

DIRECTORS' REPORT

To

The Members,

Your Directors submit the 58th Annual Report of the Company along with the Audited Statement of Accounts for the period ended 31st March, 2019.

1. FINANCIAL RESULTS :

	(Rupees)	
	2018-19	2017-18
Gross Profit/(Loss) before interest & depreciation	—	—
Interest	—	—
Depreciation	—	—
Operating Profit / (Loss)	—	—
Profit / (Loss) before tax	590,786,236	1,246,202,756
Excess Provision of earlier years	—	—
Provision for Fringe benefit tax	—	—
Provision for wealth-tax	—	—
Deferred Tax Adjustment	—	—
Provision for taxation	—	—
Profit / (Loss) after tax	590,786,236	1,246,202,756
Balance of Profit brought forward from previous year	4,899,346,583	3,653,143,827
Balance carried to Balance Sheet	5,490,132,819	4,899,346,583

2. DIVIDEND

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

3. OPERATIONS

The turnover of the Company during the financial year ending 31st March, 2019 was Rs. Nil which was the same as previous financial year ending 31st March, 2018. The Company faced severe financial crisis and suspended its operations partially in midway through financial year 2012 - 13 and further all operations were suspended with effect from 31st December 2012.

In an earlier financial year, the Company approached the concerned authorities for Corporate Debt Restructuring ("CDR") for Restructuring of its debts. However the CDR was granted only to the Company sometime in May 2012. Though serious efforts were made to comply with the norms and conditions of the CDR, it could not be put into effect thereby losing valuable time and financial resources of the Company. This resulted in making the operations of the Company becoming permanently unviable. As the Company could not continue its operations, it started losing its personnel and employees. However, with temporary hired personnel, the Company has attempted to retrieve its books of accounts and other books and despite the present adverse circumstances, the Company has completed its accounts for the year ended 31st March 2019.

Important and significant steps taken by the Company during this financial year are as under:

- To formalise the action envisaged under M O U dated 19-12-2012, the Company has entered into Agreement for Sale dated 5th September, 2014 with Golden Star Promoters Private Limited ("GSPL") for sale and transfer of its freehold land situated at Chennai Manali in the state of Tamil Nadu, on behalf of the Company;
- The Company has obtained the approval of Chennai Metropolitan Development Authority (CMDA) for dividing the plot of land situated at Chennai Manali in the state of Tamil Nadu, into separate saleable plots of land.
- Company was required to gift portion of its land situated at Chennai Manali in the state of Tamil Nadu, to CMDA for the purposes of construction or roads and other utilities as a part of the understanding and agreement for converting land into industrial plots. This would facilitate the transaction.

- Various litigations filed against the Company were defended in the courts of law. In particular the company was defending a winding up petition and the order of the Hon'ble High Court dated 22nd June 2018 the company was ordered to be wound up with the Liquidator asked not to take any action. The company successfully appealed to the Bench of the Hon'ble High Court against the order of Hon'ble High Court and the winding up order was set aside upon signing consent terms of the Petitioner and the Company, vide its order dated 2nd April 2019.
- Meetings were held with joint lenders to explain the financial position of the Company and to request for some time for the repayment of its debts to the lenders. Most lenders have responded positively to the proposition of the Company.
- Settlement was entered into with the labour union of the Company in Chennai to postpone payment dues to the ex-employees of the Company.
- In the financial year ended 31st March 2018, the Agreement for Sale with GSPL was revoked.

The company's land is located at Manali Chennai. This place is about one and half hours away from the city center where only industrial activity goes on. Land was acquired by the company in the early 1970's with the condition to set up industrial activity and in particular in our case for the manufacture of polyester fibre and allied products. The company's land is surrounded by various industrial units, with lots of pollution and unfavourable accessibility. Hence the land could not have been and cannot be sold as commercial industrial land. With enormous efforts your company located another company known as Golden Star Promoters Private Limited (GSPL) who was willing to convert the industrial land into business Park which will entitle the company to have a better sales realization of land. Your directors were and are working under tremendous pressure of limitations of time and opportunity to achieve the goal of realizing moneys to pay workers, creditors and others. GSPL was the best alternative at that point of time which was made after careful consideration. One more fact which needs to be brought to the attention of the shareholders is that guideline value/ price per acre was not known or declared by the state govt at that point of time. After much follow-up, which consumed time, guideline value declared, stood at Rs 2000 per sq. ft. Prolonged pleadings and submissions resulted in declaring the guideline value at Rs 1500 vide notification and declared across

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the board reduction of 33% in guideline value of Tamil Nadu land in several districts. This process is time consuming and the company has been for almost 5 years approaching the govt with petitions and pleadings. To prove its bonafides the company had filed writ petitions on the subject of guideline value of land which was arbitrarily fixed by the govt. This has resulted in the guideline value being declared at Rs 754/- per acre. It is therefore incorrect to say that proper verification was not done in the case of GSPL. The directors were and are tremendous pressure to meet the deadlines of creditors and various requirements of law, with the project going. In our opinion GSPL has done away tedious and cumbersome job in the best possible way.

Many events and changes have occurred in the State of Tamil Nadu in the year 2012- 2013 onwards like floods, political upheavals, disturbances arising out of politics whose after effects lasted for several months. The political uncertainty and getting of approvals and permissions was and is extremely difficult and time consuming. In the business of real estate, prices often keep on changing this was one such venture because susceptible to this dynamics. Schedule changes to be made to the understanding between GSPL and company accommodate the changing environment. It is very depressing to note the auditor's comment that the company dealt with GSPL softly. On the contrary the aim was to achieve the goal mentioned earlier. Taking legal action as commented by the auditor's under the circumstances would have aggravated situation and lost vision of the goal. Board of directors considered undesirable to pursue any legal remedy.

Adverse opinion re true and fair view

All efforts have been made to present the accounts transparently and factually and in conformity with the Companies Act 2013. The Auditors have expressed satisfaction at the availability of the records, books of accounts and all other papers necessary for the purpose of audit. Hence we confidently state that the accounts do give a true and fair view.

4. EXPLANATION & COMMENTS ON AUDITORS REPORT

Management perception and explanations /clarifications to opinion of the Auditor in the Auditor's Report dated 25th Nov 2019 by the Board of Directors is given below:

- The Company is continuing with the assessment of alternate plans to revive the operations of the Company;
- The Company had entered into an Agreement for Sale dated 5th September, 2014 (refer point 3 above) with GSPL ("Agreement") regarding the sale of land situated at Chennai Manali in the state of Tamil Nadu). However, the Agreement did not envisage, given the abrupt end of the operations of the Company, any clause to recover interest in the event of outstanding amount recoverable from GSPL. Viewing the situation seriously, the Directors concluded that it is in the best interest of the Company to terminate the Company which was done on 28 December, 2017.
- Based on the certificate of bankers, liability has been recorded in the books of accounts of the Company. The impact of the loss to the Company will be computed at the time of final settlement with the bankers. In the consortium of 9 (nine) bankers, 2 (two) banks are charging interest to the Company whereas the remaining banks are no longer charging interest.
- The provision of interest on amounts payable to workers is a subject of on-going negotiations, however the same will be provided as and when necessary.

5. SUBSIDIARIES OF THE COMPANY

The Company does not have any Subsidiary at present.

6. FIXED DEPOSITS AND LOANS

As on 31st March, 2019, the Company had an aggregate sum of 55.86 lakhs as fixed deposits from public / its shareholders. The total number of depositors who have not claimed their deposits

on maturity was 108 and the amount that remained unclaimed as on 31st March, 2019 is Rs. 26.77 lakhs. The Company has not accepted any fresh deposits nor renewed any deposits during the period under review. The Company has repaid to all the fixed deposit holders who have claimed and sought payment.

7. INSURANCE

The Company's plant and machineries, stores, inventories have been disposed of and since the Company does not carry on any operations, no insurance have been provided for.

8. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Since the Company does not carry on any operation, the relevant disclosure is not applicable to the Company.

9. DIRECTORS

Mr. KVK Murthy expired on 30-7-2019. The Board places on record the services and guidance provided by him during his tenure as a Director of the Company. Mr. M.D. Dalal Director retiring by rotation, being eligible offers himself for reappointment.

During the year Mr. M. Gopinath was appointed as an Additional Director w.e.f 2nd August 2019 in place of Mr. KVK Murthy. Mr. Gopinath holds office till the conclusion of the ensuing Annual General Meeting. Appointment of Mr. Gopinath as an Additional Director (independent) for period of 5 years has been proposed by a shareholder and accordingly a resolution for his appointment has been proposed in the Notice.

Mr. Shyam B. Ghia was appointed as Managing Director on 3rd August 2019, a special resolution has been proposed in the Notice for his appointment.

Similarly Mr. Mukund Dalal was appointed as Joint Managing Director 3rd August 2019, a special resolution has been proposed in the Notice for his appointment.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(3) (c) and 134(5) of the Companies Act, 2013 ("the Act"), your Directors hereby state as under:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and 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 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. AUDITORS

M/s. LLB & Co., Chartered Accountants, have retired as the statutory auditors of the Company at this Annual General

 **FUTURA POLYESTERS LIMITED**

Meeting. Their reappointment is sought from the conclusion of this Annual General Meeting till the 59th Annual General Meeting to conduct audit of the Company for the financial year ended 31st March 2020.

12. NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

Remuneration Committee & Stakeholders Relationship Committee comprises of Mr. K V K Murthy Chairman, (upto 29th July 2019) Mr. S B Ghia and Mr. M.D. Dalal as its members.

13. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by any regulator during this financial year. However the valuation process for determining guideline value in respect of Land at Chennai Manali is at present posing challenges for the finalisation of a favourable conclusion. A winding up order of the Hon'ble Bombay High Court arising out of a petition was successfully defended by the company on an appeal to the Bench of the Hon'ble Bombay High Court vide its order dated 2nd April 2019. Apart from this no significant and material orders passed have been passed by the Courts.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Following are the details of the loans availed by the Company during this financial year:

M/s. Bhupati Investments & Finance Pvt Ltd Rs 42.30 Lacs

Mr. S.B. Ghia Rs.39.20 Lacs.

The Company has not given any loan or issued any guarantee or given any security during this financial year.

15. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year as envisaged under section 188 of the Companies Act 2013.

16. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the annual listing fees for the financial year 2019 -20 to the BSE Limited where the shares of the Company are listed. BSE Limited has suspended the trading of the equity shares of the Company.

17. COST AUDITORS

As the Company does not have operations, the requirement of maintaining of the cost accounts of the Company does not arise.

18. CORPORATE GOVERNANCE

As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, Corporate Governance and Management Discussion and Analysis Report of the Company annexed to this report.

19. INDUSTRIAL RELATIONS

The Company is in the process of arriving at a settlement with the labour union of its workmen at Chennai. The Directors wish to place on record their appreciation for the co-operation extended by the ex – workmen of the Company.

20. COMPLIANCE CERTIFICATE

A certificate from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 is attached to this report.

21. PERSONNEL

In terms of Section 203 read with the Companies Appointment and Remuneration of Managerial Personnel of Rules, 2014 as amended, none of the Company's employees was in receipt of remuneration aggregating to Rs. 60,00,000/- or more per annum or Rs. 5,00,000/- or more per month during the period under review.

22. ACKNOWLEDGEMENTS

The Board of Directors wishes to place on record its gratitude for the continued support of government and regulatory authorities, banks, its members, etc. towards the Company.

23. CONTINGENT LIABILITY

The contingent Liability not provided for in the books of account of the company amount to Rs. 16,601.38 Lacs

24. RISK MANAGEMENT

The Company's risk management is continuous process and periodically evaluate various risk encountered by the business and seeks to upgrade the risk management process

25. INDEPENDENT DIRECTORS

The company has received necessary declaration form from the Independent Director u/s 149(7) of the Act, and the same meets the criteria of their independence.

26. AUDIT COMMITTEE

The Audit Committee (upto 30-7-2019) consist of Mr. KVK Murthy as Chairman, Mr. S.B. Ghia and Mr. M.D. Dalal are Committee Members. With the demise of Mr. KVK Murthy as chairman being a Independent Director, the board has since appointed Mr. M Gopinath as Chairman of the Audit committee.

27. SECRETARIAL AUDIT

Secretarial Audit Report as provided by Ms. Meghna Mhatre, Practising Company Secretary, is annexed to this Report.

28. EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014 and Extract of Annual Return in Form MGT9 is annexed.

By the order of the Board

S. B. Ghia
Chairman and Director

Registered Office:

111, T. V. Industrial Estate,
S. K. Ahire Marg,
Mumbai - 400 030

Place: Mumbai
Dated: 5th December, 2019