



# FUTURA POLYESTERS LIMITED

**47TH ANNUAL REPORT 2006-2007**

**“Request to the Shareholders”**

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

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

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# FUTURA POLYESTERS LIMITED

**Board of Directors**

S. B. Ghia  
M. D. Dalal  
F. A. A. Jasdanwalla  
S. S. Marathe  
R. B. Raheja  
P. Abraham, IAS (Retd.)  
Vispi Patel  
Shyam Sunder Sami

*Chairman & Managing Director*  
*Jt. Managing Director*  
*upto 25th July 2007*

*Nominee of IDBI*

**Company Secretary**

S. Ramachandran

**Bankers**

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

**Auditors**

Messrs. N. M. Raiji & Co.

**Registrar and Share  
Transfer Agents**

Satellite Corporate Services Pvt. Ltd.  
B-302, Sony Apartments  
Opp. St. Jude High School  
Off. Andheri-Kurla Road  
Jarimari  
Mumbai-400 072.  
Phone: 28520461, 28520462  
Fax: 28511809  
E-mail: service@scspl.net

**Registered Office**

Paragon Condominium,  
3rd Floor, Pandurang Budhkar Marg,  
Mumbai-400 013.  
Phone: 24922999 Fax: 24923142  
E-mail: futuraho@futura polyester s.com  
Website: www.futura polyester s.com



## FUTURA POLYESTERS LIMITED

### NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the 47<sup>th</sup> ANNUAL GENERAL MEETING of the Members of FUTURA POLYESTERS LIMITED will be held at Jaihind College Auditorium, "A" Road, Churchgate, Mumbai – 400 020, on Wednesday, 19th day of September, 2007 at 3.00 p.m., to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31<sup>st</sup> March 2007 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vispi Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shyam Sunder Sami, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

#### “RESOLVED

- a) **THAT** consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and/or charging the fixed assets of the Company, both present and/or future, situate at the Company's Works at Manali, Chennai, Tamil Nadu in favour of Bank of India, State Bank of India, Union Bank of India, UCO Bank, Indian Bank, Canara Bank and State Bank of Hyderabad (hereinafter referred to as Consortium of Banks) subject to the first charge created on the immovable property in favour of Industrial Development Bank of India (IDBI) and UTI Bank Ltd. to secure the Working Capital Facilities of Rs. 16360 Lacs (Rupees Sixteen Thousand Three hundred and Sixty Lacs only) or such amounts as may be advanced by the Consortium of Banks and further to secure Term Loan of Rs. 1250 Lacs (Rupees One Thousand Two Hundred Fifty Lacs only) from Canara Bank together with interest, compound interest, commitment charges, up front charges, premium on repayment by the Company to the Consortium of Banks/Canara Bank as and by way of second and subsequent/subservient charge/ equitable mortgage by Deposit of Title Deeds ranking *pari passu* interse with the charges/ mortgages created/to be created by the Company in favour of the Consortium of Banks/Canara Bank, as may be

acceptable to the Board of Directors of the Company;

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

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

#### “RESOLVED

- (a) **THAT** consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and/or charging the fixed assets of the Company, both present and/or future, situate at the Company's Works at Manali, Chennai, Tamil Nadu in favour of YES Bank Ltd., subject to the first charge on specified movables in favour of Canara Bank Chennai for securing Term loans granted by YES Bank Ltd., of Rs. 20,00,00,000/- (Rupees Twenty Crores only) together with interest, compound interest, commitment charges, up front charges, premium on repayment by the Company to YES Bank Ltd. as and by way of first mortgage/charge ranking *pari passu* with the existing mortgages/charges created by the Company in favour of Industrial Development Bank of India Limited (IDBI) and UTI Bank Ltd. ;

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

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

#### “RESOLVED

- a) **THAT** consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and/or charging the fixed assets of the Company, both present and/or future, situate at the Company's Works at Manali, Chennai, Tamil Nadu in favour of YES Bank Ltd. subject to the first charge created to be created on the immovable property in favour of Industrial Development Bank of India Ltd. (IDBI), UTI Bank Ltd. and YES Bank Ltd. to secure the Working Capital

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Facilities of Rs. 10,00,00,000 (Rupees Ten Crores only) together with interest, compound interest, commitment charges, up front charges, premium on repayment by the Company to Yes Bank Ltd. as and by way of second and subsequent/subservient charge/ equitable mortgage by Deposit of Title Deeds ranking *pari passu* interse with the charges/ mortgages created/to be created by the Company in favour of the Consortium of Banks/Canara Bank, as may be acceptable to the Board of Directors of the Company;

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

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. Proxies should be lodged at the Company's Registered office at least 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed 12<sup>th</sup> September, 2007 to 19<sup>th</sup> September, 2007 (both days inclusive).
4. The relevant Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of items 5 to 7 of the Notice are annexed hereto.

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

1.	Name:	Mr. Vispi Patel
	Age:	45 years
	Qualifications	Master of Management Studies (M.M.S.)- Mumbai University-First Class
	Expertise:	Experience in finance and administration, corporate banking etc. Director of the Company since 27.07.2001

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

Futura Polyesters Limited (Audit Committee Member)

2.	Name:	Mr. Shyam Sunder Sami
	Age:	66 Years
	Qualifications	B.A.( Economics) Hons.
	Expertise:	Director since July, 2003.

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

Futura Polyesters Ltd. ( Audit Committee Member and Remuneration Committee Member).

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

Place: Mumbai  
Dated: 25th July, 2007.

By Order of the Board

**S. Ramachandran**  
Company Secretary



## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 5

Following the enhancement of working capital facilities granted / to be granted by Consortium of Banks i.e. Bank of India, State Bank of India, Union Bank of India, UCO Bank, Indian Bank, Canara Bank, State Bank of Hyderabad amounting to Rs. 16360 Lacs, as also to secure the Term Loan of Rs. 1250 Lacs sanctioned to be sanctioned to the Company by Canara Bank, it is necessary to mortgage/charge of the immovable properties / fixed assets situated at Manali, Chennai in favour of the Consortium of Banks, by way of second and subservient charge.

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

The Directors, therefore, recommend the passing of the Ordinary Resolution as set out in the Notice.

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

#### ITEM NOS. 6 and 7

At the request of the Company, YES Bank Ltd. has sanctioned a term loan of Rs. 2000 Lacs for meeting capital Expenditure & Refinance requirements of the Company

and a facility of Working Capital limit of Rs. 1000 Lacs. The Term loan is to be secured, inter alia, by first charge on the fixed assets of the Company, both present and future ranking pari passu with the charge created in favour of Industrial Development Bank of India Limited (IDBI) and UTI Bank Ltd. and the Working Capital facilities are to be secured, inter alia, by Second pari passu charge on the Fixed Assets of the company.

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

The Directors, therefore, recommend the passing of the Ordinary Resolution as set out in the Notice.

None of the Directors of the Company is in any way concerned or interested in the passing of the said resolutions.

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

Place: Mumbai  
Dated: 25th July, 2007.

By Order of the Board

**S. Ramachandran**  
Company Secretary

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### DIRECTORS' REPORT

To

The Members,

Yours Directors submit the 47th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2007.

#### 1. FINANCIAL RESULTS :

	<b>(Rupees in Lacs)</b>	
	<b>2006-2007</b>	<b>2005-2006</b>
Gross Profit/(Loss) before interest & depreciation	<b>5,105.76</b>	2,576.82
Interest	<b>1,764.13</b>	1,890.76
Depreciation	<b>1,570.98</b>	1,481.75
Operating Profit/(Loss)	<b>1,770.65</b>	(795.69)
Profit/(Loss) before tax	<b>1,713.75</b>	(954.05)
Provision for Fringe benefit tax	<b>23.00</b>	43.00
Provision for wealth-tax	<b>2.00</b>	2.00
Deferred Tax Adjustment	<b>433.94</b>	140.74
Provision for taxation	<b>192.28</b>	—
Profit/(Loss) after tax	<b>1,062.53</b>	(1,139.79)
Balance of Profit brought forward from previous year	<b>2.04</b>	1,141.83
Balance carried to Balance Sheet	<b>1,064.57</b>	2.04

#### 2. DIVIDEND:

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

#### 3. OPERATIONS:

The turnover (including other income) of the Company for the year is Rs. 52,226.59 Lacs. The Operating Profit is Rs. 1,770.65 Lacs during the year, as compared with the Operating Loss of Rs. 795.69 Lacs last year.

Polymer Operations were more profitable thanks to increase in sales volume, particularly the specialties. Global commodity resin growth remains robust but huge regional capacities have reduced inter continental trade. The focus on specialty products helped the Company to face the situation successfully and the company has been able to retain the confidence of Global Clients in US and Europe. R&D initiatives were also given a big push with significant expenditure devoted to products such as Barrier Resins, Clear C Pet, Glycolysed Polyesters, etc., The

company received its first US patent for Antimony free polyester resin, which has exciting market potential for versatile applications in packaging, fibres and films backed by Eco-label and US FDA approval.

Polyester Fibre operations were particularly more efficient during the year. The manufacturing cost came down due to reduction in energy costs and raw material costs. Product selling prices were also significantly better on Specialty fibres through higher unit price realization. Despite creation of huge domestic capacities for commodity fibres, the share of specialties remained favourable and the company's strategy to enlarge the product mix paid dividends. The company was able to divert some resin capacity used for Preforms towards exports/local sales.

PET Preforms business also improved significantly with 27% increase in sales volume. More importantly the dependence on Commodity Preforms is poised to come down and the company's strategy on promotion of specialty Preforms for local market/ exports has shown good progress.





## FUTURA POLYESTERS LIMITED

Company's programmes on cost reduction of utilities and other expenses as well as Safety, Health, Environment, and Human Resource Development/ Training are on track.

#### 4. CONSOLIDATION OF SUBSIDIARY'S ACCOUNTS

Your Company has been exempted by the Ministry of Company Affairs, Government of India, vide letter No. 47/260/2007-CL-III dated 24<sup>th</sup> May, 2007 from attaching the audited accounts of the subsidiary, Futura Polyesters Inc., USA, for the financial year ended 31<sup>st</sup> March 2007. However, as there were no operations and no transactions by the subsidiary, the subsidiary company has since been dissolved. During the year Innovassynth Technologies (India) Limited ceased to be a subsidiary company.

#### 5. SHAREHOLDING IN INNOVASSYNTH TECHNOLOGIES (INDIA) LTD.:

The Scheme for offering Innovassynth Equity Shares to members of the Company, proposed to be filed by the Company in the High Court of Judicature of Bombay under Section 391 to 394 of the Companies Act is being revised after meetings and discussions with the Officials of Bombay Stock Exchange Limited. The revised Scheme is under preparation and will be submitted to the Bombay Stock Exchange shortly for their approval. Salient features of the Scheme will be also notified to the Stock Exchange.

#### 6. FIXED DEPOSITS/LOANS:

As on 31<sup>st</sup> March 2007, the Company had an aggregate sum of Rs. 497.79 Lacs as fixed deposits from public/shareholders. The total number of depositors who have not claimed/renewed their deposits on maturity was 146 and the amount that remained unclaimed/not renewed as on 31<sup>st</sup> March, 2007 was Rs. 25.37 Lacs; of these, deposits amounting to Rs. 5.28 Lacs have since been either repaid or/renewed.

#### 7. INSURANCE:

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

#### 8. ENERGY CONSERVATION, TECHNOLOGY-ABSORPTION AND FOREIGN EXCHANGE:

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

#### 9. PERSONNEL:

None of the Company's employees was in receipt of remuneration of Rs. 24,00,000/- or more per annum or Rs. 2,00,000/- or more per month during the financial year under review.

#### 10. INDUSTRIAL RELATIONS:

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

#### 11. DIRECTORS:

Mr. F.A.A. Jasdanwalla has relinquished office of Director due to advancing age. The Board while accepting his resignation, with effect from 25<sup>th</sup> July, 2007, placed on record its gratitude and appreciation on the sincerity and devotion with which he applied himself to the deliberations of the Board.

Mr. Vispi Patel and Mr. Shyam Sami retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Brief profile of these Directors are given in the notes of the Notice to the ensuing Annual General Meeting.

#### 12. DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2007 and of the profit of the Company for the year ended on that date.
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the annual accounts on a 'going-concern' basis.



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### 13. AUDITORS :

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

### 14. COST AUDITOR :

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

### 15. CORPORATE GOVERNANCE:

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

### 16. COMPLIANCE CERTIFICATE:

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

### 17. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board

Place: Mumbai  
Dated: 25<sup>th</sup> July, 2007

**S. B. GHIA**  
CHAIRMAN





# FUTURA POLYESTERS LIMITED

## ANNEXURE TO DIRECTORS' REPORT

### INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR 2006-07

#### A. CONSERVATION OF ENERGY

##### 1. Actions taken

- Retrofitted Furnace Oil fired Boiler on Bio Mass fuel route and established the viability of technology and improvement in EHS compliance. This will pave way for the New Biomass Boiler & Thermic Fluid Heaters to achieve a significant reduction in energy costs and Green House Gas emissions, apart from reducing dependence on fossil fuels.
- Re-engineered the "Master by Blending & Drying" system in order to reduce specific energy consumption in Fibre Spinning Section.
- Carried out a major overhaul of Steam Distribution Systems to achieve reduction in Unit Consumption of Steam in Fibre manufacture.

##### 2. Additional Investment under implementation

- Commission Biomass Boiler and Heaters during the 2 nd Half of 2007-08.

##### 3. Energy Saving Activities Plan 2007-08

- Reduce energy costs through further process optimization and capacity increase in Polymers.
- Reduce energy costs through further optimization of production in Fibres and Preforms.
- Implement Bio Mass Project and reduce Steam/Heat Generation Costs.

#### Form A

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

##### I POWER AND FUEL CONSUMPTION

	Current Year 2006-07	Previous Year 2005-06
<b>1) Electricity:</b>		
[a] Purchased		
— Unit [Kwh] in Lacs	744.34	745.98

— Total amount [Rs. In Lacs]	3159.58	3273.06
— Rate per unit - Rupees	4.24	4.39

##### [b] Own Generation:

##### [i] Through Gas Turbine / Diesel Generating Sets

— Unit [Kwh in Lacs]	0	0
— Unit per ltr. Of Fuel/Diesel Oil	0	0
— Cost per unit-Rupees (after adjusting for steam generation)	0	0

##### 2) Furnace Oil

— Quantity [KL/MT]	12842.00	13174.48
— Total amount [Rs. In Lacs]	2151.85	2484.03
— Average rate [Rs. Per Kg]	16.76	18.85

#### II CONSUMPTION PER UNIT OF PRODUCTION

	Current Year 2006-07	Previous Year 2005-06
<b>Name of product</b>		
<b>Electricity kwh/kg Polyester Fibre</b>		
i) Polyester Staple Fibre	1.15	1.23
ii) Resin	0.56	0.59
iii) Preforms	1.45	1.52
Average	0.90	0.96
<b>Furnace Oil [KL/MT]</b>		
i) Polyester Staple Fibre	0.24	0.30
ii) Resin	0.11	0.13
Average	0.16	0.21

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

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

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

- Technology development for formulation of various Colors by simulation techniques in R&D Lab for manufacture of PET Master Batches of approx 300 shades for textile applications.
- Installation of new hardware and software for facilitating small lot runs of colored Fibres.
- Perfected Polymer additives technology for manufacture "FR PET" Resins and Fibres.