arvind Pandalai	Independent	Nil
Mr. Suman Jyoti Khaitan	Independent	Nil

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

Shareholders/Investors Grievances Committee

The Shareholders/Investors Grievance Committee comprises of three members, viz.; Mr. Ashok Kumar Ladha, Mr. Om Prakash Lohia and Mr. Vishal Lohia. Mr. Ashok Kumar Ladha is the Chairperson of this Committee. The Committee met four times during the year 2012-13 on 30 June 2012, 29 September 2012, 31 December 2012 and 28 March 2013. Table 5 gives the details of attendance.

TABLE 5 : Attendance record of the Shareholders' / Investors' Grievances Committee for 2012-13

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. Ashok Kumar Ladha	Independent	Chairman	4	4
Mr. Om Prakash Lohia	Executive	Member	4	4
Mr. Vishal Lohia	Executive	Member	4	3

The Shareholders/Investors Grievance Committee reviews complaints received and action taken by the Company in this regard. In addition, the Committee oversees investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services. As on 31 March 2013, no investor complaint was pending with Registrar and Share Transfer Agent. Table 6 gives data on the Shareholders/Investors complaints received and redressed during the year 2012-13.

TABLE 6 : Shareholders and Investors complaint received and redressed during 2012-13

Total Complaints Received	Total Complaints Redressed	Pending as on 31.03.2013
53	53	Nil

Mr. Jayant K Sood, 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, viz.; Mr. Om Prakash Lohia, Mr. Ashok Kumar 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 2012-13, the Banking and Finance Committee met five times on 2 April 2012, 17 August 2012, 13 October 2012, 20 November 2012 and 24 January 2013.

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 2013, the Committee comprises of Mr. Om Prakash Lohia, Mr. Ashok Kumar Ladha and Mr. Vishal Lohia. The Chairman is appointed by a voice vote and quorum is any two members present. During 2012-13, the Share Allotment and Transfer Committee met nine times on 14 June 2012, 20 July 2012, 29 August 2012, 3 October 2012, 18 October 2012, 19 November 2012, 31 December 2012, 18 January 2013 and 14 March 2013.

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 2012-13

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. Om Prakash Lohia	Executive	Member	9	9
Mr. Ashok Kumar Ladha	Independent	Member	9	1
Mr. Vishal Lohia	Executive	Member	9	8

SUBSIDIARY COMPANIES MONITORING FRAMEWORK

All subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Company monitors performance of subsidiary Companies, inter-alia, by the following means:

- (a) Financial statements, in particular the investments made by the unlisted subsidiary Companies, are reviewed quarterly by the Audit Committee of the Company.
- (b) All minutes of Board meetings of the unlisted subsidiary Companies are placed before the Company's Board regularly.
- (c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is placed before the Company's Board.

Dr. Arvind Pandalai, Independent Director of the Company has been appointed as an Independent Director on the Board of Indo Rama Renewables Limited, a subsidiary of the Company.

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 Managing Director (as the CEO of the Company) and acting Chief Financial Officer (CFO) of the Company have certified to the Board of Directors the accuracy of financial statements and adequacy of internal controls for financial reporting purposes, as required under Clause 49 (V) of the Listing Agreement, for the year ended 31 March 2013.

SHAREHOLDERS

Appointment / Re-appointment of Directors

Mr. Mohan Lal 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 27th Annual General Meeting.

Communication to Shareholders

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

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

Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository 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
2009-10	AGM	25 October 2010	12:00 Noon	A-31, MIDC Industrial Area Butibori, Nagpur-441122 Maharashtra	1. Approval for re-appointment and remuneration of Mr. Vishal Lohia as Whole-time Director. 2. Issuance of Securities to QIP. 3. Issuance of Fully Convertible Preferential warrants.
2010-11	AGM	14 July 2011	12:00 Noon	A-31, MIDC Industrial Area Butibori, Nagpur-441122 Maharashtra	1. Revision in remuneration of Mr. Om Prakash Lohia. 2. Revision in remuneration of Mr. Vishal Lohia. 3. Raising of additional long-term funds through further issuance of securities in the Company.
2011-12	AGM	21 June 2012	12:00 Noon	A-31, MIDC Industrial Area Butibori, Nagpur-441122 Maharashtra	None

POSTAL BALLOT

No resolution has been passed through Postal Ballot Mechanism during the year 2012-13.

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's Information

27th Annual General Meeting

Day : Thursday
 Date : 4 July 2013
 Time : 12:00 Noon
 Address : A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra.
 Book Closure : from 27 June 2013 to 4 July 2013 (both days inclusive)

FINANCIAL CALENDAR

Year ending	31 March
1st Quarter Results	1st /2nd Week of August, 2013
2nd Quarter Results	1st /2nd Week of November, 2013
3rd Quarter Results	1st /2nd Week of February, 2014
Audited Annual Accounts for the year ended 31 March 2014	3rd /4th Week of April, 2014

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 Exchanges and Depositories have been paid to the respective institutions.

LISTING OF GDRs

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

1,286,420 GDRs were outstanding as on 31 March 2013, representing 10,291,360 Equity Shares of ₹ 10/- each, constituting 6.78% of the share capital of the Company. The Company has already issued the underlying shares for GDRs which are held by the Depository, namely, The Bank of New York Mellon.

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

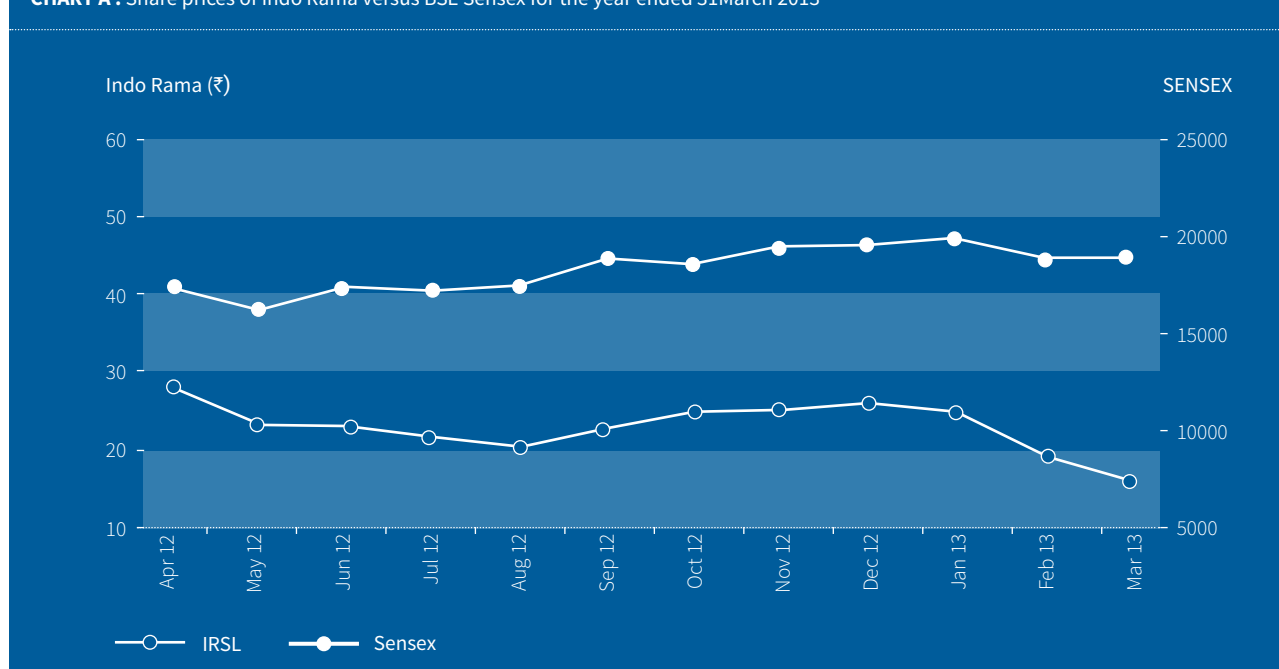
STOCK MARKET DATA

Table 9 below gives the monthly high and low prices of Indo Rama Synthetics (India) Limited equity shares at Bombay Stock Exchange Limited (BSE), the National Stock Exchange of India Limited (NSE) for the year 2012-13.

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 2012	29.25	23.50	29.00	23.10
May 2012	30.45	22.00	30.50	21.35
June 2012	24.65	21.15	25.00	21.10
July 2012	26.45	21.50	26.35	20.55
August 2012	24.25	19.55	24.70	19.50
September 2012	24.95	19.00	23.90	19.00
October 2012	27.75	20.85	28.00	20.90
November 2012	28.70	23.00	28.20	24.00
December 2012	27.70	22.65	27.70	22.60
January 2013	31.50	24.50	31.20	24.50
February 2013	25.20	18.70	25.10	18.30
March 2013	19.50	15.50	19.25	15.25

CHART A : Share prices of Indo Rama versus BSE Sensex for the year ended 31 March 2013



Note: Based on monthly closing share price on BSE (April 2012 to March 2013)



SHARE TRANSFER AGENT AND SHARE TRANSFER AND DEMAT SYSTEM

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

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

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

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

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

Table 10 below gives the position of shares held in electronic form as on 31 March 2013.

TABLE 10 : Status of Dematerialisation as on 31 March 2013

No. of Shares Dematerialised	150,875,390	99.38% of total share capital
No. of shareholders in Demat Form	15,877	72.27% of the total shareholders

SHAREHOLDING PATTERN AND DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH 2013

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 2013

	No. of Equity Shares	Shareholding (%)
A. PROMOTERS' HOLDING	97,251,407	64.06
B. NON-PROMOTERS' HOLDING		
a) Banks, Financial Institutions, Insurance Companies, Central / State Govt. Institutions, Non-government Institutions	6,261,801	4.12
b) Foreign Institutional Investors (FIIs)	13,697,363	9.02
c) Foreign Direct Investment (FDI)	-	-
d) Mutual Funds (including UTI)	2,264,492	1.49
e) Private Corporate Bodies	8,700,798	5.73
f) Indian Public	12,673,774	8.35
g) NRIs / OCBs	681,247	0.45
h) Shares held by custodians against which Depository Receipts have been issued	10,291,360	6.78
Grand Total	151,822,242	100.00

TABLE 12 : Pattern of shareholding by share class as on 31 March 2013

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 500	18,485	2,823,369	1.86
501 to 1,000	1,842	1,451,226	0.95
1,001 to 5,000	1,246	2,771,451	1.82
5,001 to 10,000	184	1,391,177	0.92
10,001 to 50,000	146	3,153,266	2.08
50,001 to 100,000	31	2,213,893	1.46
100,001 and above	36	138,017,860	90.91
Total	21,970	151,822,242	100.00

PLANT LOCATION

The Company has its manufacturing and operating complex at:

A-31, MIDC Industrial Area,
Butibori, Nagpur-441 122
Maharashtra
Tel. : +91-7104-663000-01
Fax. : +91-7104-663200

COMPLIANCE OFFICER FOR INVESTOR REDRESSAL**Mr. Jayant K Sood**

Vice President (Corp. HR) & Company Secretary
Indo Rama Synthetics (India) Limited
20th Floor, DLF Square, DLF Phase-II,
NH-8, Gurgaon-122002
Tel No. +91-124-4997000; Fax: +91-124-4997070
E-mail ID: investor-relations@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
2005-06	Final	15 July 2006	14 August 2013
2006-07	Final	31 August 2007	30 September 2014
2007-08	Final	12 September 2008	11 October 2015
2008-09	NIL	-	-
2009-10	NIL	-	-
2010-11	Interim	14 February 2011	13 March 2018
2010-11	Final	14 July 2011	13 August 2018
2011-12	Final	21 June 2012	20 July 2019

Shareholders who have not so far en-cashed 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**

Indo Rama Synthetics (India) Limited
A-31, MIDC, Industrial Area
Butibori, Nagpur-441122
Maharashtra, India.
Tel. No.: +91-7104-663000-01
Fax No.: +91-7104-663200

Corporate Office

Indo Rama Synthetics (India) Limited
20th Floor, DLF Square
DLF Phase - II, NH-8
Gurgaon-122 002
Haryana, India.
Tel. No.: +91-124-4997000
Fax No.: +91-124-4997070

Registrar & Share Transfer Agent

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

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

National Securities Depository Ltd.

4th Floor, 'A' Wing, Trade World
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel, Mumbai-400013
Telephone : +91-22-24994200
Fax : +91-22-24976351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers
17th Floor, Dalal Street, Fort
Mumbai-400001
Telephone : +91-22-22723333
Fax : +91-22-22723199
E-mail : investors@cdslindia.com
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 2012-13.

Place: Gurgaon

Date: 10 May 2013

Om Prakash Lohia

Chairman & Managing Director

Auditors' Certificate

(Under Clause 49 of the Listing Agreement)

To the Members of

Indo Rama Synthetics (India) Limited

We have examined the compliance of conditions of Corporate Governance by Indo Rama Synthetics (India) Limited ("the Company") for the year ended on 31 March 2013, 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 an 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

Date: 10 May 2013



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, Om Prakash Lohia, Chairman & Managing Director and Anupam Singhanian, Head - 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 31 March 2013, 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 2012-13.

Om Prakash Lohia

Chairman & Managing Director

Place: Gurgaon

Date: 10 May 2013

Anupam Singhanian

Head - Finance

DIRECTORS' REPORT

for the year ended 31 March 2013

Dear Shareholders,

Your Directors take pleasure in presenting the 27th Annual Report together with the audited accounts for the financial year ended 31 March 2013.

FINANCIAL HIGHLIGHTS

The financial performance of your Company for the year ended 31 March 2013 is summarised below.

Particulars	(₹ Million)	
	Year Ended 31 March 2013	Year Ended 31 March 2012
Net Sales and Other Income	31,509.10	31,760.60
Profit before Financial Costs, Depreciation, Exceptional item and Tax (EBIDTA)	2,824.50	3,190.60
Finance Costs	445.10	612.20
Profit before Depreciation, Exceptional item and Tax (EBIDTA)	2,379.40	2,578.40
Depreciation	1,579.90	1,543.60
Profit / (Loss) before Exceptional item and Tax	799.50	1,034.80
Exceptional item - Foreign exchange fluctuations (expenses)/ Income	(392.60)	(652.50)
Profit / (Loss) before Tax	406.90	382.30
Tax (Credit) / Charge	(5.70)	62.70
Profit / (Loss) after Tax	412.60	319.60
Profit brought forward from previous year	1,846.90	1,703.70
Profits available for Appropriation	2,259.50	2,023.30
Appropriations :		
Interim Dividend	-	-
Proposed Dividend on equity shares	151.80	151.80
Corporate Tax on Proposed Dividend	25.80	24.60
Transfer to general reserve	-	-
Surplus carried to Balance Sheet	2,081.90	1,846.90
Total Appropriation	177.60	176.40



OPERATIONAL AND FINANCIAL REVIEW

During the year under report, your Company recorded gross revenue of ₹31,664 Million as against ₹31,810 Million in previous year, representing a decrease of 0.46%. EBITDA is ₹2,825 Million as against ₹3,191 Million last year. Profit before Tax stood at ₹407 Million against ₹382 Million for the previous year.

In the last financial year, the overall economic growth was flat and the margin were low due to the macro-economic challenges of economy, but the company continued to focus on internal efficiencies and cost optimisation projects to counter the margin pressures during the year.

At the backdrop of lower economic growth, input price volatility and affected margins. The outlook for polyester continues to be optimistic owing to proposed capacity additions between 2013 and 2015. Moderating demand for home textiles, furnishing fabrics, technical textile, garments will enhance demand from polyester.

In 2012-13, we completed 11 MW STG Power Project, which will convert available steam capacity into power. The addition of 11 MW power will give us the insulation against high rising cost of power and also an opportunity to export the power. The continued expansion in high capacity Draw Texturised Yarn (DTY) machines will convert additional POY into value added DTY products and introduction of new variety of POY, FDY, DTY and PSF products will enhance our offerings.

CONSOLIDATED FINANCIAL STATEMENTS AND RESULTS OF SUBSIDIARY COMPANIES

The Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS-21) issued by the Institute of Chartered Accountants of India and the provisions of the listing agreement with the Stock Exchanges. Together with the Auditors' Report, these form part of the Annual Report.

In terms of the General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Statement of Profit and Loss Account, Directors' Report, Auditors' Report, etc., of the subsidiary Companies is not attached with the Annual Report of the Company. The related information on the Annual Accounts of the subsidiary Companies shall be made available to the shareholders of the Company

The Board of Directors has recommended dividend of ₹1/- per equity share of the face value of ₹10/- each for the financial year ended 31 March 2013, amounting to ₹151,822,242/-

and of the subsidiary Companies, who shall seek such information at any point of time. The Annual Accounts of the subsidiary Companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of the subsidiary Companies concerned. The Statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the Company's subsidiaries and the gist of the financial performance of the subsidiary Companies forms part of the Consolidated Financial Statements of this Annual Report.

DIVIDEND

The Board of Directors has recommended dividend of ₹1/- per equity share of the face value of ₹10/- each for the financial year ended 31 March 2013, amounting to ₹151,822,242/- (excluding the Corporate Dividend Tax), and is as per the financial needs of the business.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

FIXED DEPOSITS

The Company has not invited /accepted any deposits during the year ended on 31 March 2013 within the

meaning of Section 58A 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. Mohan Lal Lohia and Dr. Arvind Pandalai, Directors would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The brief resume of these Directors are given in the notice of the 27th Annual General Meeting of the Shareholders of the Company.

The Board has appointed Mr. Ashok Jagjivan Gupta as Additional Director and Whole-time Director & CEO of the Company with effect from 30 January 2013.

The Board has also appointed Mr. Suman Jyoti Khaitan as Additional Director – being an Independent Director on the Board of the Company with effect from 30 January 2013.

The aforesaid additional directors are liable to retire at the ensuing Annual General Meeting. The Company has received notices from the Shareholders proposing the re-appointment of Additional Directors.

DIRECTORS' IDENTIFICATION NUMBER (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

Mr. Mohan Lal Lohia	-	00918397
Mr. Om Prakash Lohia	-	00206807
Mr. Vishal Lohia	-	00206458
Mr. Ashok Jagjivan Gupta	-	02337044
Mr. Om Prakash Vaish	-	00001360
Mr. Ashok Kumar Ladha	-	00089360
Dr. Arvind Pandalai	-	00352809
Mr. Suman Jyoti Khaitan	-	00023370

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:

- in the preparation of annual accounts for the financial year ended 31 March 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- the Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of

the state of affairs of the Company as at 31 March 2013 and of the profits of the Company for the year ended on that date;

- 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
- the Directors have prepared the annual accounts for the financial year ended 31 March 2013 on a going concern basis.

AUDITORS

M/s B S R and Associates, Chartered Accountants (Regn. No. 128901W), the Statutory Auditors of the Company shall retire at the conclusion of the forthcoming Annual General Meeting, and have confirmed their eligibility for re-appointment in accordance with Section 224(1B) of the Companies Act, 1956.

With regard to the observation made by the Auditors at point number ix (a), xi and xvii of the annexure of their report, we would like to inform that wherever there has been a delay in payment of sales tax/value added tax dues, the same has been made along with interest. Further, a long downturn in the industry compounded by weak rupee had impacted the cash flows of the Company in this financial year. Due to cash flow mismatch Company could not meet the payment commitment of one of its lender on time. However, there are no overdue at the close of the financial year. The cash accruals are expected to improve in the next financial year with improvement in business, while the scheduled debt repayments will go down. This is expected to correct the temporary mismatch in the short term liabilities and assets.

COST AUDITORS

Pursuant to a directive of the Central Government, your Company is required to conduct a Cost Audit in respect of its Polyester operations every year until further notice. Accordingly, qualified cost auditors were appointed to carry out audit of the cost accounts maintained by the Company for the year ended 31 March 2013.

LISTING

The shares of your Company are listed at Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The listing fees to the Stock Exchanges for the year 2013-14 have been paid.

**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

Place: Gurgaon
Date: 10 May 2013

Om Prakash Lohia
Chairman & Managing 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 2013.

A. CONSERVATION OF ENERGY:

Energy Saving measures taken and proposals under implementation.

- Energy saving by means of switching off Electrostatic Precipitators' (ESP) Hopper heaters at CF-HTM plant.
- Energy saving in condensate extraction pump (CEP) in Captive Power Plant (CPP).
- Installation of 75 kw spare VFD pump for CEP in CPP Unit-3 for energy saving.
- In Barmag DTY M/cs by conversion of old DC motors and Analog drives with High Efficient AC motors and drives.
- By replacing conventional tube light with LED tube light in production area of DTY Phase -2.
- Conversion of DC motor to multifold AC induction motors in Barmag M/c and IM Jets with Air Efficient Jets (P-244) for 150/48 HIM & (P-247) for 300/96 products. Retrofitting of CENTAC air compressor 6-8 bar and stoppage of reciprocating air compressors for energy Savings.
- Diversion of cooling water from CP2 to CP1 for air compressors resulting in less operation of CW pumps.
- Installation of energy efficient boiler feed pumps in FBC boilers in place of low efficiency pumps.
- Conversion of 4.5 bar CENTAC Air Compressor into two stages from three stages for reduction in power consumption.
- Power saving due to supply of IM air in POY 2/3 & POY 5 through 3.0 bar system.
- Retrofitting of 27 Nos. utility cooling & chilled water pumps.
- Installation of De-superheater in PSF-4 HP steam line to maintain the required temperature and pressure.
- Power saving by reducing the use of AHU for CP-4 Draw Line oil room area on installation of desert cooler.
- By reducing inverter frequency from 30 Hz to 25 Hz of comfort air in PSF Draw Line to save the power by 22 units/hr.
- Energy saving by optimisation of candle filter cleaning procedure.
- Power saving by reducing Quench return fan unit's frequency from 50 Hz to 35 Hz.
- Reduction in refrigeration load in DRR (Disc Ring Reactor) immersion vessel – CP5.
- Power saving by stopping one FO circulation pump in OF-HTM.
- Installation of heat of Compression type air dryer unit in instrument air circuit to reduce the pressure drop on higher flow.
- Installation of 02 Nos. vapour compressor chillers (VCC) in place of old de-rated VAM chillers.
- Installation of screw air compressor for 12 bar in place of reciprocating air compressor.

FORM –A

Form for disclosure of Particulars with respect to Conservation of Energy

Particulars	Current Year 31 March 2013	Previous Year 31 March 2012
(A) POWER & FUEL CONSUMPTION		
1) ELECTRICAL		
a) Purchases From MSEDCCL & Other		
Units (kwh in '000)	19,154	2,295
Total Amount (₹ in '000)	114,017	20,714
Rate / kwh (in ₹)*	5.95	9.03*
*For 11-12 MSEB Power purchase rate is abnormal due to Fixed Demand charges against low import of power from Grid.		



Particulars	Current Year 31 March 2013	Previous Year 31 March 2012
b) Generation for own consumption		
(Net of power sale including auxiliary consumption)		
i) Through DG (FO Based)		
Units (kwh in '000)	7,033	7,507
Units / Ltr of FO	4.48	4.29
Cost / Unit (₹ / Unit)	8.90	7.65
ii) Through STG (Coal based)		
Units (kwh in '000)	215,249	229,252
Units / kg of Coal	1.04	1.06
Cost / Unit (₹ / Unit)	3.05	2.76
2) COAL		
Quantity in MT	353,662	330,277
Total Cost (₹ in ' 000)	1,124,478	967,327
Average Rate (₹ / MT)	3,180	2,929
3) FURNACE OIL		
Quantity (KL)	6,197	14,618
Total Cost (₹ in ' 000)	247,368	480,093
Average Rate (₹ / Lt)	39.92	32.84
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Production of Polymer products (Fresh) - MT	374,340	373,339
Electricity / Kg (in kwh)	0.64	0.64

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)

- New FDY Product introduced- 60/24 SD
- Development of new POY Product- 165/72 SD.
- Development of new DTY Products 65/34 IM, 150/48 NIM for Sewing thread application, 150/144 SIM, 170/108 IM, 300/72 SIM - 3ply & 4ply for mattress ticking, 300/72/3 IM for carpet warp, 200/216 SIM and 221/144 SIM Stretch Yarn.
- Energy Saving by reduction in refrigeration load in DRR immersion vessel.
- Power saving by optimising one FO circulation pump out of two in Oil Fired HTM.
- Packing cost reduction by increasing bobbin weight to 6.9 Kg from 6.7 Kg in FDY SM 27, 28 & 12.5 Kg from 12.2 Kg in M/c 30.
- Optimisation of POY packing Polythene Bag dimension for improvement and cost saving.

- Cost Saving by reducing Quench return fan frequency to 35Hz from 50Hz.
- Development of Return Mesh Hub for minimising production loss in return air mesh cleaning.
- Power saving by reducing inverter frequency to 25Hz from 30 Hz of comfort air fan in Draw line area.
- PSF Process Optimisation for producing 1.2D in 5600 and 1.4D in 5166 Hole spinneratte.
- Cost and Energy saving by Use of CF HTM steam at low pressure in LP headers.
- Conversion of 4.5 bar centac air comp into two stage from three stage for reduction of specific power consumption.
- Product Quality & Process improvement by installation of DeSuper Heater in CP4 PSF HP steam line to maintain the required temperature and pressure.
- Energy Saving by Stoppage of Furnace Oil Pump of 11 KW capacity of Oil Fired Boiler.
- In-house development of Serial Interface for FDY machine no 27 & 28.

- Saving in energy consumption in Barmag DTY M/c by conversion of Old DC motors and analog drives with High Efficient AC motors and drives.
- Contribution gain by running of 220 D +ve feed Stretch Yarn on 112 spindles of Phase-4 New split DD machines.
- Saving by replacing present IM Jets with Air Efficient Jets for 150/48 HIM product.
- Saving in Packing cost by increasing package weight to 6.0Kg and Paper tube weight from 115gm to 120gm.
- Installation of 14 additional new DTY M/cs.
- Value addition by converting POY Bottoms (< 500) gms. to Rope.

2. Benefit derived as a result of above product development and process improvement:

- Development of new POY and FDY products has widened IRSL product range basket and enhanced customer satisfaction.
- Development of new DTY products 65/34NIM, 150/144SIM are most suited for knitting applications, 150/48NIM is most suited for Sewing thread application, 170/108IM, 300/216SIM and 300/68SIM are for Weft application. 221/144SIM is suitable for Denim application. Developments of new products have widened IRSL product range to cater fashionable market segment.
- Reduction of refrigeration load in DRR immersion vessel has given saving of ₹ 0.19 Million.
- Stopping of One F.O circulation pump has saved ₹ 0.024 Million.
- FDY product Doff weight increase and Polythene bag dimension optimisation has given a saving of ₹ 0.19 Million.
- POY Quench return air fan frequency reduction has yielded saving of ₹ 0.07 Million.
- Process optimisation for return air mesh cleaning and fan frequency optimisation in D/L area has given saving of ₹ 0.42 Million.
- PSF process optimisation for producing 1.2D in 5600 Hole and 1.4D in 5166 hole has given saving of ₹ 0.34 Million.
- Use of CF HTM steam in at low pressure in LP headers has given saving of ₹ 5.62 Million.
- Conversion of centac air compressor has yielded saving of ₹ 1.95 Million.
- Installation of desuper heater in CP-4 Draw line HP steam has saved ₹ 1.24 Million.

- Stoppage of Furnace Oil pump of Oil Fired Boiler has saved ₹ 0.054 Million.
- Development of Serial interface for FDY machine has saved ₹ 1.44 Million.
- One DTY M/c conversion from DC to AC has saved ₹ 0.16 Million.
- Running of 220D+ve feed stretch yarn has given saving of ₹ 5.81 Million.
- Replacement of air efficient jets have saved ₹ 0.47 Million.
- Process improvement in DTY packing has given saving of ₹ 0.19 Million.
- Installation of 14 new DTY M/c has increased capacity by app.90 MT per day.
- Conversion of left out POY bottom in rope has given saving of ₹ 0.08 Million.

3. Import Substitution:

Indigenous Development:

- Indigenous development of bracket for spin finish support used in POY spinning.
- Development of spares for roller conveyor of CFHTM.
- Reconditioning of catalyst agitator mechanical seal.
- Indigenous development of mechanical seals used in CP-1 process pumps.
- Reconditioning of used finisher mechanical seal pump to improve its performance.
- For POY automation, indigenous development of guiding shaft.
- Indigenous development of running rollers for BRS carrier (POY automation area).
- Indigenous development of counter welding bar for Bobag Machine (POY automation area).
- Development of gear box for TSU unit no 2/3 of Darw line no 6/7 from indigenous source.
- Reconditioning of CPF outlet housing locally.
- Repairing and Anodising of Winder catch up cylinder housing.
- Indigenous Development of PSF crimper gear box.
- Fabrication & design of bearing removal puller for pressure roll of winder.
- Development of CPF filter O ring for CP-4 /5 CPF.
- Indigenous Development of DF-1 gear box against M/s Flender Germany.
- Development of round type jacketed Polymer drain valve from local vendor.



- Reduction of Creep Speed range of Spinning pumps of POY Barmag machines (Software from alternate vendor Satyam Sales against OEM Barmag).
- Development of random access memory for CP-5 Autefa server.
- In-house repairing of Johnson controller of chemical lab and PSF AHU unit.
- Repairing and re-use of doffer bumpers.
- Repairing and re-use of Glycol flow cum batch meter.
- Repairing of Cisco Ethernet switches used in Autefa automation.
- Cost saving by repairing of NMR Faulty Card in-house.
- In-house repairing of 16 DO module of Siemens in POY2/3 automation.

4. Future Plan of Action (2013-14):

- Replacement of Steam Ejectors with Glycol Ejectors in Plant -1 (CP-1,2,3) for energy efficiency and reduction in material losses.
- Process modification to use CP-3 available Polymer in CP-2 POY production.
- PSF CP-4 Quench system Coil Capacity enhancement for use of higher hole spinnerattee.
- Modification of CP-4 draw line condensate recovery system.
- CP-5 POY packing automation server up-gradation to latest Windows 2008 and Oracle 11.
- CP-2/3 DCS system up-gradation.
- POY Lab testing equipment's up-gradation from DOS to Windows.
- DTY AHU spray pumps replacement by energy efficient pumps.
- PSF CP-2/3 AHU modification to reduce air velocity.
- Installation of RO unit for recycling of waste water in the plant.

5. Expenditure on Research & Development :

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

6. Technology Absorption, Adaption and Innovation:

- Trial and process optimisation for use of new make of Tio2 and Antimony in CP.
- Installation of Modified pack adopter and intermingling unit in POY machine.
- Development of Indigenous Spin Finish with Japanese Technology for speciality PSF production.
- Optimisation of Steam consumption in PSF production.
- Retrofitting of centac air comp 6-8 bar and stoppage of reciprocating air compers for energy Savings.
- Installation of energy efficient Boiler feed pumps in FBC boilers in place of low eff pumps.
- Supply of IM air in POY 2/3 & POY 5 through 3.0 bar system against 4.5 bar.
- Energy saving in CPP condensate extraction pump by providing inverter.
- Savings in DM Water due to fine tuning of PRDS by increase in CPP Process steam temperature from 220 °C to 250 °C as against installation of DSH at process end.

7. Benefits derived as a result of above efforts:

- Trial and process optimisation for use of Tio2 and Antimony in Polymer area has given saving of ₹ 7.69 Million.
- Installation of Modified pack adopter and intermingling unit in POY machine has saved ₹ 4.1 Million.
- Use of indigenous spin finish for specialty Fibre has saved ₹ 0.18 Million.
- Retrofitting of centac air comp 6-8 bar and stoppage of reciprocating air compress has saved ₹ 2.44 Million.
- Installation of energy efficient Boiler feed pumps have saved ₹ 0.14 Million.
- Supply of Intermingling air through 3.0 bar system against 4.5 bar has given saving of ₹ 0.91 Million.
- Energy saving in condensate extraction pump has saved ₹ 0.59 Million.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO OF THE COMPANY:

Earnings in foreign currency (accrual basis)		(₹ Crores)
Particulars	2012-13	2011-12
F.O.B. value of exports	749.86	844.95
Dividend	10.45	21.14
Sale of current non trade investments (Gross consideration)	208.06	175.58
Income from renunciation of subscription rights in a rights issue	-	-
Others	-	-
Total	968.37	1,041.67

CIF value of imports		(₹ Crores)
Particulars	2012-13	2011-12
Raw materials	1,499.16	1,494.87
Packing material	0.15	1.00
Stores and spares	6.15	1.66
Capital goods	3.66	44.44
Total	1,509.12	1,545.97

Expenditure in foreign currency (accrual basis)		(₹ Crores)
Particulars	2012-13	2011-12
Travelling	1.78	0.72
Commission	2.88	3.50
Interest	10.11	15.44
Consultancy charges	-	-
Others	0.12	0.52
Total	14.89	20.18

Net dividend remitted in foreign exchange*		
	2012-13	2011-12
Period to which dividend relates to	1 April 2012 to 31 March 2013	1 April 2011 to 31 March 2012
- Number of non-resident shareholders (Nos.)	3	3
- Number of equity shares held on which dividend was due (Nos.)	48,894,463	48,894,463
- Amount remitted USD 778,138 and JPY 7,489,350 (Previous year USD 948,683 & JPY 8,760,797) (₹ in Crores)	4.89	4.89

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

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

Place: Gurgaon
Date: 10 May 2013

Om Prakash Lohia
Chairman & Managing Director

Annexure to Directors' Report

Particulars of Employees as per Section 217 (2A) of the Companies Act, 1956 and the Rules there under forming part of the Directors' Report for the year ended 31 March 2013

S. NO.	NAME (MESSRS)	DESIGNATION/ NATURE OF DUTIES	TOTAL REMUNERATION (₹)	QUALIFICATION	AGE (YEARS)	EXPERIENCE (YEARS)	COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT WITH DESIGNATION
(A) Employed for full financial year and in receipt of remuneration at the rate which in aggregate is not less than ₹ 6,000,000/- P.A.								
1)	Lohia Om Prakash	Chairman & Managing Director	24,943,984	B.Com	63	43	26.12.1988	-
2)	Lohia Vishal	Whole-Time Director	18,234,329	Bachelors Degree in Finance & Eco., USA	35	11	01.04.2007	-
3)	Kishore Anant	C.O.O.	6,662,422	B.SC., Chem. Engg., PGDB & IM	65	44	07.07.1999	Reliance Industries Ltd. (Vice President-Projects)
(B) Employed for part of the year and in receipt of remuneration at the rate which in aggregate is not less than ₹ 500,000/- P.M.								
1)	Gupta Ashok Jagjivan	Whole-Time Director & CEO	2,920,121	B.Tech (Chemical Engineering), LIT Nagpur	56	30	17.12.2012	Tata Sasol Joint Venture, Mumbai (CEO)
2)	Sharma Ashok	Site Head	3,863,615	5 yrs Integrated Programme in Economics from BITS Pilani	54	30	20.09.2012	Jindal Stainless Ltd. (Sr. Vice President -Commercial)
3)	Singhal Deepak	Chief Financial Officer	4,416,547	B.Tech (Mechanical), Post Graduate in Management (Finance) & CFA	53	27	09.01.2012	Shipra Estate Limited (Director)

Notes :

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

Place: Gurgaon
Date: 10 May 2013

Om Prakash Lohia
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT

To the Members of

Indo Rama Synthetics (India) Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Indo Rama Synthetics (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Emphasis of matter

Attention is drawn to note 45 to the financial statements, which explains the early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments-Recognition and Measurement", issued by the Institute of Chartered Accountants of India. An amount of ₹ 21.11 Crores has been recognized as income in these financial statements for the year ended 31 March 2013 and included in exceptional items as an adjustment on application of Accounting Standard 30. Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

- i. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- ii. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Place: Gurgaon

Date: 10 May 2013

Membership No.: 090075



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 6 of the Independent Auditors' Report to the Members of Indo Rama Synthetics (India) Limited on the accounts for the year ended 31 March 2013.

- (i) (a) According to the information and explanations given to us, 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 for goods in transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. As informed to us, the discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has granted an interest free loan to a wholly owned subsidiary company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 28.01 Crores and the year end balance of such loans was ₹ 28.01 Crores.
- (b) According to the information and explanations given to us and considering that the interest free loan has been given to a wholly owned subsidiary company, we are of the opinion that the terms and conditions on which the above loan has been granted to a subsidiary company listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, in case of loan granted to a subsidiary company listed in the register maintained under Section 301, the loan is repayable on demand and has not been recalled during the year.
- (d) According to the information and explanations given to us, there is no overdue amount of more than Rupees one lakh in respect of loan granted to a subsidiary company listed in the register maintained under section 301.
- (e) According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. The activities of the Company do not involve sale of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding ₹ 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, 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, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues, to the extent applicable, have generally been regularly deposited *except in respect of sales tax/ value added tax dues which have not been regularly deposited*

with the appropriate authorities and there have been serious delays in several case which have been deposited before the year end.

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 2013 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of dues	Amount of dispute* (₹ Crores)	Amount paid under protest (₹ Crores)	Period to which it relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	1.06	-	2002-03	Bombay High Court, Nagpur Bench
		63.47	4.82	1996- 97 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal
		7.87	1.20	1996-97 to 2008-09	Commissioner of Central Excise and Customs (Appeals)
		3.26	-	1997-98 to 2010-11	Commissioner/ Assistant Commissioner/ Deputy Commissioner
		1.03	-	2008-10	Additional Commissioner Nagpur
Bombay Sales Tax Act, 1959/ Central Sales Tax Act, 1956	Sales tax	0.43	0.13	1998-99 to 1999-00	Joint Commissioner Sales Tax (Appeals), Nagpur
Maharashtra VAT Act, 2002	VAT	18.24	1.70	2006-07 to 2009-10	Joint Commissioner Sales tax (Appeals), Nagpur
Customs Act, 1962	Customs duty	92.15		2002-03 and 2006-07	Customs, Excise and Service Tax Appellate Tribunal
		137.98	13.45 #	2006-07 to 2010-11	Commissioner of Central Excise and Customs (Appeals)
		6.01	-	2006-07	Joint Directorate General of Foreign Trade, Bhopal
		0.04	-	1997- 98 to 1998-99	Assistant Commissioner/ Deputy Commissioner
Finance Act, 1994	Service tax	0.22	-	2002-03 to 2009-10	Customs, Excise and Service Tax Appellate Tribunal
		0.22	-	2002-03 to 2005-06	Commissioner, Nagpur
Income Tax Act, 1961	Income tax	0.31	0.31	AY 2007-08	Commissioner of Income Tax (Appeals)
		24.24	14.19	AY 2002-03 to AY 2004-05	Income Tax Appellate Tribunal

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

Includes amount adjusted against refund by the authorities and protested by the Company.



- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, *the Company has delayed in repayment of dues aggregating ₹ 44.88 Crores for a period ranging from 40 days to 92 days to a bank.* However, there are no overdue amounts outstanding to banks and financial institutions as at the year end.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, term loans have been applied for the purpose for which such loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company at the end of the year, *we report that, the Company has used short term funds to the extent of ₹ 237.85 Crores for long-term investments, primarily towards fixed assets and investments.*
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

Place: Gurgaon

Date: 10 May 2013

BALANCE SHEET

as at 31 March 2013

(₹ Crores)

	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	151.82	151.82
(b) Reserves and surplus	4	456.63	447.51
(c) Money received against share warrants	5	20.30	20.30
		628.75	619.63
(2) Non-current liabilities			
(a) Long-term borrowings	6	147.57	195.76
(b) Deferred tax liabilities (Net)	7	207.09	213.37
(c) Other long-term liabilities	8	0.84	0.78
(d) Long-term provisions	9	14.93	14.75
		370.43	424.66
(3) Current liabilities			
(a) Short-term borrowings	10	342.72	257.20
(b) Trade payables	11	536.03	556.10
(c) Other current liabilities	12	134.12	223.23
(d) Short-term provisions	9	27.85	23.68
		1,040.72	1,060.21
Total		2,039.90	2,104.50
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13.1	1,172.08	1,273.25
(ii) Intangible assets	13.2	0.94	1.23
(iii) Capital work-in-progress		2.65	26.57
		1,175.67	1,301.05
(b) Non-current investments	14.1	36.99	-
(c) Long-term loans and advances	15.1	80.51	53.22
(d) Other non-current assets	16.1	19.61	10.04
		137.11	63.26
(2) Current assets			
(a) Current investments	14.2	10.30	14.83
(b) Inventories	17	303.60	363.60
(c) Trade receivables	18	87.53	96.05
(d) Cash and bank balances	19	36.94	30.97
(e) Short-term loans and advances	15.2	139.96	102.14
(f) Other current assets	16.2	148.79	132.60
		727.12	740.19
Total		2,039.90	2,104.50
Significant accounting policies	2		

The accompanying notes (from 1 to 47) form an integral part of the financial statements.

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

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

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Ashok Kumar Ladha

Director

DIN: 00089360

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

Place : Gurgaon
Date : 10 May 2013

Place : Gurgaon
Date : 10 May 2013



STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2013

(₹ Crores)

	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
INCOME			
I. Revenue from operations (gross)	20	3,166.41	3,181.02
Less: Excise duty		256.28	212.22
Revenue from operations (net)		2,910.13	2,968.80
II. Other income	21	240.78	207.26
III. Total revenue (I+II)		3,150.91	3,176.06
IV. Expenses :			
Cost of materials consumed	22	2,426.62	2,278.98
Purchases of stock-in-trade	23	0.46	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	8.46	159.40
Employee benefits expense	25	81.24	73.60
Other expenses	26	351.68	345.02
Expenditure before finance costs, depreciation/amortisation cost and exceptional items		2,868.46	2,857.00
V. Profit before finance costs, depreciation/amortisation, exceptional items and tax (III-IV)		282.45	319.06
VI. Finance costs	27	44.51	61.22
VII. Profit before depreciation/amortisation, exceptional items and tax (V-VI)		237.94	257.84
VIII. Depreciation and amortisation expense		172.37	168.16
Less : Transferred from revaluation reserve		14.38	13.80
IX. Profit before exceptional items and tax (VII-VIII)		79.95	103.48
X. Exceptional items			
Foreign exchange fluctuations (expense) / income (refer note 46)		(39.26)	(65.25)
XI. Profit before tax (IX+X)		40.69	38.23
XII. Tax expense :			
Current tax		8.50	7.73
Less: MAT credit entitlement		8.19	7.61
Add: MAT credit taken in previous years charged off		5.40	-
Deferred tax (credit) / charge		(6.28)	6.15
XIII. Profit for the year		41.26	31.96
Basic and diluted earnings per equity share (in ₹) [Face value ₹ 10 each]	28	2.72	2.11
Significant accounting policies	2		

The accompanying notes (from 1 to 47) form an integral part of the financial statements.

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

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

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Ashok Kumar Ladha

Director

DIN: 00089360

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

Place : Gurgaon
Date : 10 May 2013

Place : Gurgaon
Date : 10 May 2013

CASH FLOW STATEMENT

for the year ended 31 March 2013

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	40.69	38.23
Adjusted for:		
Depreciation (net of transfer from revaluation reserve)	157.99	154.36
Loss or (gain) on scrap / disposal of fixed asset	(1.52)	0.21
Provision made/(written back) for diminution in the value of investments	0.12	(0.17)
Profit on sale of current investments	(202.91)	(172.80)
Interest income	(23.14)	(9.44)
Dividend income	(10.46)	(21.23)
Interest expense	31.71	47.91
Operating profit before working capital changes	(7.52)	37.07
Changes in:		
Decrease in inventories	60.00	318.39
Decrease in trade receivables	8.52	5.63
Increase in short term loans and advances and other current assets	(42.74)	(49.36)
Increase in long term loans and advances	(0.63)	(0.14)
Increase in other non current Assets	(9.57)	(2.08)
Decrease in trade payables	(20.07)	(240.35)
Increase in other non current liabilities	0.06	0.21
Decrease in other current liabilities	(10.51)	(28.41)
Increase in long term provisions	0.18	0.40
Increase in short term provisions	1.39	0.13
Cash generated from operations	(20.89)	41.49
Income tax paid	(6.33)	(42.17)
Net cash flow from operating activities (A)	(27.22)	(0.68)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(70.27)	(110.48)
Sale of fixed assets	3.50	1.59
Sale of current investments (net)	207.32	175.78
Purchase of non current investments	(36.99)	-
Movement in bank deposits (net) (having original maturity of more than 3 months)	(2.93)	(18.56)
Advance to subsidiary company	(28.01)	-
Dividend received	10.46	21.23
Interest received	22.73	8.17
Net cash used in investing activities (B)	105.81	77.73



CASH FLOW STATEMENT

for the year ended 31 March 2013

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
C. CASH FLOWS USED IN FINANCING ACTIVITIES		
Long-term borrowings repaid during the year	(130.94)	(187.90)
Long-term borrowings taken during the year	24.25	-
Short term borrowings taken during the year	85.52	166.63
Payment of dividend	(15.18)	(15.79)
Taxes on dividend	(2.46)	(2.52)
Interest paid	(36.69)	(46.42)
Net cash used in financing activities (C)	(75.50)	(86.00)
Net changes in cash and cash equivalents (A+B+C)	3.09	(8.95)
Cash and cash equivalents - opening balance	7.70	16.65
Cash and cash equivalents - closing balance	10.79	7.70
Components of cash and cash equivalents (refer note 19)		
Cash in hand	0.09	0.20
With scheduled banks:		
In current accounts	9.70	7.50
In margin money accounts (not available for use by the Company)	1.00	-
Total	10.79	7.70

Notes:

- The accompanying notes (from 1 to 47) form an integral part of the financial statements.
- 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.

As per our report attached.

 For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

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

Chairman and Managing Director

DIN: 00206807

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Ashok Kumar Ladha

Director

DIN: 00089360

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

 Place : Gurgaon
 Date : 10 May 2013

 Place : Gurgaon
 Date : 10 May 2013

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 1 GENERAL INFORMATION

Indo Rama Synthetics (India) Limited (herein after 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 primarily for captive consumption. The Company's manufacturing facilities are located at Butibori, Nagpur.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

2.2 Use of estimates

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

2.3 Current/ Non-current classification

All assets and liabilities are classified as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

2.4 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 are capitalised as per the policy stated in note 2.12 below.

2.5 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 rupees five thousand are depreciated at the rate of 100%.
- Additional depreciation on account of revaluation of assets is charged to the Revaluation Reserve account.
- Software are amortised on straight line method over a period of three years.

2.6 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



NOTES

to the financial statements for the year ended 31 March 2013

recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

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

2.7 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 the Statement of Profit and Loss.

2.8 Investments

Long-term investments including its current portion are carried at cost less diminution, other than temporary in value. Current investments are carried at the lower of cost and fair value, which is computed category wise.

2.9 Inventories

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

2.10 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) Insurance claims

Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain (Also refer to note 41).

iv) Dividend

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

2.11 Operating leases

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

2.12 Foreign exchange transactions and forward contracts

Foreign exchange transactions

- i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Statement of Profit and Loss.
- ii) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items:
 - used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
 - used for the purpose other than the acquisition of depreciable capital asset, are accumulated in Foreign Currency Monetary Item Translation Difference Account (FCMITDA) to be amortised over the balance period.
- 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 difference is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

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

NOTES to the financial statements for the year ended 31 March 2013

- 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" issued by Institute of Chartered Accountants of India. The Company records the gain or loss on effective hedges in the Hedging Reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of the period in which such transaction is concluded. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognised in the Statement of Profit and Loss.

2.13 Employee benefits

a) Short-term employee benefits

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

b) Post employment benefit

Defined contribution plan

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

Defined benefit plan

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

c) Other long term employee benefits

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

2.14 Taxation

Income tax expense comprises current tax and 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.

2.15 Government grants

Government grants specifically receivable as a reduction of interest charge under the grants scheme is netted off from the interest charge for the year.

2.16 Earnings per share

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

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

2.17 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



NOTES to the financial statements for the year ended 31 March 2013

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.

NOTE 3 SHARE CAPITAL

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Authorised		
185,000,000 (previous year 185,000,000) equity shares of ₹ 10 each	185.00	185.00
Issued, subscribed and fully paid-up		
151,822,242 (previous year 151,822,242) equity shares of ₹ 10 each fully paid-up	151.82	151.82
	151.82	151.82

Foot notes:

- During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.
- The Company has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed,
- Shares in the Company held by each shareholder holding more than 5% shares (also refer to footnote 4) are as under:-

if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(₹ Crores)

Names	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% of shares held	Number of shares	% of shares held
Brookgrange Investments Limited	43,288,057	28.51	43,288,057	28.51
Mr. Om Prakash Lohia (Chairman & Managing Director)	35,091,408	23.11	35,164,492	23.16
Mavi Investments Limited	12,652,175	8.33	12,652,175	8.33
Mrs. Urmila Lohia	15,855,314	10.44	15,855,314	10.44

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

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 4 RESERVES AND SURPLUS

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Capital reserve	0.08	0.08
Revaluation reserve		
Opening balance	48.91	62.71
Less: adjustment on account of depreciation on revalued assets	14.38	13.80
Closing balance	34.53	48.91
Securities premium account	166.22	166.22
General reserve		
Opening balance	47.61	47.61
Add: amount transferred from surplus balance in the Profit and Loss Statement	-	-
Closing balance	47.61	47.61
Hedging reserve		
Opening balance [refer note 2.12]	-	0.68
Movement during the year	-	(0.68)
Closing balance	-	-
Surplus in the Statement of Profit and Loss		
Opening balance	184.69	170.37
Profit for the year	41.26	31.96
Less: Appropriations :		
Proposed dividend (also refer note 9)	(15.18)	(15.18)
Tax on dividend (also refer note 9)	(2.58)	(2.46)
Net surplus in the Statement of Profit and Loss	208.19	184.69
Total reserves and surplus	456.63	447.51

NOTE 5 MONEY RECEIVED AGAINST SHARE WARRANTS

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Money received against share warrants	20.30	20.30

On 9 November 2010, the Company had allotted 20,000,000 Fully Convertible Preferential warrants (FCPs) at ₹ 40.60 per warrant (aggregating ₹ 81.20 Crores) 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 Crores) have been received and balance amount of ₹ 30.45 per warrant (aggregating ₹ 60.90 Crores) was payable within 18 months of allotment of the warrants. The warrants were 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. Subsequently, the Company has received request from warrant holders for extending the period upto May 2014 for payment of balance amount of ₹ 60.90 Crores. Accordingly, the Company has requested for extension of time to Securities and Exchange Board of India (SEBI) and is in the process of filing application to Ministry of Corporate Affairs for approval.



NOTES

to the financial statements for the year ended 31 March 2013

NOTE 6 LONG-TERM BORROWINGS

	Total		Non-current portion		Current maturities	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Secured:						
Loans and advances from banks						
Term loans						
- Rupee loans	23.29	70.31	15.74	2.27	7.55	68.04
- Foreign currency loans	154.14	189.07	112.08	148.54	42.06	40.53
Other loans and advances						
- Rupee loans	6.25	12.49	-	6.24	6.25	6.25
- Foreign currency loans	39.64	58.14	19.75	38.71	19.89	19.43
	223.32	330.01	147.57	195.76	75.75	134.25
Less:						
Amount disclosed under the head "other current liabilities" (refer note 12)	-	-	-	-	(75.75)	(134.25)
Net amount	223.32	330.01	147.57	195.76	-	-

NATURE OF SECURITY

a) Rupee term loans from banks:

- amounting to ₹ Nil (previous year ₹ 23.00 Crores) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.
- amounting to ₹ Nil (previous year ₹ 6.87 Crores) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.
- amounting to ₹ 1.93 Crores (previous year ₹ 20.00 Crores) is secured by first specific charge over the specific assets purchased under the loan agreement for thermal power project of the Company.
- amounting to ₹ 18.67 Crores (previous year ₹ 2.11 Crores) is secured by first specific charge over the specific assets to be purchased under the loan agreement.

TERMS OF REPAYMENT AND DEFAULTS

The loan has been repaid during the year. The default at the end of the previous year amounting to ₹ 9.50 Crores was for a period upto 61 days.

The loan has been repaid during the year. The default at the end of the previous year amounting to ₹ 6.87 Crores was for a period upto 59 days.

As per rescheduled agreement, balance as at 4 February 2009 was repayable in 15 equal quarterly installments commencing from 30 September 2009 along with interest at SBAR. The default in repayment at the end of the current year amounts to ₹ Nil. The default in repayment at the end of the previous year amounted to ₹ 4.00 Crores for a period of one day.

Repayable in 18 equal quarterly installments commencing from June 2012, along with interest at BR plus 1% plus 0.50%.

NOTES to the financial statements for the year ended 31 March 2013

v) aggregating to ₹ 0.42 Crores (previous year ₹ 0.50 Crores) are secured by hypothecation of specific vehicles.	(a) ₹ 0.01 Crores (previous year ₹ 0.09 Crores) repayable in 36 equated monthly installments commencing from July 2010. (b) ₹ 0.08 Crores (previous year 0.14 Crores) repayable in 36 equated monthly installments commencing from August 2011. (c) ₹ 0.18 Crores (previous year ₹ 0.27 Crores) repayable in 36 equated monthly installments commencing from January 2012. (d) ₹ 0.15 Crores (previous year Nil) repayable in 36 equated monthly installments commencing from January 2013.
vi) Working capital term loans aggregating ₹ 2.27 Crores (previous year ₹ 17.83 Crores) are secured by way of first charge on the Company's entire fixed assets, ranking pari-passu with other banks.	(a) Working capital term loan amounting to ₹ 2.27 Crores (previous year ₹ 6 Crores), repayable in 15 equal quarterly installments commencing from January 2010 along with interest at SBAR. (b) Working capital term loan amounting to ₹ Nil (previous year ₹ 11.83 Crores), repaid during the year.
b) Foreign currency term loans from banks:	
i) amounting to ₹ 103.58 Crores (previous year ₹ 128.76 Crores), are secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.	Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month EURIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month EURIBOR plus 0.95%.
ii) amounting to ₹ 50.56 Crores (previous year ₹ 60.31 Crores) is secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.	Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month LIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month LIBOR plus 0.95%.
c) Rupee term loan from others:	
amounting to ₹ 6.25 Crores (previous year ₹ 12.49 Crores) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat), by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.	As per rescheduled agreement balance as on 1 July 2010 was repayable in 8 equal half yearly installments beginning 1 July 2010 along with interest at 8.25 %.
d) Foreign currency term loans from others:	
amounting to ₹ 39.64 Crores (previous year ₹ 58.14 Crores) is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat), by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institution for securing rupee and foreign currency term loans.	As per rescheduled agreement, the balance as on 9 February 2010 is repayable in 9 equal half yearly installments commencing from 15 November 2010 along with interest at EURIBOR plus 2.35% p.a.



NOTES

to the financial statements for the year ended 31 March 2013

NOTE 7 DEFERRED TAX LIABILITIES (NET)

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Deferred tax liability on account of :		
-Fixed assets	212.84	222.97
Deferred tax assets on account of:		
-Unabsorbed depreciation and tax losses*	-	3.77
-Effect of expenditure debited to statement of profit and loss in the current/ earlier years but allowable for tax purposes in following years	5.67	5.75
-Provision for doubtful debts and advances	0.08	0.08
	5.75	9.60
Net deferred tax liability	207.09	213.37

* Excluding deferred tax assets aggregating ₹ 296.37 Crores (Previous year ₹ 288.84 Crores) in relation to unabsorbed depreciation amounting to ₹ 871.92 Crores (Previous year ₹ 890.25 Crores), which have not been recorded. The same have been a subject matter of litigation by the Income Tax Authorities and appeals in this regard are pending with the higher authorities.

NOTE 8 OTHER LONG-TERM LIABILITIES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Lease equalisation charges	0.84	0.78
	0.84	0.78

NOTE 9 LONG-TERM AND SHORT-TERM PROVISIONS

	Long-term		Short-term	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Provision for employee benefits				
- Gratuity (refer note 34)	9.90	9.36	2.10	1.90
- Leave benefits	5.03	5.39	2.11	0.92
	14.93	14.75	4.21	2.82
Others				
Proposed dividend*	-	-	15.18	15.18
Tax on proposed dividend	-	-	2.58	2.46
Provision for tax [(net of advance tax ₹ 29.68 Crores) (previous year ₹ 23.84 Crores)]	-	-	5.88	3.22
	-	-	23.64	20.86
	14.93	14.75	27.85	23.68

* The Company has declared a final dividend of ₹ 1 per share in the current year (previous year ₹ 1 per share).

NOTE 10 SHORT-TERM BORROWINGS

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Loans repayable on demand (Secured)		
From banks :		
Cash credit and working capital facilities	342.72	257.20
	342.72	257.20

NOTES to the financial statements for the year ended 31 March 2013

Nature of security

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

NOTE 11 TRADE PAYABLES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Acceptances	182.84	209.23
Sundry creditors		
- micro and small enterprises (refer note 42)	0.01	0.01
- others	353.18	346.86
	536.03	556.10

NOTE 12 OTHER CURRENT LIABILITIES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Current maturities of long-term borrowings (also refer to note 6)	75.75	134.25
Interest accrued but not due on borrowings	2.66	7.64
Unpaid dividends (refer foot note)	0.42	0.47
Advances from customers	5.87	10.35
Other payables:		
Payable to employees	11.89	12.72
Creditors towards fixed assets	6.92	21.99
Statutory dues payable		
- Excise duty on finished goods	13.97	15.28
- Customs duty	14.75	18.28
- Tax deducted at source	0.90	1.12
- Other statutory dues	0.99	1.13
	134.12	223.23

Foot note :

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



NOTES

to the financial statements for the year ended 31 March 2013

Note 13.1 FIXED ASSETS - TANGIBLE ASSETS

As at 31 March 2013

Asset description	As at 31 March 2012	Additions	Gross block Disposals/ adjustments	As at 31 March 2013	Upto 31 March 2012	Depreciation for the year	Depreciation In respect of disposals/ adjustments	Upto 31 March 2013	Net block As at 31 March 2013	As at 31 March 2012
Land:										
- leasehold	9.14	-	-	9.14	1.46	0.10	-	1.56	7.58	7.68
- freehold	0.16	-	-	0.16	-	-	-	-	0.16	0.16
Buildings	156.18	1.00	0.47	156.71	40.32	3.77	0.12	43.97	112.74	115.86
Leasehold improvements	3.22	-	-	3.22	0.87	0.36	-	1.23	1.99	2.35
Plant and equipment	2,965.03	70.12	17.48	3,017.67	1,829.33	165.98	16.49	1,978.82	1,038.85	1,135.70
Furniture and fixtures	8.58	0.60	0.21	8.97	6.23	0.23	0.06	6.40	2.57	2.35
Vehicles	5.35	0.28	0.23	5.40	2.64	0.48	0.14	2.98	2.42	2.71
Office equipments	18.93	0.70	0.61	19.02	12.49	0.97	0.21	13.25	5.77	6.44
Total	3,166.59	72.70	19.00	3,220.29	1,893.34	171.89	17.02	2,048.21	1,172.08	1,273.25

As at 31 March 2012

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

Notes:

- Fixed assets comprising of plant and machinery, buildings and land were revalued by an external valuer as on 31 March 2000. The valuation was based on fair market price/other relevant indices and resulted in increase in the gross block by ₹ 203.20 Crores at that time. The balance of revaluation reserve as at the end of the year amounts to ₹ 34.53 Crores (previous year ₹ 48.91 Crores).
- Additions to plant and machinery include loss on foreign exchange fluctuation ₹ 12.29 Crores (previous year ₹ 24.14 Crores).

NOTES

to the financial statements for the year ended 31 March 2013

Note 13.2 FIXED ASSETS - INTANGIBLE ASSETS

As at 31 March 2013

Asset description	Gross block			Depreciation			Net block	
	As at 31 March 2012	Additions	Disposals/ adjustments	As at 31 March 2013	Upto 31 March 2012	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2013
Computer Software	3.05	0.19	-	3.24	1.82	0.48	-	2.30
Total	3.05	0.19	-	3.24	1.82	0.48	-	2.30

Asset description	Gross block			Depreciation			Net block	
	As at 31 March 2011	Additions	Disposals/ adjustments	As at 31 March 2012	Upto 31 March 2011	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2012
Computer Software	1.69	1.36	-	3.05	1.69	0.13	-	1.82
Total	1.69	1.36	-	3.05	1.69	0.13	-	1.82



NOTES

 to the financial statements for the year ended 31 March 2013

NOTE 14.1 NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

(₹ Crores)

	No.	As at 31 March 2013	No.	As at 31 March 2012
Other than trade investments (Unquoted)				
Equity shares				
Fully paid up equity shares of ₹ 10 each				
Indo Rama Renewables Limited (wholly owned subsidiary)	36,984,825	36.99	-	-
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)
		-		-
Aggregate book value of unquoted investments		36.99		-

NOTE 14.2 CURRENT INVESTMENTS

(₹ Crores)

	No.	As at 31 March 2013	No.	As at 31 March 2012
Current investments (at the lower of cost and fair value)				
A) Equity shares, quoted				
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
Reliance Industries Limited	10	-*	10	-*
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	60,409,200	6.65	100,409,200	11.06
		9.53		13.94
B) Preference shares, quoted				
Fully paid-up preference shares of ₹ 10 each				
0.01% Cumulative redeemable preference shares				
JSW Ispat Steel Limited	892,000	0.89	892,000	0.89
Less: Provision for diminution in the value of current investments		0.12		-
		0.77		0.89
C) Government securities, unquoted				
National Savings Certificates VIth issue (pledged with sales tax authorities)		- **		- **
		10.30		14.83

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 14.2 CURRENT INVESTMENTS (Contd.)

(₹ Crores)

	As at 31 March 2013		As at 31 March 2012	
	Aggregate Book Value	Market Value/ Net Asset Value	Aggregate Book Value	Market Value/ Net Asset Value
Additional disclosures for current investments:				
Quoted investments				
-Equity shares	9.53	262.13	13.94	625.75
-Preference shares	0.77	0.77	0.89	1.13
	10.30	262.90	14.83	626.88
Book value of unquoted investments	- **		- **	
Aggregate diminution in the value of current investments	0.12		-	
* ₹ 7,780 (previous year ₹ 7,479)				
** ₹ 4,000 (previous year ₹ 4,000)				

NOTE 15.1 LONG-TERM LOANS AND ADVANCES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
To parties other than related (Unsecured)		
Considered good :		
Capital advances	0.09	1.44
Security deposits	1.93	1.59
Other loans and advances :		
Surrender value of keyman insurance	3.40	2.79
MAT credit entitlement	61.86	34.33
Advance tax [net of provision ₹ 70.86 Crores (previous year ₹ 70.86 Crores)]	13.03	12.55
Others	0.20	0.52
	80.51	53.22
Considered doubtful :		
Advances to vendors	0.26	0.26
Less : Provision for doubtful advances	0.26	0.26
	-	-
	80.51	53.22

NOTE 15.2 SHORT-TERM LOANS AND ADVANCES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
To parties other than related (Unsecured)		
Considered good :		
Others :		
Customs and excise duty	87.79	48.79
MAT credit entitlement	-	24.73
Prepaid expenses	5.58	4.63
Advances to vendors	17.58	23.25
Advances to employees	1.00	0.74
	111.95	102.14
To related parties (Unsecured)		
Indo Rama Renewables Limited (wholly owned subsidiary)	28.01	-
	139.96	102.14



NOTES to the financial statements for the year ended 31 March 2013

NOTE 16.1 OTHER NON-CURRENT ASSETS

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Claims and other receivables	19.61	10.04
	19.61	10.04

NOTE 16.2 OTHER CURRENT ASSETS

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Claims and other receivables	125.91	97.11
Forward cover receivable (net)	21.11	34.13
Interest accrued on deposits and others	1.77	1.36
	148.79	132.60

NOTE 17 INVENTORIES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Raw materials [include in transit ₹ 62.78 Crores (previous year ₹ 107.32 Crores)]*	122.85	178.61
Work- in-progress *	8.78	9.09
Finished goods [include in transit ₹ 13.62 Crores (previous year ₹ 24.21 Crores)]*	152.36	160.44
Stores and spares [include in transit ₹ 0.03 Crores (previous year ₹ 0.11 Crores)]#	16.01	11.55
Packing material \$	2.96	3.20
Waste \$	0.64	0.71
	303.60	363.60
* valued at the lower of cost and net realisable value. Finished goods and raw materials are valued at net realisable value resulting in reduction by ₹ 10.85 Crores (previous year ₹ 5.61 Crores) and ₹ 9.83 Crores (previous year ₹ 4.73 Crores) respectively.		
# valued at cost or under.		
\$ at realisable value.		
Additional disclosures regarding inventories		
Raw materials		
Purified Terephthalic Acid	63.31	101.22
Mono Ethylene Glycol	48.79	69.56
Others	10.75	7.83
	122.85	178.61
Work-in-progress		
Polyester Staple Fibre	3.67	3.99
Polyester Filament Yarn	3.71	2.77
Draw Texturised Yarn	1.39	2.32
Polyester Chips	0.01	0.01
	8.78	9.09
Finished goods		
Polyester Staple Fibre	56.99	29.77
Polyester Filament Yarn	38.66	70.27
Draw Texturised Yarn	56.71	57.42
Polyester Chips	-	2.98
	152.36	160.44

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 18 TRADE RECEIVABLES

(₹ Crores)

	As at 31 March 2013	As at 31 March 2012
Unsecured, considered good		
- Receivables outstanding for a period exceeding six months from the date they became due for payment	5.28	5.83
- Others	82.25	90.22
	87.53	96.05

NOTE 19 CASH AND BANK BALANCES

(₹ Crores)

	Current	
	As at 31 March 2013	As at 31 March 2012
Cash and cash equivalents		
Balances with banks:		
- Current accounts	9.70	7.50
Fixed deposits with original maturity period of upto three months	1.00	-
Cash on hand	0.09	0.20
	10.79	7.70
Other bank balances :		
Fixed deposits with banks with maturity period more than 3 months but upto 12 months #	25.65	22.72
Balances with bank:		
- Unpaid dividends *	0.42	0.47
Margin money accounts **	0.08	0.08
	26.15	23.27
	36.94	30.97
# Pledged with banks for credit limits		
* Earmarked against the corresponding provision		
** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company		

NOTE 20 REVENUE FROM OPERATIONS

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Sale of products		
Finished goods	3,120.83	3,155.49
Traded goods	0.47	-
	3,121.30	3,155.49
Less: Excise duty	256.28	212.22
	2,865.02	2,943.27
Other operating revenue		
Scrap sales	10.16	4.43
VAT refund	30.63	10.10
Insurance claim [refer note 41(b)]	-	5.08
Others	4.32	5.92
	45.11	25.53
Revenue from operations (net)	2,910.13	2,968.80



NOTES to the financial statements for the year ended 31 March 2013

NOTE 20 REVENUE FROM OPERATIONS (Contd.)

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Breakup of revenue from sale of products:		
Sale of finished goods		
Polyester Staple Fibre	1,561.18	1,380.09
Polyester Filament Yarn	873.60	963.58
Draw Texturised Yarn	649.96	601.30
Polyester Chips	23.21	193.54
Power	0.30	2.20
Waste	12.58	14.78
	3,120.83	3,155.49
Sale of traded goods		
Spandex	0.47	-
	0.47	-

NOTE 21 OTHER INCOME

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest from customers and fixed deposits	11.45	9.44
Dividend income from current investments	10.46	21.23
Profit on sale of current investments	202.91	172.80
Foreign exchange fluctuation (refer note 43)	2.75	-
Reversal of diminution in the value of current investments	-	0.17
Gain on sale of fixed assets	1.52	-
Interest on insurance claim [refer note 41(a), previous year-refer note 41(b)]	11.69	3.62
	240.78	207.26

NOTE 22 COST OF MATERIALS CONSUMED

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials :		
Purified Terephthalic Acid	1,762.30	1,679.33
Mono Ethylene Glycol	621.49	581.49
Others	42.83	18.16
	2,426.62	2,278.98

NOTE 23 PURCHASE OF STOCK-IN-TRADE

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Traded goods		
Spandex	0.46	-
	0.46	-

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012	(Increase) / decrease during the year ended 31 March 2013
Inventories at the end of the year			
- Finished goods	152.36	160.44	8.08
- Work-in-progress	8.78	9.09	0.31
- Waste	0.64	0.71	0.07
	161.78	170.24	8.46
Inventories at the beginning of the year			31 March 2012
- Finished goods	160.44	295.50	135.06
- Work-in-progress	9.09	32.00	22.91
- Waste	0.71	2.14	1.43
	170.24	329.64	159.40
Decrease / (increase) during the year	8.46	159.40	

NOTE 25 EMPLOYEE BENEFITS EXPENSE

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries, wages and bonus	68.78	62.78
Leave benefits	1.67	0.92
Gratuity	1.80	0.86
Contribution to provident and other funds	5.04	5.01
Workmen and staff welfare expenses	3.95	4.03
	81.24	73.60

NOTE 26 OTHER EXPENSES

	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of stores and spares	27.11	34.20
Packing materials consumed	46.38	52.48
Power and fuel	159.50	152.03
Freight and forwarding charges	99.19	94.29
Less : Recovery	55.38	49.30
Rent and hire charges	5.03	6.67
Rates and taxes	2.76	1.70
Insurance	2.42	4.20
Less: Recovery	1.45	1.47
Repairs and maintenance:		
- plant and machinery	17.40	16.28
- buildings	1.64	1.18
- others	5.94	4.34
Brokerage and commission on sales (other than to sole selling agents)	8.80	8.68
Cash discounts and claims	2.36	2.00



NOTES

to the financial statements for the year ended 31 March 2013

NOTE 26 OTHER EXPENSES (Contd.)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Directors' sitting fee	0.07	0.07
Auditors' remuneration:		
- as auditors	0.40	0.34
- for tax audit	0.06	0.05
- for other services	0.26	0.23
- for reimbursement of out of pocket expenses	0.02	0.01
Donations	0.12	0.05
Bad debts and advances written off	-	0.01
Less: Provision held (net)	-	0.01
Provision for diminution in the value of current investments	0.12	-
Loss on discard / disposal of fixed assets	-	0.21
Legal and professional charges	4.32	8.50
Decrease in excise duty on stocks of finished goods and waste	(1.31)	(17.17)
Miscellaneous expenses	25.92	25.44
	351.68	345.02

NOTE 27 FINANCE COSTS

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest	31.71	45.16
Bank charges	12.80	13.31
Exchange difference to the extent considered as an adjustment to interest cost (Note 43)	-	2.75
	44.51	61.22

NOTE 28 EARNINGS PER EQUITY SHARE (EPS)

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Net profit as per Statement of Profit and Loss	41.26	31.96
Number of equity shares of ₹ 10 each at the beginning of the year	151,822,242	151,822,242
Number of equity shares of ₹ 10 each at the end of the year	151,822,242	151,822,242
Weighted average number of equity shares of ₹ 10 each at the end of the year for calculation of basic and diluted EPS	151,822,242	151,822,242
Basic and diluted earnings per share (in ₹) (Per share of ₹ 10 each)	2.72	2.11

NOTE 29 CIF VALUE OF IMPORTS

(₹ Crores)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials	1,499.16	1,494.87
Packing material	0.15	1.00
Stores and spares	6.15	5.66
Capital goods	3.66	44.44

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 30 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Travelling	1.78	0.72
Commission	2.88	3.50
Interest	10.11	15.44
Others	0.12	0.52

NOTE 31 VALUE OF RAW MATERIALS, STORES AND SPARES AND PACKING MATERIALS CONSUMED

(₹ Crores)

Particulars	Percentage of total consumption (%)		Value	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials				
Imported	68	73	1,645.61	1,654.07
Indigenous	32	27	781.01	624.91
Total	100	100	2,426.62	2,278.98
Stores and spares				
Imported	22	16	6.00	5.33
Indigenous	78	84	21.11	28.87
Total	100	100	27.11	34.20
Packing materials				
Imported	-	3	0.12	1.54
Indigenous	100	97	46.26	50.94
Total	100	100	46.38	52.48

NOTE 32 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Period to which dividend relates to	2011-12	2010-11
Number of non-resident shareholders (Nos.)	3	3
Number of equity shares held on which dividend was due (Nos.)	48,894,465	48,894,465
Amount remitted USD 778,138 and JPY 7,489,350 (Previous year USD 948,683 and JPY 8,760,797) (₹ in Crores)	4.89	4.89

NOTE 33 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
F.O.B. value of exports	749.86	844.95
Dividend	10.46	21.14
Sale of current investments (Gross consideration)	208.07	175.58



NOTES

 to the financial statements for the year ended 31 March 2013

NOTE 34 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 ON “EMPLOYEE BENEFITS”

Defined contribution plans

An amount of ₹ 4.47 Crores (Previous year ₹ 5.01 Crores) for the year has been recognised as an expense in respect of the Company's contributions towards Provident Fund which is deposited with the government authorities and has been included under employee benefit expenses in the Statement of Profit and Loss.

Defined benefit plans

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

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

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Changes in present value of obligation		
Present value of obligation as at the beginning of the year	11.26	11.11
Interest cost	0.93	0.94
Current service cost	1.06	0.94
Past service cost	-	-
Benefits paid	(1.06)	(0.71)
Actuarial (gain) / loss on obligation	(0.19)	(1.02)
Present value of obligation as at end of the year	12.00	11.26
- Long term	9.90	9.36
- Short term	2.10	1.90
	12.00	11.26
Expenses recognised in the Statement of Profit and Loss		
Current service cost	1.06	0.94
Past service cost	-	-
Interest cost on benefit obligation	0.93	0.94
Net actuarial (gain) / loss recognised in the year	(0.19)	(1.02)
Expenses recognised in the Statement of Profit and Loss	1.80	0.86

Experience adjustments

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2010	For the year ended 31 March 2009
Defined benefit obligation	12.00	11.26	11.11	9.77	8.58
Plan assets	-	-	-	-	-
Surplus / (deficit)	(0.19)	(1.07)	0.45	0.25	0.57
Experience adjustment on plan liabilities	0.22	(0.29)	(0.03)	(0.34)	(0.49)
Past service cost	-	-	0.43	-	-
Experience adjustment on plan assets	-	-	-	-	-

NOTES

to the financial statements for the year ended 31 March 2013

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

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Discounting rate	8.30%	8.50%
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 table	IALM (1994-96)	LIC (1994-96)

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

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

NOTE 35 SEGMENTAL INFORMATION:

(a) Information about primary business segment

The Company recognises 'polyester' as its only primary segment since its operations consist of manufacturing of this product and related activities. Accordingly, 'Polyester' segment is the only segment comprising the primary basis of segmental information set out in these financial statements.

(b) Information on secondary/ geographical segment

The Company sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

(₹ Crores)

Particulars	2012-13	2011-12
Segment revenue		
Domestic	2,130.82	2,098.75
Overseas	779.31	870.05
Total	2,910.13	2,968.80
Segment debtors		
Domestic	56.55	53.65
Overseas	30.98	42.40
Total	87.53	96.05

Note:

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



NOTES to the financial statements for the year ended 31 March 2013

NOTE 36 RELATED PARTY DISCLOSURES

(i) Related parties where control exists:

(a) Wholly owned subsidiaries

 Indo Rama Renewables Limited ('IRRL')
 Indorama Renewables Porbandar Limited
 Indo Rama Renewables Ramgarh Limited
 Indo Rama Renewables Jath Limited

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

(a) Key management personnel and their relatives

 Mr. Mohan Lal Lohia, Chairman Emeritus
 Mr. Om Prakash Lohia, Chairman & Managing Director ('CMD')
 Mr. Vishal Lohia, Whole Time Director ('WTD')
 Mr. Ashok Jagjivan Gupta (Executive director)
 Mrs. Urmila Lohia, wife of CMD
 Mr. Alope Lohia, Brother of CMD
 Mrs. Ritika Kumar, Daughter of CMD
 Ms. Aruna Goenka, Sister of CMD
 Mrs. Rimple Lohia, Wife of WTD

(b) Enterprises over which key management personnel or their relatives have significant influence

 Indo Rama Petrochem Limited (IRPL), Thailand
 T P T Petrochemicals PCL (TPT Petro), Thailand
 P.T. Indo Rama Synthetics TBK, Jakarta

(c) Enterprises having significant influence

Brookgrange Investments Limited

(iii) Transactions with related parties:

Particulars	Wholly owned subsidiaries	Key Management Personnel	Enterprises over which key management personnel or their relatives have significant influence	Enterprises having significant influence	Total
Investment in the equity shares					
- IRRL	36.99 (-)				36.99 (-)
Loans and advances given during the year					
- IRRL	28.01 (-)				28.01 (-)
Purchases of raw material					
- IRPL			331.93 (311.64)		331.93 (311.64)
- TPT Petro			505.81 (529.77)		505.81 (529.77)
Sale of Finished goods and spares					
P T Indo Rama Synthetics,TBK			2.01 (-)		2.01 (-)

NOTES

to the financial statements for the year ended 31 March 2013

Particulars	Wholly owned subsidiaries	Key Management Personnel	Enterprises over which key management personnel or their relatives have significant influence	Enterprises having significant influence	Total
Managerial remuneration *					
- Mr. Om Prakash Lohia		2.49 (2.49)			2.49 (2.49)
- Mr. Vishal Lohia		1.72 (1.72)			1.72 (1.72)
- Mr. Ashok Jagjivan Gupta		0.29 (-)			0.29 (-)
Dividend paid/ Proposed dividend					
-Brookgrange Investments Limited				4.33 (4.33)	4.33 (4.33)
- Mr. Om Prakash Lohia		3.51 (3.51)			3.51 (3.51)
-Mrs. Urmila Lohia		1.59 (1.59)			1.59 (1.59)
-Others		0.30 (0.30)			0.30 (0.30)
Balances outstanding as at the year end:					
- IRRL (Loans and advances)	28.01 (-)				28.01 (-)
- IRPL (Trade payable)			112.47 (73.93)		112.47 (73.93)
- TPT Petro (Trade payable)			78.10 (114.12)		78.10 (114.12)
- P T Indo Rama Synthetics (Trade receivable)			2.01 (-)		2.01 (-)

* Excludes expenditure towards retirement benefits and compensated absences since the same is based on actuarial valuation for the Company as a whole.

Note:

Previous year figures have been given in brackets.



NOTES

to the financial statements for the year ended 31 March 2013

NOTE 37 OBLIGATION ON LONG TERM IN RESPECT OF 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:

(₹ Crores)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Lease rental expense	5.03	6.67

(₹ Crores)

Particulars	Total future minimum lease rentals payable as on 31 March 2013	Total future minimum lease rentals payable as on 31 March 2012
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	0.64	2.31
Total	8.98	10.65

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

Contingent liabilities:

- Claims against the Company not acknowledged as debts.

(₹ Crores)

Particulars	As at 31 March 2013	As at 31 March 2012
Excise / customs / service tax matters in dispute/ under appeal	303.61	107.27
Income tax matters in dispute/ under appeal	17.53	2.15
Sales tax matters in dispute/ under appeal	6.07	5.68
Claims by ex-employees, vendors, customers and civil cases	0.61	0.53

- For certain insurance claims, refer to note 41.

Commitments:

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 0.29 Crores (previous year ₹ 21.12 Crores).
- On 25 January 2012, the Company has entered into a memorandum of understanding ('MoU') with Indorama Ventures PCL, Thailand, for manufacturing of Purified Terephthalic Acid (PTA) and downstream products Polyethylene (PET) and Polyester Staple Fiber (PSF). The project is at an initial stage of conceptualisation. As a part of the above process, the Company has entered into a Memorandum of Understanding (MoU) with Government of Tamil Nadu to set up the above project.
- The Company has commitments to export 343,010 MT (previous year 380,632 MT) of finished goods over a period of three years pursuant to import of duty free material under advance license scheme.

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 39 SUPPLEMENTARY STATUTORY INFORMATION REQUIRED TO BE GIVEN PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT, IN RESPECT OF THE LOANS GIVEN

Loans to wholly owned subsidiary repayable on demand :

(₹ Crores)

Name of Subsidiary	Balance as at 31 March 2013	Maximum amount outstanding during the year 2012-13	Balance as at 31 March 2012	Maximum amount outstanding during the year 2011-12
Indo Rama Renewables Limited	28.01	28.01	-	-

NOTE 40 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Foreign currency forward contracts outstanding:

(₹ Crores)

Purpose	As at 31 March 2013		As at 31 March 2012	
	USD Millions	INR	USD Millions	INR
Hedging of expected future exports (Sell)	139.15	755.32	159.50	811.38

(b) Particulars of unhedged foreign currency exposure:

Particulars	Currency	As at 31 March 2013			As at 31 March 2012		
		Amount in foreign currency (Millions)	Exchange rate (in absolute rupees)	Amount (in ₹ Crores)	Amount in foreign currency (Millions)	Exchange rate (in absolute rupees)	Amount (in ₹ Crores)
Trade receivables*	USD	-	-	-	0.36	67.88	2.41
Trade payables	USD	66.89	54.29	363.15	77.24	50.88	392.80
	Euro	0.02	69.53	0.12	0.02	67.90	0.13
	JPY	53.49	0.58	3.08	66.83	0.62	4.15
Advance from customers	USD	0.33	54.29	1.77	1.28	50.88	6.51
Loans (including interest payable)	USD	68.93	54.29	374.21	61.28	50.88	311.77
	Euro	20.74	69.53	144.22	27.87	67.90	189.23

* Excluding forward contracts taken on past performance basis, amounting to USD 5.7 million (Previous year USD 7.9 million) equivalent to ₹ 30.98 Crores (Previous year ₹ 39.99 Crores).



NOTES to the financial statements for the year ended 31 March 2013

NOTE 41 INSURANCE CLAIM RECEIVABLES:

(a) The Company had lodged claims with an insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to the fire incidence at Butibori plant in 2007-08. Since the matter has been under dispute with the insurance company, as per the terms and conditions of the above policy, the Company has, during the previous years, initiated the arbitration process for the claim of ₹ 72.94 Crores for loss of business interruption and for the claim of ₹ 6.43 Crores for loss of assets. While the said matter was pending conclusion by the Arbitral Tribunal, the Company, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 Crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 Crores. During the year, on 1 August 2012, the Arbitral Tribunal has decided the matter in the favour of the Company with an award of ₹ 32.45 Crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Company has recorded the interest receivable amounting to ₹ 11.69 Crores upto July 2012 (the date of order) and aligned

the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court. Pending disposal by the High Court and as a matter of prudence, the Company has not recognised the interest for the period after July 2012.

(b) During the previous year, the Company has accrued income in regard to insurance claims aggregating to ₹ 8.73 Crores (including interest and compensation for cost) pertaining to the financial year ended 31 March 2000. The claim has been recorded based on the arbitration award decided in the favour of the Company. The Delhi High Court has already released the amount of ₹ 8.7 Crores in the favour of the Company against a corporate guarantee.

(c) Consequent to an incident of fire during the year 2011-12, the Company has during the year spent ₹ 7.58 Crores on refurbishment of the concerned plant and machinery, which has been recognised as a receivable under other current assets. The Company is in the process of filing a claim with the insurance Company.

The Company strongly believes and is reasonably certain that it will be able to realise the above amounts in the normal course and, therefore, all the claims have been classified as current.

NOTE 42 Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act', 2006, are given below:

Sl. no.	Particulars	2012-13	2011-12
(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.	-	-

* ₹ 25 thousand (previous year ₹ Nil)

** ₹ 306 thousand (previous year ₹ 1,551 thousand)

₹ 10 thousand (previous year ₹ 33 thousand)

₹ 77 thousand (previous year ₹ 67 thousand)

NOTES

to the financial statements for the year ended 31 March 2013

NOTE 43 Hitherto, the exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost, were treated as borrowing cost in terms of the Accounting Standard (AS) -16, "Borrowing Costs". During the year, pursuant to a clarification dated 9 August 2012 from the MCA, the Company has changed the accounting policy, w.e.f from 1 April 2011 to treat the same as "foreign exchange fluctuation" to be accounted as per AS-11, "The Effects of Changes in Foreign Exchange Rates" instead of the "borrowing costs". This change has resulted into increase in other income by ₹ 2.75 Crores (pertaining to the year ended 31 March 2012) for the year ended 31 March 2013 and the increase in depreciation for the year ended 31 March 2013 by ₹ 0.15 Crores (pertaining to the year ended 31 March 2012).

NOTE 44 During the past few years, there has been significant volatility in the raw material prices which are linked with crude oil prices and is subject to foreign exchange fluctuations. In comparison, the sales realisation in the industry has not been encouraging to respond to the raw material price variations. In addition, stiff competition, low capacity utilisation, high inflation, high interest rates and weakened rupee has resulted into a temporary phase of low operating margins/losses in the recent past. However, the Company's product command a premium in the market due to cost competitiveness and quality standards. Further, the Company has internally assessed its position and the future outlook and also has initiated various measures including strategic steps to ensure profitable operations. These initiatives and business outlook include cost savings initiatives, exploration of new markets, focussing on value added products, developing backward integration facilities towards producing certain key input materials.

As per our report attached.

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

Kaushal Kishore
Partner
Membership No.: 090075

Place : Gurgaon
Date : 10 May 2013

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

Om Prakash Lohia
Chairman and Managing Director
DIN: 00206807

Jayant K Sood
Company Secretary
ICSI Membership No.: FCS 4482

Place : Gurgaon
Date : 10 May 2013

NOTE 45 The Company had made an early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments-Recognition and Measurement", issued by Institute of Chartered Accountants of India for accounting for forward exchange contracts taken for highly probable / forecast transactions, which are not covered by Accounting Standard 11. An amount of ₹ 21.11 Crores (previous year ₹ 27.09 Crores) has been recognised as income in these financial statements for the year ended 31 March 2013 and included in exceptional items as an adjustment on the said application of Accounting Standard 30.

NOTE 46 During the current and previous year, due to significant volatility in the foreign currency vis-à-vis local currency, the Company has considered the foreign exchange fluctuation as an exceptional item in the Statement of Profit and Loss.

NOTE 47 The figures relating to the previous year have been regrouped wherever necessary to conform to the current year's classification including-

- Advance tax amounting to ₹ 12.55 Crores have been regrouped from short term loans and advances to long term loan and advances.
- Miscellaneous expenses amounting to ₹ 11.43 Crores have been regrouped to repair and maintenance expenses.

Ashok Kumar Ladha
Director
DIN: 00089360

Anupam Singhania
Head - Finance
ICAI Membership No.: 093175



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Indo Rama Synthetics (India) Limited

1. Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Indo Rama Synthetics (India) Limited and its subsidiaries (together referred to as the Group), which comprise the consolidated Balance Sheet as at 31 March 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Managements' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Emphasis of matter

Attention is drawn to note 44 to the consolidated financial statements, which explains the early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments- Recognition and Measurement", issued by the Institute of Chartered Accountants of India. An amount of ₹ 21.11 Crores has been recognized as income in these consolidated financial statements for the year ended 31 March 2013 and included in exceptional items as an adjustment on application of Accounting Standard 30. Our opinion is not qualified in respect of this matter.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Place: Gurgaon

Date: 10 May 2013

Membership No.: 090075

CONSOLIDATED BALANCE SHEET

as at 31 March 2013

(₹ Crores)

	Note No.	As at 31 March 2013
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	3	151.82
(b) Reserves and surplus	4	455.63
(c) Money received against share warrant	5	20.30
		627.75
(2) Non-current liabilities		
(a) Long-term borrowings	6	287.66
(b) Deferred tax liabilities (Net)	7	207.09
(c) Other Long-term liabilities	8	0.84
(d) Long-term provisions	9	15.01
		510.60
(3) Current liabilities		
(a) Short-term borrowings	10	342.72
(b) Trade payables	11	536.08
(c) Other current liabilities	12	142.09
(d) Short-term provisions	9	27.85
		1,048.74
Total		2,187.09
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	13.1	1,174.56
(ii) Intangible assets	13.2	0.94
(iii) Capital work-in-progress	13.3	206.00
		1,381.50
(b) Non-current investments	14.1	-
(c) Long-term loans and advances	15.1	86.40
(d) Other non-current assets	16.1	19.61
		106.01
(2) Current assets		
(a) Current investments	14.2	10.30
(b) Inventories	17	303.60
(c) Trade receivables	18	87.53
(d) Cash and Bank Balances	19	37.04
(e) Short-term loans and advances	15.2	112.32
(f) Other current assets	16.2	148.79
		699.58
Total		2,187.09
Significant accounting policies	2	

The accompanying notes from 1 to 46 form an integral part of the financial statements.

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

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

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Ashok Kumar Ladha

Director

DIN: 00089360

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

Place : Gurgaon
Date : 10 May 2013

Place : Gurgaon
Date : 10 May 2013



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2013

(₹ Crores)

	Note No.		For the year ended 31 March 2013
INCOME			
I. Revenue from operations (Gross)	20		3,166.41
Less: Excise Duty			256.28
Revenue from operations (Net)			2,910.13
II. Other income	21		240.78
III. Total Revenue (I + II)			3,150.91
IV. EXPENSES:			
Cost of materials consumed	22		2,426.62
Purchases of Stock-in-Trade	23		0.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		8.46
Employee benefits expense	25		81.24
Other expenses	26		352.66
Expenditure before finance costs, depreciation/ amortisation cost and exceptional items			2,869.44
V. Profit before finance costs, depreciation/amortisation, exceptional items and tax (III-IV)			281.47
VI. Finance costs	27		44.52
VII. Profit before depreciation/amortisation, exceptional items and tax (V-VI)			236.95
VIII. Depreciation and amortisation expense		172.38	
Less : Transferred from revaluation reserve		14.38	158.00
IX. Profit before exceptional items and tax (VII-VIII)			78.95
X. Exceptional items			
Foreign exchange fluctuations (expense) / income (refer note 45)			(39.26)
XI. Profit before tax (IX+X)			39.69
XII. Tax expense:			
Current tax		8.50	
Less: MAT credit entitlement		8.19	
Add: MAT credit taken in previous years charged off		5.40	5.71
Deferred tax credit			(6.28)
XIII. Profit for the year			40.26
Basic and diluted earnings per equity share (in ₹) [Face value ₹10 each]	28		2.65
Significant accounting policies	2		

The accompanying notes from 1 to 46 form an integral part of the financial statements.

As per our report attached.

 For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

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

Partner

Membership No.: 090075

Om Prakash Lohia

Chairman and Managing Director

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Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

 Place : Gurgaon
 Date : 10 May 2013

 Place : Gurgaon
 Date : 10 May 2013

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2013

(₹ Crores)

	For the year ended 31 March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit / (loss) before taxation	39.69
Adjusted for:	
Depreciation (net of transfer from revaluation reserve)	158.00
Loss or (gain) on scrap / disposal of fixed asset	(1.52)
Provision made/(written back) for diminution in the value of investments	0.12
Profit on sale of current investments	(202.91)
Interest income	(23.14)
Dividend income	(10.46)
Interest expense	31.71
Operating profit/(loss) before working capital changes	(8.51)
Changes in:	
Decrease in inventories	60.00
Decrease in trade receivables	8.52
Increase in short term loans and advances and other current assets	(42.81)
Increase in long term loans and advances	(0.63)
Increase in other non current Assets	(9.57)
Decrease in trade payables	(20.00)
Increase in other non current liabilities	0.06
Decrease in other current liabilities	(10.34)
Increase in long term provisions	0.18
Increase in short term provisions	1.39
Cash generated from operations	(21.71)
Income tax paid	(6.33)
Net cash flow from operating activities (A)	(28.04)
B. CASH FLOWS FROM/ USED IN INVESTING ACTIVITIES	
Purchase of fixed assets	(274.85)
Sale of fixed assets	3.52
Sale of current investments (net)	207.32
Movement in bank deposits (net) (having original maturity of more than 3 months)	(2.93)
Dividend received	10.46
Interest received	22.73
Net cash used in investing activities (B)	(33.75)



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2013

(₹ Crores)

	For the year ended 31 March 2013
C. CASH FLOWS FROM/ USED IN FINANCING ACTIVITIES	
Long-term borrowings repaid during the year	(130.94)
Long-term borrowings taken during the year	171.66
Short term borrowings taken during the year	85.52
Payment of dividend	(15.18)
Taxes on dividend	(2.46)
Interest and ancillary cost of borrowing paid	(43.62)
Net cash used in financing activities (C)	64.98
Net changes in cash and cash equivalents (A+B+C)	3.19
Cash and cash equivalents - opening balance	7.70
Cash and cash equivalents - closing balance	10.89
Components of cash and cash equivalents (refer note 19)	
Cash in hand	0.10
With scheduled banks:	
In current accounts	9.79
In margin money accounts (not available for use by the Company)	1.00
Total	10.89

Notes:

- The accompanying notes from 1 to 46 form an integral part of the financial statements.
- 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.

As per our report attached.

 For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

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

Partner

Membership No.: 090075

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Ashok Kumar Ladha

Director

DIN: 00089360

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

 Place : Gurgaon
 Date : 10 May 2013

 Place : Gurgaon
 Date : 10 May 2013

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 1 GENERAL INFORMATION

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

During the current year, the Company has invested in certain subsidiaries which are directly or indirectly engaged in the business of generation and supply of energy from renewable resources. The Company along with its subsidiaries has been referred to as "the Group" or "the Company".

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and consolidation

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

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

2.2 Principles of consolidation

- a) The consolidated financial statements relate to the Group, all being incorporated in India. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements", as specified in the Companies (Accounting Standards) Rules, 2006.
- b) The consolidated financial statements have been prepared on the following basis:
 - i) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding the book values of all items of assets, liabilities, incomes and expenses after eliminating intra-group balances/ transactions and unrealised profits in full.
 - ii) The consolidated financial statements are prepared by using uniform accounting policies for similar

significant transactions and other events in similar circumstances. The financial statements of the subsidiaries are adjusted for the accounting principals and policies followed by the Group.

- iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Group for its separate financial statements.
- (iv) The companies considered in the consolidated financial statements are:

Name of the Company	Date of incorporation	Percentage of shareholding as at 31 March 2013
Indo Rama Synthetics (India) Limited ('IRSL')	28 April 1986	Ultimate holding company
Indo Rama Renewables Limited ('IRRL')	3 May 2012	100%
Indo Rama Renewables Jath Limited ('IRRJL')	23 May 2012	100%
Indo Rama Renewables Porbandar Limited ('IRRPL')	23 May 2012	100%
Indo Rama Renewables Ramgarh Limited ('IRRRL')	25 May 2012	100%

2.3 Use of estimates

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



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

revision to accounting estimates is recognised prospectively in current and future periods.

2.4 Current/ Non-current classification

All assets and liabilities are classified as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

2.5 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 Accounting Standard -11 are capitalised as per the policy stated in note 2.13.

2.6 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 rupees five thousand are depreciated at the rate of 100%.
- Additional depreciation on account of revaluation of assets is charged to the Revaluation reserve account.
- Software are amortised on straight line method over a period of three years.

2.7 Impairment

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

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

2.8 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 the Statement of Profit and Loss.

2.9 Investments

Long-term investments including its current portion are carried at cost less diminution, other than temporary in value. Current investments are carried at the lower of cost and fair value, which is computed category wise.

NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

2.10 Inventories

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

2.11 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) Insurance claims

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

iv) Dividend

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

2.12 Operating leases

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

2.13 Foreign exchange transactions and forward contracts

Foreign exchange transactions

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

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

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

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

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

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

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



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

2.14 Employee benefits

a) Short-term employee benefits

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

b) Post employment benefit

Defined contribution plan

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

Defined benefit plan

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

c) Other long term employee benefits

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

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.

2.16 Government grants

Government grants specifically receivable as a reduction of interest charge under the grants scheme is netted off from the interest charge for the year.

2.17 Earnings per share

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

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

2.18 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.

2.15 Taxation

Income tax expense comprises current tax and 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.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 3 SHARE CAPITAL

(₹ Crores)

	As at 31 March 2013
Authorised	
185,000,000 equity shares of ₹ 10 each	185.00
Issued, Subscribed and fully paid-up	
151,822,242 equity shares of ₹ 10 each fully paid-up	151.82
	151.82

Foot notes :

- During the current year, there have been no movements in the number of equity shares outstanding.
- The Company has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed,

if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

(₹ Crores)

Names	As at 31 March 2013	
	Number of shares	% of shares held
Brookgrange Investments Limited	43,288,057	28.51
Mr. Om Prakash Lohia (Chairman & Managing Director)	35,091,408	23.11
Mavi Investments Limited	12,652,175	8.33
Mrs. Urmila Lohia	15,855,314	10.44

- Above equity shares of ₹ 10 each include 10,291,360 equity shares (representing 6.78% of total number of shares), outstanding against 1,286,420 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each.



NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 4 RESERVES AND SURPLUS

(₹ Crores)

	As at 31 March 2013
Capital reserve	0.08
Revaluation reserve	
Opening balance	48.91
Less: adjustment on account of depreciation on revalued assets	14.38
Closing balance	34.53
Securities premium account	166.22
General reserve	
Opening balance	47.61
Add: amount transferred from surplus balance in the Statement of Profit and Loss	-
Closing balance	47.61
Surplus in the Statement of Profit and Loss	
Opening balance	184.69
Profit for the year	40.26
Less: Appropriations :	
Proposed dividend (also refer note 9)	(15.18)
Tax on dividend (also refer note 9)	(2.58)
Net surplus in the Statement of Profit and Loss	207.19
Total reserves and surplus	455.63

NOTE 5 MONEY RECEIVED AGAINST SHARE WARRANTS

(₹ Crores)

	As at 31 March 2013
Money received against share warrants	20.30

On 9 November 2010, the Company had allotted 20,000,000 Fully Convertible Preferential warrants (FCPs) at ₹ 40.60 per warrant (aggregating ₹ 81.20 Crores) 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 Crores) have been received and balance amount of ₹ 30.45 per warrant (aggregating ₹ 60.90 Crores) was payable within 18 months of allotment of the warrants. The warrants were 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. Subsequently, the Company has received request from warrant holders for extending the period upto May 2014 for payment of balance amount of ₹ 60.90 Crores. Accordingly, the Company has requested for extension of time to Securities and Exchange Board of India (SEBI) and is in the process of filing application to Ministry of Corporate Affairs for approval.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 6 LONG-TERM BORROWINGS

(₹ Crores)

	Total	Non-current portion	Current maturities
	As at 31 March 2013	As at 31 March 2013	As at 31 March 2013
Secured :			
Loans and advances from banks			
Term loans			
- Rupee loans	23.29	15.74	7.55
- Foreign currency loans	154.14	112.08	42.06
Other loans and advances			
- Rupee loans	153.66	140.09	13.57
- Foreign currency loans	39.64	19.75	19.89
	370.73	287.66	83.07
Less :			
Amount disclosed under the head "other current liabilities" (refer note 12)			(83.07)
Total	370.73	287.66	-

NATURE OF SECURITY

a) Rupee term loans from banks:

- amounting to ₹ 1.93 Crores is secured by first specific charge over the specific assets purchased under the loan agreement for thermal power project of the Company.
- amounting to ₹ 18.67 Crores is secured by first specific charge over the specific assets to be purchased under the loan agreement.
- aggregating to ₹ 0.42 Crores are secured by hypothecation of specific vehicles.
- Working capital term loans aggregating ₹ 2.27 Crores are secured by way of first charge on the Company's entire fixed assets, ranking pari-passu with other banks.

TERMS OF REPAYMENT AND DEFAULTS

- As per rescheduled agreement, balance as at 4 February 2009 was repayable in 15 equal quarterly installments commencing from 30 September 2009 along with interest at SBAR. The default in repayment at the end of the current year amounts to ₹ Nil.
- Repayable in 18 equal quarterly installments commencing from June 2012, along with interest at BR plus 1% plus 0.50%.
- ₹ 0.01 Crores repayable in 36 equated monthly installments commencing from July 2010.
 - ₹ 0.08 Crores repayable in 36 equated monthly installments commencing from August 2011.
 - ₹ 0.18 Crores repayable in 36 equated monthly installments commencing from January 2012.
 - ₹ 0.15 Crores repayable in 36 equated monthly installments commencing from January 2013.
- Working capital term loan amounting to ₹ 2.27 Crores, repayable in 15 equal quarterly installments commencing from January 2010 along with interest at SBAR.



NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NATURE OF SECURITY

b) Foreign currency term loans from banks:

- i) amounting to ₹ 103.58 Crores, are secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.
- ii) amounting to ₹ 50.56 Crores is secured by first pari-passu specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.

c) Rupee term loan from others:

- a) amounting to ₹ 6.25 Crores is secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat), by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to banks and bodies corporate), including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of banks and financial institutions for securing rupee and foreign currency term loans.
- b) amounting to ₹ 147.41 Crores is secured by:-
 - (a) First mortgage and charge of all the borrower's immovable properties (freehold/leased subject to provisions of applicable law in relation to forest land and revenue land, if any) together with all structures and appurtenances thereon and thereunder, both present and future;
 - (b) First charge by way of hypothecation of all the borrower's movable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets, both present and future;
 - (c) First charge on all intangible assets of the borrower including but not limited to goodwill and uncalled capital of the Borrower, both present and future;
 - (d) First charge on all accounts, all receivables, operating cash flows, commissions, reserves, book debts and debt service ratio (DSR) of the borrower including without limitation, the trust and retention accounts/escrow accounts (or any account in substitution thereof) and in all funds from time to time deposited therein and in all permitted investments or other securities representing all amounts credited to the Trust and Retention Accounts, present and future;

TERMS OF REPAYMENT AND DEFAULTS

Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month EURIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month EURIBOR plus 0.95%.

Repayable in 20 equal half yearly installments commencing from April 2007 along with interest at six month LIBOR plus 0.95%. Further, two installments due on 15 April 2009 and 15 October 2009 have been rescheduled to be paid in 10 equal half yearly installments from 30 September 2009 along with interest at six month LIBOR plus 0.95%.

As per rescheduled agreement balance as on 1 July 2010 was repayable in 8 equal half yearly installments beginning 1 July 2010 along with interest at 8.25 %.

Repayment terms:

- (i) 144 structured monthly instalments post moratorium period of 6 months from the date of commencement of commercial operation (DCCO).
- (ii) Rate of interest: The rate of interest shall be 13.25% ["L&T Infra" prime lending rate (PLR) minus spread] per annum with monthly rests ("Applicable Interest Rate") payable monthly plus applicable interest tax or other statutory levy, if any. "L&T Infra" (PLR) as on the date hereof is 15.75%.
- (iii) "Spread" shall be calculated as the difference between "L&T Infra" PLR and the Applicable Interest Rate. The Spread shall be determined at the time of first disbursement based on the "L&T Infra" PLR on that date. The interest rate for each subsequent tranche of disbursement would be indexed to the then prevailing "L&T Infra" PLR minus the Spread.
- (iv) The Applicable Interest Rate shall be reset on the first day of the subsequent month at the end of one year from the date of first disbursement ("First Reset Date") and every anniversary of such date thereafter ("Reset Date"), based on the then prevailing "L&T Infra" PLR and the Borrower shall thereafter pay interest at such reset rate till the following Reset Date.

NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NATURE OF SECURITY

- (e) First charge by way of assignment, both present and future, of:
 - (i) All rights, title, interest, benefits, claims and demands, whatsoever of the borrower in, to and under all of the project documents as may be amended, varied and supplemented from time to time, including erection & commissioning contract, supply contract, operation and maintenance agreement (O&M) etc. duly acknowledged/consented in writing by relevant counter parties to such project document(s);
 - (ii) All rights, title and interest, claims and demands, whatsoever of the borrower in, to and under all the permits, approvals, clearance(s) and the government approvals;
 - (iii) All rights, title, interest benefits, claims and demands, whatsoever of the borrower in, to and under all the guarantees/letter of credit other performance bonds/ warranties, corporate guarantee, bank guarantee, indemnities and securities that may be furnished in favour of the borrower by the various contractors and any party under the project documents, after obtaining the written consent of the parties thereto, if necessary;
 - (iv) All rights, title, benefits, claims, demands and interest, whatsoever under all the insurance contracts/insurance proceeds pertaining to the Project.
- (f) Pledge of 76% (seventy six per cent) of the paid up and voting equity share capital and of preference share capital (if any) held by the promoter in the share capital of the borrower till final settlement date, and;
- (g) An irrevocable and unconditional corporate guarantee from the promoter in favour of the security trustee acting for the benefit of lenders for the due payment/repayment of secured obligations.

d) Foreign currency term loans from others:

amounting to ₹ 39.64 Crores 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.

TERMS OF REPAYMENT AND DEFAULTS

- (v) In case the account is irregular for more than one month at time of reset, no benefit for reduction in interest would be passed on, though the increase in interest will be loaded.

As per rescheduled agreement, the balance as on 9 February 2010 is repayable in 9 equal half yearly installments commencing from 15 November 2010 along with interest at EURIBOR plus 2.35% p.a.



NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 7 DEFERRED TAX LIABILITIES (NET)

(₹ Crores)

	As at 31 March 2013
Deferred tax liability on account of :	
-Fixed assets	212.84
Deferred tax assets on account of:	
-Unabsorbed depreciation and tax losses*	-
-Effect of expenditure debited to statement of profit and loss in the current/earlier years but allowable for tax purposes in following years	5.67
-Provision for doubtful debts and advances	0.08
	5.75
Net deferred tax liability	207.09

* Excluding deferred tax asset aggregating ₹ 296.37 Crores in relation to unabsorbed depreciation amounting to ₹ 871.92 Crores, which have not been recorded. The same has been a subject matter of litigation by the Income Tax Authorities and appeals in this regard are pending with the higher authorities.

NOTE 8 OTHER LONG-TERM LIABILITIES

(₹ Crores)

	As at 31 March 2013
Lease equalisation charges	0.84
	0.84

NOTE 9 LONG-TERM AND SHORT-TERM PROVISIONS

(₹ Crores)

	Long-term As at 31 March 2013	Short-term As at 31 March 2013
Provision for employee benefits		
- Gratuity (refer note 34)	9.91	2.10
- Leave benefits	5.10	2.11
	15.01	4.21
Others		
Proposed dividend*	-	15.18
Tax on proposed dividend	-	2.58
Provision for tax (net of advance tax ₹ 29.72 Crores)	-	5.88
	-	23.64
	15.01	27.85

* The Company has declared a final dividend of Re. 1 per share in the current year.

NOTE 10 SHORT-TERM BORROWINGS

(₹ Crores)

	As at 31 March 2013
Loans repayable on demand (secured)	
From banks :	
Cash credit and working capital facilities	342.72
	342.72

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

Nature of security

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

NOTE 11 TRADE PAYABLES	(₹ Crores)
	As at 31 March 2013
Acceptances	182.84
Sundry creditors	
- micro and small enterprises (refer note 41)	0.01
- others	353.23
	536.08

NOTE 12 OTHER CURRENT LIABILITIES	(₹ Crores)
	As at 31 March 2013
Current maturities of long-term borrowings (also refer to note 6)	83.07
Interest accrued but not due on borrowings	2.66
Unpaid dividends (refer foot note)	0.42
Advances from customers	5.87
Other payables:	
Payable to Employees	12.23
Creditors towards fixed assets	6.92
Book overdraft	0.02
Statutory dues payable	
- Excise duty on finished goods	13.97
- Customs duty	14.75
- Tax deducted at source	1.17
- Other statutory dues	1.01
	142.09

Foot note :

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



NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

Note 13.1 FIXED ASSETS - TANGIBLE ASSETS

As at 31 March 2013

Asset description	Gross block				Depreciation			Net block	
	As at 31 March 2012	Additions	Disposals/ adjustments	As at 31 March 2013	Upto 31 March 2012	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2013	As at 31 March 2013
Land:									
- leasehold	9.14	-	-	9.14	1.46	0.10	-	1.56	7.58
- freehold	0.16	1.45	-	1.61	-	-	-	-	1.61
Buildings	156.18	1.00	0.47	156.71	40.32	3.77	0.12	43.97	112.74
Leasehold improvements	3.22	-	-	3.22	0.87	0.36	-	1.23	1.99
Plant and equipment	2,965.03	71.07	17.48	3,018.62	1,829.33	165.99	16.49	1,978.83	1,039.79
Furniture and fixtures	8.58	0.60	0.21	8.97	6.23	0.23	0.06	6.40	2.57
Vehicles	5.35	0.28	0.23	5.40	2.64	0.48	0.14	2.98	2.42
Office equipments	18.93	0.82	0.63	19.12	12.49	0.98	0.21	13.26	5.86
Total	3,166.59	75.22	19.02	3,222.79	1,893.34	171.91	17.02	2,048.23	1,174.56
									1,273.25

Notes:-

- Fixed assets comprising of plant and machinery, buildings and land were revalued by an external valuer as on 31 March 2000. The valuation was based on fair market price/other relevant indices and resulted in increase in the gross block by ₹ 203.20 Crores at that time. The balance of revaluation reserve as at the end of the year amounts to ₹ 34.53 Crores.
- Additions to plant and machinery include loss on foreign exchange fluctuation ₹ 12.29 Crores.

Note 13.2 FIXED ASSETS - INTANGIBLE ASSETS

As at 31 March 2013

Asset description	Gross block				Depreciation			Net block	
	As at 31 March 2012	Additions	Disposals/ adjustments	As at 31 March 2013	Upto 31 March 2012	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2013	As at 31 March 2013
Computer Software	3.05	0.19	-	3.24	1.82	0.48	-	2.30	0.94
Total	3.05	0.19	-	3.24	1.82	0.48	-	2.30	0.94
									1.23

NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 13.3 CAPITAL WORK IN PROGRESS COMPRISES

(₹ Crores)

	For the year ended 31 March 2013
-Plant and machinery	174.27
-Erection and commissioning charges	16.43
-Development cost	5.29
-Borrowing cost	4.48
-Salaries, wages and bonus	2.22
-Legal and professional charges	1.80
-Project consultancy expenses	0.64
-Travelling expenses	0.19
-Rates and taxes	0.59
-Miscellaneous expenses	0.09
Total	206.00

NOTE 14.1 NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

(₹ Crores)

	No.	As at 31 March 2013
Other than trade investments (Unquoted)		
Equity shares		
Fully paid up equity shares of ₹ 10 each		
Ritspin Synthetics Limited	15,00,000	1.50
Less: Provision for diminution in the value of long term investments		(1.50)
Aggregate book value of unquoted investments		-

NOTE 14.2 CURRENT INVESTMENTS

(₹ Crores)

	No.	As at 31 March 2013
Current investments (at the lower of cost and fair value)		
A) Equity shares, quoted		
Fully paid up equity shares of ₹ 10 each		
Optel Telecommunications Limited	52,501	0.37
Sanghi Polyesters Limited	708,400	2.34
Reliance Industries Limited	10	-*
Fully paid up equity shares of ₹ 5 each		
Balasore Alloys Limited	72,601	0.17
Fully paid up equity shares of 1 Baht each		
Indorama Ventures Public Company Limited, Thailand	60,409,200	6.65
		9.53
B) Preference shares, quoted		
Fully paid up preference shares of ₹ 10 each		
0.01% Cumulative redeemable preference shares		
JSW Ispat Steel Limited	892,000	0.89
Less: Provision for diminution in the value of current investments		0.12
		0.77
C) Government securities, unquoted		
National Savings Certificates VIth issue (pledged with sales tax authorities)		-**
		10.30



NOTES

 to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 14.2 CURRENT INVESTMENTS (Contd.)

(₹ Crores)

	As at 31 March 2013	
	Aggregate Book Value	Market Value/ Net Asset Value
Additional disclosures for current investments:		
Quoted investments		
-Equity shares	9.53	262.13
-Preference shares	0.77	0.77
	10.30	262.90
Book value of unquoted investments	- **	
Aggregate diminution in the value of current investments	0.12	
* ₹ 7,780		
** ₹ 4,000		

NOTE 15.1 LONG-TERM LOANS AND ADVANCES

(₹ Crores)

	As at 31 March 2013
To parties other than related (Unsecured)	
Considered good :	
Capital advances	3.84
Security deposits	1.93
Other loans and advances :	
Surrender value of keyman insurance	3.40
MAT credit entitlement	61.86
Advance tax (net of provision ₹ 70.86 Crores)	13.03
Others	2.34
	86.40
Considered doubtful :	
Advances to vendors	0.26
Less : Provision for doubtful advances	0.26
	-
	86.40

NOTE 15.2 SHORT-TERM LOANS AND ADVANCES

(₹ Crores)

	As at 31 March 2013
To parties other than related (Unsecured)	
Considered good :	
Others :	
Customs and excise duty	87.79
MAT credit entitlement	-
Prepaid expenses	5.88
Advances to vendors	17.63
Advances to employees	1.02
	112.32

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 16.1 OTHER NON-CURRENT ASSETS

(₹ Crores)

	As at 31 March 2013
Claims and other receivables	19.61
	19.61

NOTE 16.2 OTHER CURRENT ASSETS

(₹ Crores)

	As at 31 March 2013
Claims and other receivables	125.91
Forward cover receivable (net)	21.11
Interest accrued on deposits and others	1.77
	148.79

NOTE 17 INVENTORIES

(₹ Crores)

	As at 31 March 2013
Raw materials [include in transit ₹ 62.78 Crores]*	122.85
Work- in-progress *	8.78
Finished goods [include in transit ₹ 13.62 Crores]*	152.36
Stores and spares [include in transit ₹ 0.03 Crores]#	16.01
Packing material #	2.96
Waste \$	0.64
	303.60
* valued at the lower of cost and net realisable value. Finished goods and raw materials are valued at net realisable value resulting in reduction by ₹ 10.85 Crores and ₹ 9.83 Crores respectively.	
# valued at cost or under.	
\$ at realisable value.	
Additional disclosures regarding inventories	
Raw materials	
Purified Terephthalic Acid	63.31
Mono Ethylene Glycol	48.79
Others	10.75
	122.85
Work-in-progress	
Polyester Staple Fibre	3.67
Polyester Filament Yarn	3.71
Draw Texturised Yarn	1.39
Polyester Chips	0.01
	8.78
Finished goods	
Polyester Staple Fibre	56.99
Polyester Filament Yarn	38.66
Draw Texturised Yarn	56.71
Polyester Chips	-
	152.36



NOTES

 to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 18 TRADE RECEIVABLES

(₹ Crores)

	As at 31 March 2013
Unsecured, considered good	
- Receivables outstanding for a period exceeding six months from the date they became due for payment	5.28
- Others	82.25
	87.53

NOTE 19 CASH AND BANK BALANCES

(₹ Crores)

	Non-current As at 31 March 2013	Current As at 31 March 2013
Cash and cash equivalents		
Balances with banks:		
- Current accounts	-	9.79
Fixed deposits with original maturity period of upto three months	-	1.00
Cash on hand	-	0.10
	-	10.89
Other bank balances :		
Fixed deposits with banks with maturity period more than 3 months but upto 12 months #	-	25.65
Balances with banks:		
- Unpaid dividends *	-	0.42
Margin money accounts **	-	0.08
	-	26.15
	-	37.04
# Pledged with banks for credit limits		
* Earmarked against the corresponding provision		
** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company		

NOTE 20 REVENUE FROM OPERATIONS

(₹ Crores)

	For the year ended 31 March 2013
Sale of products	
Finished goods	3,120.83
Traded goods	0.47
	3,121.30
Less: Excise duty	256.28
	2,865.02
Other operating revenue	
Scrap sales	10.16
VAT refund	30.63
Others	4.32
	45.11
Revenue from operations (net)	2,910.13

NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 20 REVENUE FROM OPERATIONS (Contd.)

(₹ Crores)

	For the year ended 31 March 2013
Breakup of revenue from sale of products:	
Sale of finished goods	
Polyester Staple Fibre	1,561.18
Polyester Filament Yarn	873.60
Draw Texturised Yarn	649.96
Polyester Chips	23.21
Power	0.30
Waste	12.58
	3,120.83
Sale of traded goods	
Spandex	0.47
	0.47

NOTE 21 OTHER INCOME

(₹ Crores)

	For the year ended 31 March 2013
Interest from customers and fixed deposits	11.45
Dividend income from current investments	10.46
Profit on sale of current investments	202.91
Foreign exchange fluctuation (refer note 42)	2.75
Gain on sale of fixed assets	1.52
Interest on insurance claim [refer note 40(a)]	11.69
	240.78

NOTE 22 COST OF MATERIALS CONSUMED

(₹ Crores)

	For the year ended 31 March 2013
Raw materials	
Purified Terephthalic Acid	1,762.30
Mono Ethylene Glycol	621.49
Others	42.83
	2,426.62

NOTE 23 PURCHASE OF STOCK-IN-TRADE

(₹ Crores)

	For the year ended 31 March 2013
Traded goods	
Spandex	0.46
	0.46



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ Crores)

	As at 31 March 2013
Inventories at the end of the year	
- Finished goods	152.36
- Work-in-progress	8.78
- Waste	0.64
	161.78
Inventories at the beginning of the year	
-Finished goods	160.44
-Work-in-progress	9.09
-Waste	0.71
	170.24
Decrease / (increase) during the year	8.46

NOTE 25 EMPLOYEE BENEFITS EXPENSE

(₹ Crores)

	As at 31 March 2013
Salaries, wages and bonus	68.78
Leave benefits	1.67
Gratuity	1.80
Contribution to provident and other funds	5.04
Workmen and staff welfare expenses	3.95
	81.24

NOTE 26 OTHER EXPENSES

(₹ Crores)

		For the year ended 31 March 2013
Consumption of stores and spares		27.11
Packing materials consumed		46.38
Power and fuel		159.50
Freight and forwarding charges	99.19	
Less : Recovery	55.38	43.81
Rent and hire charges		5.04
Rates and taxes		3.33
Insurance	2.42	
Less: Recovery	1.45	0.97
Repairs and maintenance:		
- plant and machinery		17.40
- buildings		1.64
- others		5.95
Brokerage and commission on sales (other than to sole selling agents)		8.80
Cash discounts and claims		2.36
Directors' sitting fee		0.07
Auditors' remuneration:		

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 26 OTHER EXPENSES (Contd.)

(₹ Crores)

		For the year ended 31 March 2013
- as auditors		0.43
- for tax audit		0.06
- for other services		0.28
- for reimbursement of out of pocket expenses		0.02
Donations		0.12
Provision for diminution in the value of current investments		0.12
Legal and professional charges		4.46
Decrease in excise duty on stocks of finished goods and waste		(1.31)
Miscellaneous expenses		26.12
		352.66

NOTE 27 FINANCE COSTS

(₹ Crores)

		For the year ended 31 March 2013
Interest		31.71
Bank charges		12.81
		44.52

NOTE 28 EARNINGS PER EQUITY SHARE (EPS)

(₹ Crores)

		For the year ended 31 March 2013
Net profit as per Statement of Profit and Loss		40.26
Number of equity shares of ₹ 10 each at the beginning of the year		151,822,242
Number of equity shares of ₹ 10 each at the end of the year		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
Basic and diluted earnings per share (in ₹) (Per share of ₹ 10 each)		2.65

NOTE 29 CIF VALUE OF IMPORTS

(₹ Crores)

		For the year ended 31 March 2013
Raw materials		1,499.16
Packing material		0.15
Stores and spares		6.15
Capital goods		3.66



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 30 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ Crores)

Particulars	For the year ended 31 March 2013
Travelling	1.78
Commission	2.88
Interest	10.11
Others	0.12

NOTE 31 VALUE OF RAW MATERIALS, STORES AND SPARES AND PACKING MATERIALS CONSUMED

(₹ Crores)

Particulars	Percentage of total consumption (%)	Value
	For the year ended 31 March 2013	For the year ended 31 March 2013
Raw materials		
Imported	68	1,645.61
Indigenous	32	781.01
Total	100	2,426.62
Stores and spares		
Imported	22	6.00
Indigenous	78	21.11
Total	100	27.11
Packing materials		
Imported	-	0.12
Indigenous	100	46.26
Total	100	46.38

NOTE 32 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

(₹ Crores)

Particulars	For the year ended 31 March 2013
Period to which dividend relates to	2011-12
Number of non-resident shareholders (Nos.)	3
Number of equity shares held on which dividend was due (Nos.)	48,894,465
Amount remitted USD 778,138 and JPY 7,489,350 (₹ in Crores)	4.89

NOTE 33 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ Crores)

Particulars	For the year ended 31 March 2013
F.O.B. value of exports	749.86
Dividend	10.46
Sale of current investments (gross consideration)	208.07

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 34 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 ON “EMPLOYEE BENEFITS”

Defined contribution plans

An amount of ₹ 4.47 Crores (previous year ₹ 5.01 Crores) for the year has been recognised as an expense in respect of the Group's contributions towards Provident Fund, which is deposited with the government authorities and has been included under employee benefits expenses in the Statement of Profit and Loss.

Defined benefit plans

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

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

(₹ Crores)

Particulars	For the year ended 31 March 2013
Changes in present value of obligation	
Present value of obligation as at the beginning of the year	11.26
Interest cost	0.93
Current service cost	1.07
Past service cost	-
Benefits paid	(1.06)
Actuarial (gain) / loss on obligation	(0.19)
Present value of obligation as at end of the year	12.01
- Long term	9.91
- Short term	2.10
	12.01
Expenses recognised in the Statement of Profit and Loss	
Current service cost	1.07
Past service cost	-
Interest cost on benefit obligation	0.93
Net actuarial (gain) / loss recognised in the year	(0.19)
Gratuity expenses eligible for capitalisation	(0.01)
Expenses recognised in the Statement of Profit and Loss	1.80

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

(₹ Crores)

Particulars	For the year ended 31 March 2013
Discounting rate	8.30%
Salary Escalation Rate (per annum)	5%
Withdrawal rates	
Age- Upto 30 years	3%
31-44 years	2%
Above 44 years	1%
Mortality table	IALM (1994-96)



NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

Discounting 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.

into two business segments – (a) Polyester (b) Wind energy. Segments have been identified and reported based on the nature of the products/services, the risks and returns, the organisation structure and the internal financial reporting system.

NOTE 35 SEGMENTAL INFORMATION:

(a) Information about primary business segment

The primary reporting of the Group has been performed on the basis of business segments. The Group is organised

Particulars	Polyester	Renewable Energy	Total
Revenue			
Segment revenue (net of excise)	2,865.02	-	2,865.02
Other operating income	45.11	-	45.11
Total revenue	2,910.13	-	2,910.13
Results			
Segment profit/ (loss)	(116.32)	(0.99)	(117.31)
Unallocated income (other than interest income)			229.33
Profit/ (loss) before interest, taxation and exceptional items			112.02
Interest expense			(44.52)
Interest income			11.45
Profit/ (loss) before taxation and exceptional items			78.95
Exceptional items			
Foreign exchange fluctuation			(39.26)
Net profit before tax			39.69
Income taxes			(0.57)
Net Profit after tax			40.26
Segment assets	1,889.71	212.19	2,101.90
Unallocated corporate assets			85.19
Total assets			2,187.09
Segment liabilities	611.30	0.78	612.08
Unallocated corporate liabilities			947.26
Shareholder's fund			627.75
Total liabilities			2,187.09
Capital expenditure	47.62	209.62	257.24
Depreciation and amortisation	157.99	0.01	158.00

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

(b) Information on secondary/ geographical segment

The Group sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Group considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

Particulars	2012-13
Segment revenue	
Domestic	2,130.82
Overseas	779.31
Total	2910.13
Segment debtors	
Domestic	56.55
Overseas	30.98
Total	87.53

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

(c) Accounting policies for segment

The accounting principles consistently used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments as set out in this schedule on significant accounting policies. In addition, the accounting policies in relation to segment accounting are as follows:

(i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current and non-current assets and long term and short term loans and advances except advance tax, MAT credit and investments. Segment

liabilities include all operating liabilities in respect of a segment and consist principally of creditors and accrued liabilities. Segment liabilities do not include share capital, reserves, share warrants, borrowings, proposed dividend, provision for tax and deferred tax liability.

(ii) Segment revenue and expenses

Segment revenue and expenses are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. However, segment revenue and expenses do not include interest and other income/expense in respect of non segmental activities.

NOTE 36 RELATED PARTY DISCLOSURES

- (i) Related parties where control exists: Nil
- (ii) Other related parties with whom Group had transactions:

(a) Key management personnel and their relatives	Mr. Mohan Lal Lohia, Chairman Emeritus
	Mr. Om Prakash Lohia, Chairman & Managing Director ('CMD')
	Mr. Vishal Lohia, Whole Time Director ('WTD')
	Mr. Ashok Jagjivan Gupta (Executive director)
	Mr. R Narayan Kumar (Executive Director)
	Mrs. Urmila Lohia, wife of CMD
	Mr. Alope Lohia, Brother of CMD
	Mrs. Ritika Kumar, Daughter of CMD
	Ms. Aruna Goenka, Sister of CMD
	Mrs. Rimple Lohia, Wife of WTD
(b) Enterprises over which key management personnel or their relatives have significant influence	Indo Rama Petrochem Limited (IRPL), Thailand T P T Petrochemicals PCL (TPT Petro), Thailand P.T. Indo Rama Synthetics TBK, Jakarta
(c) Enterprises having significant influence	Brookgrange Investments Limited



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

(iii) Transactions with related parties:

Particulars	Key Management Personnel	Enterprises over which key management personnel or their relatives have significant influence	Enterprises having significant influence	Total
Purchases of raw material				
- IRPL		331.93		331.93
- TPT Petro		505.81		505.81
Sale of Finished goods and spares				
- P T Indo Rama Synthetics, TBK		2.01		2.01
Managerial remuneration *				
- Mr. Om Prakash Lohia	2.49			2.49
- Mr. Vishal Lohia	1.72			1.72
- Mr. Ashok Jagjivan Gupta	0.29			0.29
- Mr. R Narayan Kumar	1.00			1.00
Balances outstanding as at the year end				
- IRPL (Trade payable)		112.47		112.47
- TPT Petro (Trade payable)		78.10		78.10
- P T Indo Rama Synthetics (Trade receivable)		2.01		2.01

* Excludes expenditure towards retirement benefits and compensated absences since the same is based on actuarial valuation for the Company as a whole.

NOTE 37 OBLIGATION ON LONG TERM IN RESPECT OF OPERATING LEASE

The Group 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:

Particulars	For the year ended 31 March 2013	
Lease rental expense	5.03	
	Total future minimum lease rentals payable as on 31 March 2013	Total future minimum lease rentals payable as on 31 March 2012
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	0.64	2.31
Total	8.98	10.65

NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

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

Contingent liabilities:

■ Claims against the Company not acknowledged as debts.

Particulars	As at 31 March 2013
Excise / customs / service tax matters in dispute/ under appeal	303.61
Income tax matters in dispute/ under appeal	17.53
Sales tax matters in dispute/ under appeal	6.07
Claims by ex-employees, vendors, customers and civil cases	0.61

■ For certain insurance claims, refer to note 40.

■ Commitments:

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 15.26 Crores.
- On 25 January 2012, the Group has entered into a memorandum of understanding ('MoU') with Indorama Ventures PCL, Thailand, for manufacturing of Purified Terephthalic Acid (PTA) and downstream products Polyethylene (PET) and Polyester Staple Fiber (PSF). The project is at an initial stage of conceptualisation. As

a part of the above process, the Company has entered into a Memorandum of Understanding ('MoU') with Government of Tamil Nadu to set up the above project.

- The Group has commitments to export 343,010 MT (previous year 380,632 MT) of finished goods over a period of three years pursuant to import of duty free material under advance license scheme.
- The holding Company ('IRSL') has pledged investment and provided corporate guarantee in favour of lender (L&T) in terms of loan sanctioned to the IRRJL.

NOTE 39 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Foreign currency forward contracts outstanding:

Purpose	As at 31 March 2013	
	USD Millions	INR
Hedging of expected future exports (Sell)	139.15	755.32

(b) Particulars of unhedged foreign currency exposure:

Particulars	Currency	As at 31 March 2013		
		Amount in foreign currency (Millions)	Exchange rate (in absolute rupees)	Amount (in ₹ Crores)
Trade receivables*	USD	-	-	-
Trade payables	USD	66.89	54.29	363.15
	Euro	0.02	69.53	0.12
	JPY	53.49	0.58	3.08
Advance from customers	USD	0.33	54.29	1.77
Loans (including interest payable)	USD	68.93	54.29	374.21
	Euro	20.74	69.53	144.22

* Excluding forward contracts taken on past performance basis, amounting to USD 5.7 million (Previous year USD 7.9 million) equivalent to ₹ 30.98 Crores (Previous year ₹ 39.99 Crores).



NOTES to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 40 INSURANCE CLAIMS RECEIVABLES

- (a) The Group 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 Group has, during the previous years, initiated the arbitration process for a claim of ₹ 72.94 Crores for loss of business interruption and for a claim of ₹ 6.43 Crores for loss of assets. While the said matter was pending conclusion by the Arbitral Tribunal, the Group, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 Crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 Crores. During the year, on 1 August 2012, the Arbitral Tribunal has decided the matter in the favour of the Group with an award of ₹ 32.45 Crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Group has recorded the interest receivable amounting to ₹ 11.69 Crores upto July 2012 (the date of order) and aligned the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court. Pending disposal by the High Court and as a matter of prudence, the Group has not recognised the interest for the period after July 2012.
- (b) During the previous year, the Group has accrued income in regard to insurance claims aggregating to ₹ 8.73 Crores (including interest and compensation for cost) pertaining to the financial year ended 31 March 2000. The claim has been recorded based on the arbitration award decided in the favour of the Group. The Delhi High Court has already released the amount of ₹ 8.7 Crores in the favour of the Group against a corporate guarantee.
- (c) Consequent to an incident of fire during the year 2011-12, the Group has during the year spent ₹ 7.58 Crores on refurbishment of the concerned plant and machinery, which has been recognised as a receivable under other current assets. The Group is in the process of filing a claim with the insurance Company. The Group strongly believes and is reasonably certain that it will be able to realise the above amounts in the normal course and, therefore, all the claims have been classified as current.

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

Sl. no.	Particulars	2012-13
(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.	-

* ₹ 25 thousand

** ₹ 306 thousand

₹ 10 thousand

₹ 77 thousand

NOTES

to the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 42 Hitherto, the exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost, were treated as borrowing cost in terms of the Accounting Standard (AS) -16, "Borrowing Costs". During the year, pursuant to a clarification dated 9 August 2012 from the MCA, the Group has changed the accounting policy, w.e.f from 1 April 2011 to treat the same as "foreign exchange fluctuation" to be accounted as per AS-11, "The Effects of Changes in Foreign Exchange Rates" instead of the "borrowing costs". This change has resulted into increase in other income by ₹ 2.75 Crores (pertaining to the year ended 31 March 2012) for the year ended 31 March 2013 and the increase in depreciation for the year ended 31 March 2013 by ₹ 0.15 Crores (pertaining to the year ended 31 March 2012).

NOTE 43 During the past few years, there has been significant volatility in the raw material prices which are linked with crude oil prices and is subject to foreign exchange fluctuations. In comparison, the sales realisation in the industry has not been encouraging to respond to the raw material price variations. In addition, stiff competition, low capacity utilisation, high inflation, high interest rates and weakened rupee has resulted into a temporary phase of low operating margins/losses in the recent past. However, the Group's products command a premium in the market due to cost competitiveness and quality standards. Further, the Group has internally assessed its position and the future outlook and has also initiated various measures including

strategic steps to ensure profitable operations. These initiatives and business outlook include cost savings initiatives, exploration of new markets, focussing on value added products, developing backward integration facilities towards producing certain key input materials.

NOTE 44 The Group had made an early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments-Recognition and Measurement", issued by Institute of Chartered Accountants of India for accounting for forward exchange contracts taken for highly probable / forecast transactions, which are not covered by Accounting Standard 11. An amount of ₹ 21.11 Crores (previous year ₹ 27.09 Crores) has been recognized as income in these financial statements for the year ended 31 March 2013 and included in exceptional items as an adjustment on the said application of Accounting Standard 30.

NOTE 45 During the current year, due to significant volatility in the foreign currency vis-à-vis local currency, the Group has considered the foreign exchange fluctuation as an exceptional item in the Statement of Profit and Loss.

NOTE 46 Since, this is the first year of preparation of the consolidated financial statements of the Group, there are no previous year comparatives.

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm registration number: 128901W

Kaushal Kishore

Partner

Membership No.: 090075

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

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayant K Sood

Company Secretary

ICSI Membership No.: FCS 4482

Ashok Kumar Ladha

Director

DIN: 00089360

Anupam Singhania

Head - Finance

ICAI Membership No.: 093175

Place : Gurgaon
Date : 10 May 2013

Place : Gurgaon
Date : 10 May 2013



INFORMATION RELATED TO SUBSIDIARIES INCLUDING SUBSIDIARIES OF SUBSIDIARIES:

(In terms of Government of India, Ministry of Corporate Affairs General Circular No. 2/2011, No: 5/12/2007-CLIII dated 8 February 2011)

S. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	(Loss)/Profit Before Taxation	Provision for Taxation	(Loss)/Profit After Taxation	Proposed Dividend	Country
1	Indo Rama Renewables Limited	INR	36.99	(0.44)	65.13	65.13	-	-	(0.44)	-	(0.44)	-	India
2	Indo Rama Renewables Jath Limited	INR	56.78	(0.51)	204.32	204.32	-	-	(0.51)	-	(0.51)	-	India
3	Indo Rama Renewables Porbandar Limited	INR	0.05	(0.02)	2.41	2.41	-	-	(0.02)	-	(0.02)	-	India
4	Indo Rama Renewables Ramgarh Limited	INR	0.05	(0.03)	2.24	2.24	-	-	(0.03)	-	(0.03)	-	India

TEN YEAR AT A GLANCE

Year ended 31 March	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Sales & Other Income (₹/Million)	34,072	33,883	30,446	26,899	25,962	28,592	22,177	21,647	22,283	22,988
(Of which Exports Turnover) (₹/Million)	8,421	9,089	8,053	5,296	4,228	5,347	3,400	3,291	2,791	2,045
PBDIT (₹/Million) *	2,432	2,538	4,279	2,338	1,348	2,573	1,807	1,947	2,431	3,960
Finance costs (₹/Million)	445	612	697	770	1,138	1,029	396	295	389	469
Profit before Depreciation / Amortisation and Tax (₹/Million) *	1,987	1,926	3,582	1,568	210	1,544	1,411	1,652	2,043	3,491
Depreciation/DRE-W/O (₹/Million)	1,580	1,544	1,499	1,491	1,515	1,473	1,068	981	978	965
Profit/(Loss) before Tax (₹/Million)	407	382	2083	76	(1,305)	71	343	672	1,065	2,526
Profit/(Loss) after Tax (₹/Million)	413	320	1394	71	(978)	30	206	518	702	1,717
Earning/(Loss) per Share (₹)	2.72	2.11	9.18	0.47	(6.44)	0.2	1.57	3.93	5.33	12.99
Gross Fixed Assets (₹/Million)	32,235	31,696	30,542	30,327	30,723	30,109	28,060	20,734	20,737	20,578
Net Current Assets/ (Liabilities) (₹/Million)	1,049	840	829	316	(164)	1,360	54	(1,522)	307	424
Equity Capital (₹/Million)	1,518	1,518	1,518	1,518	1,518	1,518	1,318	1,318	1,318	1,318
Reserves & Surplus # (₹/Million)	4,566	4,475	4,477	3,569	3,636	4,817	5,273	5,357	5,433	5,468
Loan Funds (₹/Million)	5,660	5,872	6,085	8,711	10,134	10,961	9,418	5,609	5,765	7,886
Net Worth # (₹/Million)	6,287	6,196	6,198	5,087	5,154	6,335	6,591	6,675	6,746	6,754
Book Value/Share (₹)	41.41	40.82	40.83	33.51	34	42	50	51	51	51
Sales/Share Capital (Times)	22.45	22.32	20.06	17.72	17	19	16	16	17	17

* Including Exceptional items, for 2012-13, 2011-12 & 2010-11

Includes Revaluation of Assets.

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

MARKETING OFFICES

Ahmedabad

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

Bhilwara

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

Coimbatore

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

Erode

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

Gurgaon

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

Hyderabad

House No 12-1-1314-/A/5,
Laxmi Nagar,
North Lalaguda,
Secunderabad – 500 017
Andhra Pradesh, India

Kolkata

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

Ludhiana

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

Madurai

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

Mumbai

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

Panipat

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

Silvassa

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

Surat

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

Tirupur

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

MANUFACTURING COMPLEX

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

INDO RAMA Synthetics (India) Limited

Corporate Office

20th Floor, DLF Square, DLF Phase II, NH 8, Gurgaon - 122002, Haryana, India.

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

E-mail: corp@indorama-ind.com

Registered Office

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

Tel: 91 7104 663 000/01, Fax: 91 7104 663200

This report is available online at

www.indoramaindia.com



INDO RAMA SYNTHETICS (INDIA) LIMITED

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

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Indo Rama Synthetics (India) Limited will be held on Thursday, the 4th July, 2013 at 12:00 Noon at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Mohan Lal Lohia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Arvind Pandalai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors, M/s. B S R and Associates, Chartered Accountants (Regn. No. 128901W), Gurgaon, are eligible for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Suman Jyoti Khaitan, who was appointed as an Additional Director of the Company by the Board of Directors, as per Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who being eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Ashok Jagjivan Gupta, who was appointed as an Additional Director of the Company by the Board of Directors, as per Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature

for the office of Director, under Section 257 of the Companies Act, 1956 and who being eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals as may be necessary, consent of the Members of the Company be and are hereby accorded to the appointment of Mr. Ashok Jagjivan Gupta as Whole-time Director & CEO of the Company, for a period of 3 years commencing from 30 January 2013 to 29 January 2016 and the remuneration payable to Mr. Ashok Jagjivan Gupta for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the draft agreement to be executed between the Company and Mr. Ashok Jagjivan Gupta, submitted to this meeting, which agreement be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as “Board” which terms shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Ashok Jagjivan Gupta.”

“RESOLVED FURTHER THAT the consent of the Members of the Company be and are hereby also accorded that where in any financial year, during the term of office of Mr. Ashok Jagjivan Gupta, the Company has no profits or its profits are inadequate, Mr. Ashok Jagjivan Gupta shall continue to get the same remuneration as aforesaid as minimum remuneration.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolutions.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment

thereof, for the time being in force) and subject to such approvals as may be necessary, consent of the Members of the Company be and are hereby accorded to the re-appointment of Mr. Om Prakash Lohia as Chairman & Managing Director of the Company, for a further period of 5 years commencing from 26 December 2012 to 25 December 2017 and the remuneration payable to Mr. Om Prakash Lohia for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the draft agreement to be entered into between the Company and Mr. Om Prakash Lohia, submitted to this meeting, which agreement be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which terms shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Om Prakash Lohia."

"RESOLVED FURTHER THAT the consent of the Members of the Company be and are hereby also accorded that where in any financial year, during the term of office of Mr. Om Prakash Lohia, the Company has no profits or its profits are inadequate, Mr. Om Prakash Lohia shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, wherever required."

"RESOLVED FURTHER THAT pursuant to provisions of Section 198 and Section 309 of the Companies Act, 1956 and other applicable provisions, if any, and subject to the approval of the Central Government, the consent of the Members of Company be and are hereby accorded to waive the remuneration paid, in excess of the limits prescribed in the Companies Act, 1956, to Mr. Om Prakash Lohia, Chairman & Managing Director of the Company, for the financial year 2011-12 and from 1 April 2012 to 25 December 2012."

"RESOLVED FURTHER THAT any of the Directors and the Company Secretary of the Company be and are hereby severally authorized to make an application to the Central Government and that also authorized to do all such acts, deeds and things and furnish such information/ clarification/ declaration, certificate and other papers as may be required to be done in this regard including making of representation before the Central Government".

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other

applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals as may be necessary, consent of the Members of the Company be and are hereby accorded to the re-appointment of Mr. Vishal Lohia as Whole-time Director of the Company, for a further period of 3 years commencing from 1 April 2013 to 31 March 2016 and the remuneration payable to Mr. Vishal Lohia for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the draft agreement to be executed between the Company and Mr. Vishal Lohia, submitted to this meeting, which agreement be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which terms shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Vishal Lohia."

"RESOLVED FURTHER THAT the consent of the Members of the Company be and are hereby also accorded that where in any financial year, during the term of office of Mr. Vishal Lohia, the Company has no profits or its profits are inadequate, Mr. Vishal Lohia shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, wherever required."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolutions."

By order of the Board of Directors

Place : Gurgaon

Dated : 10 May 2013

Jayant K Sood

VP (Corp. HR) & Company Secretary

Notes:-

- i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.**
- ii) Explanatory Statement under Section 173(2) of the Companies Act, 1956 relating to Special Business, to be transacted at the meeting is annexed hereto.

- iii) In terms of Article 118 of the Articles of Association of the Company, Mr. Mohan Lal Lohia and Dr. Arvind Pandalai retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointments. Brief resume of these Directors, nature of their expertise in specific functional areas, names of Companies in which they hold directorship and memberships/chairmanships of Board Committees and shareholding as stipulated in Clause 49 of the Listing Agreement is separately annexed herewith.
- iv) The Register of Members and share transfer books of the Company will remain closed from 27th day of June, 2013 to 4th day of July, 2013 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares.
- v) Dividend of ₹ 1/- per equity share has been recommended by the Board of Directors and subject to the approval of the Members at the ensuing Annual General Meeting, is proposed to be paid on and around 23 July 2013.
- vi) The amount of dividend remaining unclaimed up to a period of seven years from the date of payment thereof is liable to be transferred to the "Investor Education and Protection Fund" of the Central Government under Section 205C of the Companies Act, 1956.
- vii) Members who have not en-cashed their dividend warrant(s) so far for the said amounts are requested to make their claims to the Company. No claim shall lie against the Company or the said fund in respect of the amounts remaining unclaimed, once the unclaimed dividend is transferred to the Central Government.
- viii) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.
- ix) Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.
- x) Members holding shares in physical form, who have not yet provided the Bank details are once again requested to provide their latest Bank Account Number, Name of Bank and address of the Branch, quoting their Folio Number to the Company to enable the Company to print the Bank Account details on the Dividend Warrants. This would ensure safety in so far as the dividend warrant, if lost or misplaced, cannot be used for any other purpose except for depositing the same in the account specified on the dividend warrant.
- xi) Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31 March 2013, may visit the Company's website www.indoramaindia.com or send their queries at least 10 days before the Annual General Meeting, to the Company Secretary at the Corporate Office at 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002.
- xii) The documents referred to in the proposed resolutions are available for inspection, at the Registered Office of the Company, during working hours, between 10:00 AM to 1:00 PM (except on public holidays), upto the date of the Annual General Meeting.
- xiii) Details under Clause 49 of the Listing Agreement with the StockExchanges in respect of directors seeking appointment/ re-appointment at the Annual General Meeting, is separately annexed hereto.
- xiv) Green Initiative in Corporate Governance - Service of Documents in Electronic Form: As you are aware, Ministry of Corporate Affairs (MCA), Government of India, vide its Circular Nos. 17 & 18 dated 21 April 2011 and 29 April 2011, respectively, has now allowed the Companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their Members electronically as a part of its Green Initiatives in Corporate Governance. Keeping in view the aforesaid initiative of MCA, your Company shall send the Annual Report, to its Members in electronics form, to the e-mail address provided by them.

By order of the Board of Directors

Place : Gurgaon

Dated : 10 May 2013

Jayant K Sood

VP (Corp. HR) & Company Secretary

EXPLANATORY STATEMENT

(Section 173 (2) of the Companies Act, 1956)

Item No. 6

The Board of Directors of the Company appointed Mr. Suman Jyoti Khaitan as an Additional Director as per Article 118 of the Articles of the Association of the Company with effect from 30 January 2013 and as such he holds office upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose the candidature of Mr. Khaitan for appointment as Director in this behalf.

Mr. Khaitan, aged about 54 years is a practicing Advocate in India since 1985. In 2004, he founded the law Firm, Suman Khaitan & Co. In January, 2007, he was appointed as a Notary. In 2008, he founded the law Firm, Khaitan & Partners.

Your Directors consider it desirable that the Company should receive the benefit of his valuable advice and experience and commend his appointment.

None of the Directors, except Mr. Khaitan, himself is concerned or interested in the Resolution.

Item Nos. 7 & 8

The Board of Directors of the Company appointed Mr. Ashok Jagjivan Gupta as an Additional Director as per Article 118 of the Articles of the Association of the Company with effect from 30 January 2013 and as such he holds office upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose the candidature of Mr. Gupta for appointment as Director in this behalf.

Mr. Ashok Jagjivan Gupta has also been appointed as Whole-time Director & CEO of the Company for three (3) years effective from 30 January 2013, by the Board of Directors of the Company in their Meeting held on 30 January 2013, on the terms and conditions including remuneration as are specified in draft agreement to be executed between him and the Company (a copy of which shall be placed before the meeting). Mr. Gupta, aged about 56 years is a B. Tech (Chemical Engineering) and has extensive working experience of more than 3 decades in managing businesses at key positions in various organisations. Mr. Gupta would be responsible for the overall business operations and affairs of the Company.

The Abstract dated 30 January 2013 under Section 302 of the Companies Act, 1956 was circulated to the Members.

The remuneration payable to Mr. Gupta, as approved by the Remuneration Committee of the Directors of the Company in pursuance to the Schedule XIII of the Companies Act, 1956 is as under:

- 1) Salary: ₹ 300,000/- per month.
- 2) Allowances:
 - i) House Rent Allowance: Company shall reimburse actual House Rent paid by Mr. Gupta, subject to maximum limit of ₹ 200,000/- per month.

- ii) Special Allowance: Special pay and allowances of ₹ 3,800,000/- per annum.

3) Perquisites:

- i) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family upto ₹ 1, 250/- per month or ₹ 15,000/- per annum.
- ii) Leave Travel Concession: Leave Travel Allowance for self and family once in a year to and fro any place in India or abroad upto ₹ 17,142/- per month or ₹ 205,704/- per annum, as per the Rules of the Company.
- iii) Annual Performance Bonus: Performance Bonus as may be decided by the Board/Committee of directors subject to a maximum of ₹ 6,500,000/- per annum.
- iv) Telephone usage: Telephone and internet, fax at residence will be provided by the Company for official use.
- v) Conveyance: use of Company's maintained car(s) with driver(s).

Explanation: Provision of car for use on the Company's business and Telephone / Fax at residence will not be considered in computing the value of perquisite(s).

- vi) Medi-claim Insurance for self and spouse: As per Company Policy.
- vii) Group Personal Accident Insurance: As per Company Policy.

Note: All the above perquisites shall be interchangeable, i.e., any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).

4) Retirement Benefit:

In addition to the perquisites as aforesaid, Mr. Gupta, shall also be entitled to the following annual benefits forming part of his remuneration:

- a) Provident Fund: Company's Contribution towards Provident Fund shall be as per the Rules of the Company, i.e., @ 12% of the Basic Salary.
- b) Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company.

- 5) Leave: As per rules of the Company but not exceeding one month's leave with full salary for every 11 months of service. Leave accumulated but not availed during the tenure as Whole-time Director & CEO may be allowed to be encashed at the end of tenure as per the rules of the Company.
- 6) Reimbursement of expenses: Reimbursement of all entertainment, travelling, hotel and other expenses incurred by Mr. Gupta during the course of his employment in connection with the business of the Company.

- 7) Sitting Fee: No sitting fee shall be paid to Mr. Gupta for attending the Meetings of Board of Directors of the Company or any Committees thereof.
- 8) Minimum Remuneration: In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Gupta will be entitled to the above remuneration along with the perquisites/benefits mentioned above as and by way of minimum remuneration.

None of the other Directors are concerned or interested in the said Resolutions.

The Board of Directors of the Company commend passing of the Resolutions as set out at Item Nos. 7 & 8.

Item No.9

The Board of Directors of the Company re-appointed Mr. Om Prakash Lohia as the Chairman & Managing Director of the Company for a further period of five years with effect from 26 December 2012 in their Meeting held on 17 October 2012, on the terms of re-appointment and remuneration payable to Mr. Om Prakash Lohia as Chairman & Managing Director of the Company as specified in the agreement to be executed between Mr. Lohia and the Company.

Mr. Om Prakash Lohia after graduation from Calcutta University joined the family business of textiles and got the best of exposure in all aspects and functions of business management including International Markets. Mr. Lohia propelled Indo Rama to the forefront of the Indian Synthetic/Man Made Fibre Industry. Today, the Company is one of the largest dedicated manufacturer of Polyester products in the Country and Mr. Om Prakash Lohia is actively involved as Chairman & Managing Director of the Company in the business policy decisions of the Company.

The Company has recently initiated many value addition projects such as Expansion of production capacity by adding of new high capacity Draw Texturised Yarn (DTY) machines, replacing existing heat treatment media (HTM) with coal based plant and setting up Steam turbine generator of capacity of 11 MW to utilise the spare boiler capacity. Mr. Om Prakash Lohia is providing valuable insights and vision for the Company's sustained growth initiatives and plans. Mr. Lohia constantly provides leadership and guidance to qualified and well experienced professionals across all key organisational functions, to enable them to add value to the Company's growth.

Mr. Om Prakash Lohia is regarded and recognised as a thought leader because of his business acumen and forethought of the global trends and his understanding of macroeconomics in the world markets. Mr. Lohia's contribution to Indian Economy and Industry was well recognised with the 'Udyog Ratna Award' from the Government of Madhya Pradesh and an 'Outstanding Personalities Award' from Karnataka Employers' Association. The SMART Manager, has chosen him as "one of the top 25 managers of India" for steering Indo Rama to greater heights. He is the past President of the All India Organisation of Employers (AIOE) and has represented India in the ILO conference held in Geneva.

The Abstract dated 23 October 2012 under Section 302 of the Companies Act, 1956 was circulated to the Members.

The Board of Directors of the Company in their meeting held on 17 October 2012, has, subject to the approval of the members, unanimously approved the remuneration payable to Mr. Om Prakash Lohia, with effect from 26 December 2012, as set out under:

- 1) Salary : ₹ 1,680,000/- per month.
- 2) Commission: 2% of the Net Profits of the Company in any financial year as per the provisions of the Companies Act, 1956.
- 3) Perquisites & Allowances: Mr. Om Prakash Lohia shall be entitled to the following perquisites:-
 - (i) Housing: House Rent Allowance of ₹ 540,000/- per month.
 - (ii) Expenses pertaining to Gas, Electricity, Water, furnishings and other utilities including repairs will be borne / reimbursed by the Company on actuals subject to a maximum of ₹ 432,000/- in one year.
 - (iii) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family will be ₹ 2,400/- per month or ₹ 28,800/- in one year.
 - (iv) Leave Travel Concession: Leave Travel Concession for self and family to and fro any place in India or abroad upto ₹ 144,000/- per annum as per rules of the Company.
 - (v) Personal Accident Insurance: Premium not to exceed ₹ 43,200/- per annum.
 - (vi) Club Fees: Fees in respect of two Clubs will be ₹ 216,000/- per annum.
 - (vii) Hospitalisation benefit: As per rules of the Company.
 - (viii) Conveyance: Use of the Company's maintained car(s) with driver(s).
 - (ix) Telephone: Telephone and fax at residence.
Explanation: Provision of cars for use on the Company's business and telephone / fax at residence will not be considered in computing the value of perquisites.
Note: All the perquisites will be interchangeable, i.e., any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).
- 4) In addition to the perquisites as aforesaid, Mr. Lohia shall also be entitled to the following annual benefits forming part of his remuneration.
 - (a) Provident Fund: Company's contribution towards Provident Fund shall be as per the rules of the Company, i.e. @12% of the Basic Salary.
 - (b) Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company.

- 5) Leave: As per the rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.

Leave accumulated and not availed during his tenure as Chairman & Managing Director may be allowed to be encashed at the end of the tenure as per rules of the Company.

- 6) Reimbursement of expenses: Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Mr. Lohia during the course of his employment and in connection with the business of the Company.
- 7) Sitting Fee: No sitting fee shall be paid to Mr. Lohia for attending the Meetings of Board of Directors of the Company or any Committees thereof.
- 8) Minimum Remuneration: In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Lohia, will be entitled to the above remuneration alongwith the perquisites/benefits mentioned above by way of minimum remuneration in accordance with the applicable provision of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government or such other approvals as may be required.
- 9) The remuneration paid to Mr. Om Prakash Lohia for the period starting from 1 April 2011 to 25 December 2012 was duly approved by the members of the Company by passing a Special resolution in the Annual General Meeting held on 14 July 2011. The remuneration was paid on the basis of profit for the financial year 2009-10. There were inadequate profits for the financial year 2011-12 and 2012-13. The application for waiver of excess remuneration paid is subject to the approval of the Central Government for the period 1 April 2011 to 25 December 2012.

None of the Directors except Mr. Om Prakash Lohia himself and Mr. Mohan Lal Lohia and Mr. Vishal Lohia, who are related to Mr. Om Prakash Lohia are concerned or interested in the said Resolution.

The Board of Directors of the Company commend passing of the Resolutions as set out at Item No. 09.

Item No.10

The Remuneration Committee in their Meeting held on 1 April 2013, has re-appointed Mr. Vishal Lohia as Whole-time Director of the Company for a further period of 3 (three) years with effect from 1 April 2013 to 31 March 2016 together with revised remuneration under the provisions of Sections 198, 269, 309 & 310 and Schedule XIII of the Companies Act, 1956.

Mr. Vishal Lohia is an alumnus of Bryant College, USA, having graduated in Finance & Economics. Mr. Vishal Lohia has paced himself with thorough grooming on the job at Indo Rama Synthetics (India) Limited. He has been taking on increasing responsibilities, driving the initiatives at Indo Rama to strategically position it as a leading player on the global industrial map. A young and dynamic visionary, Mr. Vishal Lohia (35 years) has been instrumental in the recent foray of Indo Rama into the energy sector. He has been actively involved in various industry

forums taking up the cause and concerns of polyester industry on economic and trade issues.

In consideration of performance of his duties as Whole-time Director and having regard to other relevant factors, viz.; the improved performance and profitability of the Company during the financial year 2012-13 and expected better performance in the current financial year as well as in coming years.

The explanatory statement together with the accompanying Notice may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

The Board of Directors of the Company in their meeting held on 10 May 2013, has, subject to the approval of the members, unanimously re-considered the remuneration payable to Mr. Vishal Lohia, with effect from 1 April 2013, as set out under:

- 1) Salary : ₹ 870,000/- per month.
- 2) Perquisites & Allowances: Mr. Vishal Lohia shall be entitled to the following perquisites:-
 - (i) Housing: House Rent Allowance of ₹ 650,000/- per month.
 - (ii) Expenses pertaining to Gas, Electricity, Water, furnishings and other utilities including repairs will be borne / reimbursed by the Company on actual subject to a maximum of ₹ 45,400/- per month or ₹ 544,800/- in one year.
 - (iii) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family will be ₹ 18,000/- per month or ₹ 216,000/- in one year.
 - (iv) Leave Travel Concession: Leave Travel Concession for self and family to and fro any place in India or abroad upto ₹ 360,000/- per annum as per rules of the Company.
 - (v) Personal Accident Insurance: Premium not to exceed ₹ 21,600/- per annum.
 - (vi) Club Fees: Fees in respect of two Clubs will be ₹ 21,600/- per annum.
 - (vii) Hospitalisation benefit: As per rules of the Company.
 - (viii) Conveyance: Use of the Company's maintained car(s) with driver(s).
 - (ix) Telephone: Telephone and fax at residence.

Explanation: Provision of cars for use on the Company's business and telephone / fax at residence will not be considered in computing the value of perquisites.

Note: All the perquisites will be interchangeable, i.e., any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).

- 3) In addition to the perquisites as aforesaid, Mr. Vishal Lohia shall also be entitled to the following annual benefits forming part of his remuneration.
 - (a) Provident Fund: Company's contribution towards Provident Fund shall be as per the rules of the Company, i.e., @12% of the Basic Salary.
 - (b) Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company.

- 4) Leave: As per the rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.

Leave accumulated and not availed of during his tenure as Whole-time Director may be allowed to be encashed at the end of the tenure as per rules of the Company.

- 5) Reimbursement of expenses: Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Mr. Vishal Lohia during the course of his employment and in connection with the business of the Company.
- 6) Sitting Fee: No sitting fee shall be paid to Mr. Vishal Lohia for attending the Meetings of Board of Directors of the Company or any Committees thereof.
- 7) Minimum Remuneration: In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Vishal Lohia, will be entitled to the above remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in accordance with the applicable provision of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if required.

None of the Directors except Mr. Vishal Lohia himself and Mr. Mohan Lal Lohia and Mr. Om Prakash Lohia, who are related to Mr. Vishal Lohia are concerned or interested in the said Resolution.

The Board of Directors of the Company commend passing of the Resolutions as set out at Item No. 10.

Statements in terms of Schedule XIII of the Companies Act, 1956 as amended vide Notification No. GSR 36(E) dated 16th January, 2002 (as amended) Relating to Remuneration payable to Managerial persons.

I. GENERAL INFORMATION:

1. Nature of Industry:

The Company is engaged in the manufacturing of Polyester products, viz., Partially Oriented Yarn (POY), Polyester Staple Fibre (PSF) and Polyester Chips (PC).

2. Date or expected date of commencement of commercial production:

The Company was incorporated on 28 April 1986 as a Public Limited Company. The Company is already in operation after obtaining Certificate of Commencement of business on 24 November 1986.

3. Financial performance based on given indicators:

As per the Audited Financial Results for the financial year ended 31 March 2013.

	(₹ Crores)
Net Sales and Other Income	3,150.91
Profit before Interest, Depreciation and Tax (EBIDTA)	243.19
Interest (Financial Exp.)	44.51
Profit before Depreciation and Tax (PBDT)	198.68

Depreciation	157.99
Profit before Tax (PBT)	40.69
Provision for Tax	(0.57)
Profit after Tax (PAT)	41.26

4. Export performance and net foreign exchange earned for the financial year ended 31 March 2013:

FOB value of Exports	749.86
Other	218.53
Total	968.39

5. Foreign Investments:

The Company has investments in Indo Rama Ventures Public Company Limited engaged in petrochemicals business.

II. INFORMATION ABOUT APPOINTEE:

(a) Mr. Ashok Jagjivan Gupta

1. Background details:

Mr. Ashok Jagjivan Gupta, aged about 56 years, joined the Company on 17 December 2012 and he was inducted on the Board of the Company as Whole-time Director & CEO on 30 January 2013. He possesses a B. Tech (Chemical Engineering) and has also undergone various training programmes which include, Leadership Programme by Harvard Professors at TMTC Pune, Leadership Symposium at Saint Gallen University, Switzerland, Long Term Firm Value Creation by NYU Stern at TMTC Pune, Managing Changes by Michigan University at TMTC Pune, Finance Management at IIM Calcutta, SAP Certification programme in Process Module, Delhi, Natural Gas Course organised by PETRONAS at Bintulu, Malaysia. Mr. Gupta has extensive working experience of more than 3 decades in managing businesses at key positions in various organisations. He has been on the Board of numerous organisations, viz.; JOI Limited, Tata Chemical JV, Magadi Soda Company and Nagarjuna Oil Corporation Limited. Prior to joining with the Company, Mr. Gupta was Chief Executive Officer of Strategic Energy Technology Systems Pvt. Limited, a Tata Sasol Joint Venture Company.

2. Past Remuneration:

Remuneration paid during the year ended 31 March 2013:

	(₹ in 000')		
	Salary	Perquisites and other benefits	Total
Mr. Ashok Jagjivan Gupta	2,671	240	2,911

3. Recognition or awards: Nil

4. Job Profile and his Suitability:

Mr. Gupta, Whole-time Director & CEO has been looking after the overall affairs and operations of the Company under the supervision and control of the Board of Directors. The Company has made enormous progress under the stewardship of Mr. Gupta, who has the management experience to handle diverse nature of businesses of the Company and the vision to take the business forward. In consideration of the performance of his duties as the Whole-time Director & CEO, the Remuneration Committee of the Company approved the remuneration payable to Mr. Gupta as Whole-time Director and CEO for a period of 3 years, w.e.f. 30 January 2013 under provisions of Sections 198, 269 & 309 and Schedule XIII of the Companies Act, 1956, which has also been approved by the Board of Directors of the Company in its meeting held on 30 January 2013.

5. Remuneration proposed:

As stated in the Explanatory Statement at Item No. 8 of the Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities assigned to Mr. Ashok Jagjivan Gupta by the Board of Directors the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other Companies.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Ashok Jagjivan Gupta has no other material pecuniary relationship.

(b) Mr. Om Prakash Lohia

1. Back ground details:

Mr. Om Prakash Lohia is the Promoter and Managing Director of the Company since 1989. Mr. Lohia, aged about 63 years, holds Graduation from Calcutta University and joined the family business of Textiles and got the best of exposure in all aspects and functions of business management including International Markets. Given his enterprising ability and good business acumen coupled with sheer drive and determination, Mr. Lohia propelled Indo Rama to the forefront of the Indian Synthetic / Manmade Fiber Industry. He has around 43 years of extensive experience in the Textile Industry especially in the field of manmade Fibre Industry and Polyester products and he has been the force behind the exponential growth of the Company.

2. Past Remuneration:

Remuneration paid during the year ended 31 March 2013:

	(₹ in 000')		
	Salary	Perquisites and other benefits	Total
Mr. Om Prakash Lohia	22,200	2,736	24,936

3. Recognition or awards: Nil

4. Job Profile and his Suitability:

The Company has successfully implemented expansion by doubling of its cumulative polyester capacity of more than 600,000 tonnes per annum from 300,000 tonnes per annum at a single location at Butibori, Nagpur. Thus, increased responsibilities of the Managerial personnel made it necessary to require the services, farsightedness and expertise of Mr. Om Prakash Lohia in order to provide greater assistance to the Management team on account of enhanced production.

Mr. Om Prakash Lohia is actively involved in the Company's business operations on day-to-day basis and has been carrying out all such responsibilities as are assigned to him from time to time. In consideration of the performance of his duties as the Chairman & Managing Director, the Remuneration Committee of the Company approved the remuneration payable to Mr. Lohia as Chairman & Managing Director for a further period of 5 years, w.e.f. 26 December 2012 under provisions of Sections 198, 269, 309 & 310 and Schedule XIII of the Companies Act, 1956, which has also been approved by the Board of Directors of the Company in its meeting held on 17 October 2012.

5. Remuneration proposed:

As stated in the Explanatory Statement at Item No. 9 of the Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other Companies.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Om Prakash Lohia has no other material pecuniary relationship except that Mr. Om Prakash Lohia is related to Mr. Vishal Lohia, Whole-time Director and Mr. Mohan Lal Lohia, a Non-executive Director of the Company.

(c) Mr. Vishal Lohia
1. Back ground details:

Mr. Vishal Lohia is one of the Promoters and Whole-time Director of the Company. Mr. Vishal Lohia, aged about 35 years holds a Bachelor Degree in Finance and Economics from Bryant College, Rhode Island, USA. He was appointed as Whole-time Director w.e.f. 28 June 2002 and held office upto 20 October 2004. He was again appointed as Whole-time Director on 1 April 2007 and has been continuing as such since then. Mr. Vishal Lohia has been looking after operations of the Company besides handling such other responsibilities as are assigned by the Board of Directors from time to time.

Mr. Vishal Lohia has around 11 years of experience in the various Industry forums taking up the cause and concerns of Polyester Industry on economic and trade issues. He is a young and dynamic visionary and has been instrumental in the recent foray of Indo Rama into the energy sector.

2. Past Remuneration:

Remuneration paid during the year ended 31 March 2013:

	Salary	Perquisites and other benefits	(₹ in 000') Total
Mr. Vishal Lohia	15,204	1,974	17,178

3. Recognition or awards: Nil
4. Job Profile and his Suitability:

Mr. Vishal Lohia is actively involved in the Company's business operations on day-to-day basis and has been carrying out all such responsibilities as are assigned to him from time to time. The Company is also engaged in Power business which is doing well and Mr. Vishal Lohia is fully involved in the development of the power business of the Company in addition to his involvement in day-to-day business operations.

In consideration of the performance of his duties as the Whole-time Director, the Remuneration Committee of the Company approved the remuneration payable to Mr. Vishal Lohia as Whole-time Director for a further period of 3 years, w.e.f. 1 April 2013 under provisions of Sections 198, 269, 309 & 310 and Schedule XIII of the Companies Act, 1956, which has also been approved by the Board of Directors of the Company in its meeting held on 10 May 2013 as well as in the Remuneration Committee meeting held on 1 April 2013.

5. Remuneration proposed:

As stated in the Explanatory Statement at Item No. 10 of the Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities assigned to Mr. Vishal Lohia by the Board of Directors, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other Companies.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Vishal Lohia has no other material pecuniary relationship except that Mr. Vishal Lohia is related to Mr. Om Prakash Lohia, Chairman & Managing Director and Mr. Mohan Lal Lohia, a Non-executive Director of the Company.

III. OTHER INFORMATION:
1. Reasons for inadequate profits:

During the financial year ended 31 March 2013, the Company has shown remarkable resilience in its performance and recorded the earnings before Interest, Depreciation and Tax (EBIDTA) at ₹ 243.19 Crores as against ₹ 253.81 Crores, representing a decrease of 4.18%. Profits before Tax stood at ₹ 40.69 Crores against ₹ 38.23 Crores for the previous year. There is net profit of ₹ 41.26 Crores as against a profit of ₹ 31.96 Crores last year.

Despite this, the Company may still be deemed to have inadequacy of profits under Sections 198, 349 and 350 of the Act, 1956, largely on account of external and unexpected circumstances beyond the control of the management, viz.; global and general economic meltdown; Recession in the Polyester Industry, sharp volatility in the prices of textile products putting pressure on both the top line as well as bottom line and resulting lesser profits.

In the financial year ended 31 March 2013, the Company has shown positive results through focused initiatives aimed at improving marketing and customer value that resulted into higher sales volumes and improved margins. Operational efficiencies, cost optimisation and prudent financial management practices resulting into lower interest cost were the factors that contributed to turnaround in profits. The Company today is amongst the world's most efficient polyester producers.

With the overall economic and business environment showing encouraging signs of improvement in the Polyester industry, the Company is poised for growth. The Directors are confident of a continuing all round improvement in Company's performance in the coming years.

2. Steps taken or proposed to be taken for improvement:

With the help of concerted efforts made by the Management during the Financial Year 2012-13, the performance and profitability of the Company has taken a positive turn after passing through a difficult phase due to impact of global meltdown and currency fluctuation. As per the audited financial results as considered in the Board of Directors' Meeting held on 10 May 2013, the Company has recorded gross sale of ₹ 3,121.30 Crores and net sale of ₹ 2,865.02 Crores representing marginal decrease of 2.66% as compared to the previous year which is considered satisfactory considering the effect of the economic downturn. Earnings before Depreciation, Interest & Taxation (EBIDTA) is at ₹ 243.19 Crores as against ₹ 253.81 Crores last year representing a decrease of 4.18%. Profit before Tax stood at ₹ 40.69 Crores against ₹ 38.23 Crores for the previous year. There is net profit of ₹ 41.26 Crores as against ₹ 31.96 Crores last year.

The turnaround in profits from operations was primarily on account of higher volumes cost competitiveness and reduction in interest cost. The economic scenario is also continuously improving and the Company expects much better performance in the current financial year as well as in times to come.

3. Expected increase in productivity and profits in measurable terms:

Considering the continuously improving economic scenario and on the basis of last year's performance, Company expects improvement in its net sales and profits.

IV. DISCLOSURES:

The remuneration package along with the corresponding details payable to Mr. Ashok Jagjivan Gupta, Mr. Om Prakash Lohia and Mr. Vishal Lohia have already been mentioned earlier. The Report on Corporate Governance in the Annual Report indicates the remuneration paid to the managerial personnel as well as to all other Directors. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by a service contract with a notice period of three to six months.

Details of the Directors seeking appointment /re-appointment in the ensuing Annual General Meeting

Name of the Director	Mr. Mohan Lal Lohia	Dr. Arvind Pandalai
Date of Birth	21 December 1930	10 May 1949
Date of Appointment	Since inception	20 July 2009
Qualification	Commerce Graduate	B.Sc. (Chem), MBA & PH.D.
Expertise in specific functional area	Mr. Mohan Lal Lohia having more than 48 years of Industrial experience laid the foundation of Indo Rama group. The group has presence in areas like textiles, petrochemicals, man-made fibre, chemicals, natural rubber, bottle grade pet resins, steel, etc. Mr. Mohan Lal Lohia is presently Chairman – Emeritus on the Board of Indo Rama Synthetics (India) Limited. He is also on the Board of several Companies in India and abroad.	Dr. Arvind Pandalai having an experience of 41 years retired as Chairman cum Managing Director of State Trading Corporation of India Ltd. (STC), New Delhi. He has specialisation in the areas of international trade, project management, joint ventures, financial management, strategic management, market research, counter trade and offset trade, etc. He has experience in global trade in bulk commodities through linkages with major international companies, banking and financial institutions, commodity exchanges & ECGC, etc. and has been associated with various prestigious academic and professional bodies/institution.

List of outside Directorship held	1. Aurus Specialty Company Limited 2. Indorama Holdings Ltd. 3. Brookgrange Investments Limited 4. Lohia Global Holdings Limited	1. Keventer Agro Limited 2. Indo Rama Renewables Ltd. 3. Indo Rama Renewables Jath Limited 4. Indo Rama Renewables Porbandar Limited 5. Indo Rama Renewables Ramgarh Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Indo Rama Synthetics (India) Limited i. Audit Committee - Member ii. Remuneration Committee - Member
Chairman/Member of the Committee of Directors of other Companies	Nil	Nil
Shareholding of Non-Executive Directors	No. of shares - 300,028 Percentage - 0.20%	No. of Shares - NIL Percentage - NIL

Name of the Director	Mr. Suman Jyoti Khaitan	Mr. Ashok Jagjivan Gupta
Date of Birth	9 February 1959	28 October 1956
Date of Appointment	30 January 2013	30 January 2013
Qualification	BA (Hons) Eco., LL.B	B. Tech (Chemical Engineering)
Expertise in specific functional area	<p>Mr. Suman Jyoti Khaitan, is a practicing Advocate in India since 1985. In 2004, he founded the law Firm, Suman Khaitan & Co. In January, 2007, he was appointed as a Notary. In 2008, he founded the law Firm, Khaitan & Partners. He has handled various legal matters including arbitration, banking, finance, foreign investment, insurance, infrastructure, intellectual property, litigation, real estate and provided legal advice to power, telecom and aviation projects, and advised organisations on business restructuring, schemes of amalgamations, demergers and takeovers, overseas acquisitions, finance, tax planning, family settlements and trusts. He has also appeared before parliamentary committees, making representations and proposals on proposed amendments to important corporate, commercial and important legislation. Mr. Khaitan regularly appears as lawyer in International and Domestic Arbitrations and has been appointed as the Sole Arbitrator by ICC Geneva. He is presently the President of PHDCCI, a Member of the Managing Committee of ASSOCHAM, the Chair of National Legal Affairs Council of ASSOCHAM, two leading Chambers of Commerce in India. He is also on the Managing Committee of ICC India, Indian Council of Arbitration and Society of Indian Law Firms.</p>	<p>Mr. Ashok Jagjivan Gupta has extensive working experience of more than 3 decades in managing businesses at key positions in various organisations. He has also undergone various training programmes which include, Leadership Programme by Harvard Professors at TMTC Pune, Leadership Symposium at Saint Gallen University, Switzerland, Long Term Firm Value Creation by NYU Stern at TMTC Pune, Managing Changes by Michigan University at TMTC Pune, Finance Management at IIM Calcutta, SAP Certification programme in Process Module, Delhi, Natural Gas Course organised by PETRONAS at Bintulu, Malaysia. Mr. Gupta has been on the Board of numerous organisations, viz.; JOI Limited, Tata Chemical JV, Magadi Soda Company and Nagarjuna Oil Corporation Limited. Prior to joining with the Company, Mr. Gupta was Chief Executive Officer of Strategic Energy Technology Systems Pvt. Limited, a Tata Sasol Joint Venture Company.</p>

List of outside Directorship held	<ol style="list-style-type: none"> 1. Best Foods Limited 2. Hindustan Vidyut Products Ltd. 3. Jindal Stainless Limited 4. KPL International Limited 5. Lumax Industries Limited 6. Monnet Power Company Limited 7. Oriental Carbon & Chemicals Limited 8. Skipper Electricals (India) Limited 	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Nil
Chairman/Member of the Committee of Directors of other Companies	<p>Hindustan Vidyut Products Ltd.</p> <ol style="list-style-type: none"> i. Remuneration Committee - Member ii. Investor/Shareholders Grievance Committee - Member <p>Jindal Stainless Limited</p> <ol style="list-style-type: none"> i. Audit Committee – Chairman ii. Shareholders / Investors Grievance Committee – Chairman iii. Remuneration Committee – Chairman iv. Compensation Committee formed for ESOP – Member v. Share Transfer Committee – Member vi. Sub-Committee of Directors – Member <p>KPL International Limited</p> <ol style="list-style-type: none"> i. Share Transfer Committee – Member ii. Remuneration Committee – Member iii. Donation Committee – Member <p>Lumax Industries Limited</p> <ol style="list-style-type: none"> i. Remuneration Committee - Member <p>Monnet Power Company Limited</p> <ol style="list-style-type: none"> i. Committee on Corporate Governance - Member <p>Oriental Carbon & Chemicals Limited</p> <ol style="list-style-type: none"> i. Shareholders / Investors Grievance & Share Transfer Committee –Member ii. Remuneration Committee – Member iii. Audit Committee - Member 	Nil
Shareholding of Non-Executive Directors	No. of Shares - NIL Percentage - NIL	No. of Shares - NIL Percentage - NIL

INDO RAMA SYNTHETICS (INDIA) LIMITED

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

ATTENDANCE SLIP

Annual General Meeting

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

Full name of the Shareholder / Proxy attending the meeting

(First Name)

(Middle Name)

(Surname)

I hereby record my presence at the 27th Annual General Meeting on Thursday, the 4th July, 2013 at 12.00 Noon at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra.

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

Signature of Member/Proxy

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

INDO RAMA SYNTHETICS (INDIA) LIMITED

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

PROXY FORM

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

I/We _____ of _____
_____ in the district of _____

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

_____ in the district of _____ or failing him/her
Mr./Ms. _____ of _____

in the district of _____ as my/our proxy to
vote for me/us and on my/our behalf at the 27th Annual General Meeting to be held on Thursday, the 4th July 2013 at 12:00 Noon at
the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra and at any adjournment
thereof.

Signed this _____ day of _____ 2013

Signature of Shareholder

Affix ₹ 1/-
Revenue
Stamp

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

