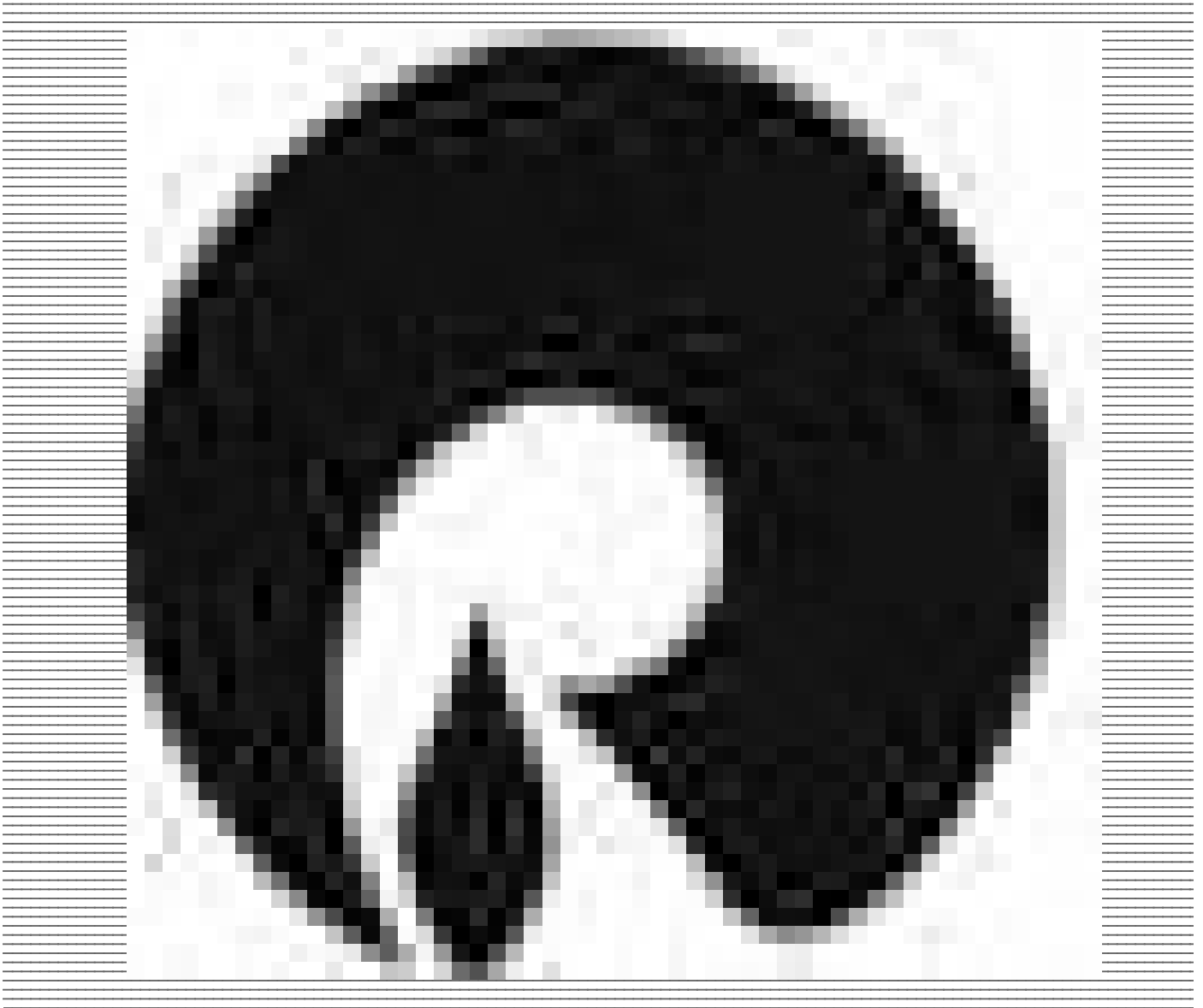

Reliance Industries Limited

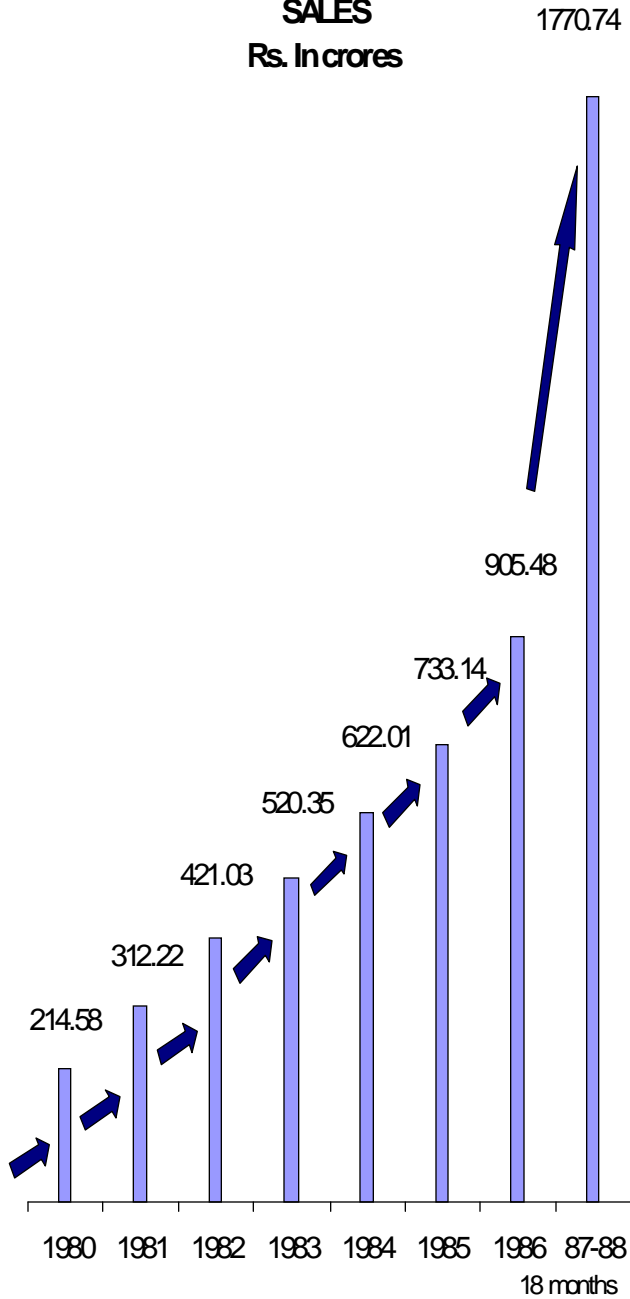
Annual Report 1987-88

Reliance Industries Limited

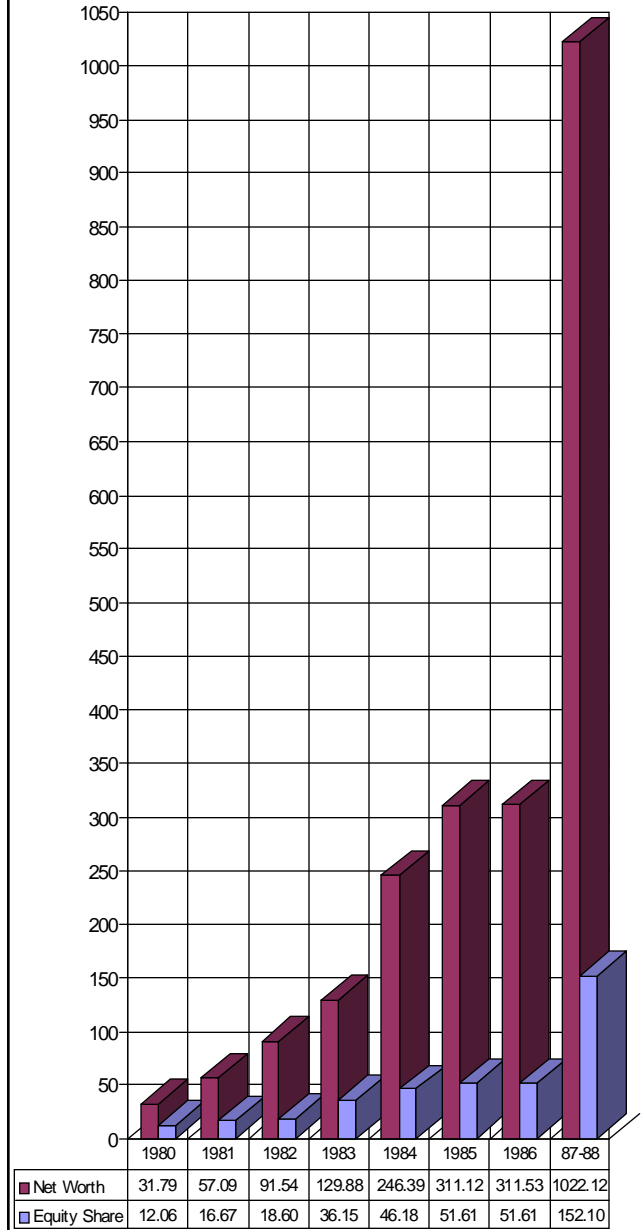
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SALES Rs. In crores



CAPITAL & NET WORTH Rs. In crores



14TH ANNUAL GENERAL MEETING

on Thursday, the 22nd December, 1988
 at Sri Shanmukhananda Fine Arts & Sangeetha Sabha
 292 Jayshankar Yagnik Marg, Sion (East)
 Bombay 400 022. at 4.00 p.m.

Shareholders are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.

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Registered Office:

3rd Floor, Maker Chambers IV
 222 Nariman Point, Bombay 400 021.

PLANTS AT:

1. Patalganga, Off Bombay-Pune Road
 Near Panvel, Dist. Raigad
 Maharashtra.
2. 103/106 Naroda Industrial Estate
 Naroda, Ahmedabad.

Subsidiary Companies:

Reliance Petrochemicals Limited
 Hazira,
 Dist. Surat
 Gujarat State

Devti Fabrics Limited
 Plant at Sidhpur
 Dist. Mehsana
 Gujarat State.

BOARD OF DIRECTORS

Dhirubhai H. Ambani, *Chairman & Managing Director*
 Ramniklal H. Ambani, *Joint Managing Director*
 K. Gopal Rao
 Natvarlal H. Ambani, *Executive Director*
 Mukesh D. Ambani, *Executive Director*
 Jayantilal R. Shah
 Mansingh L. Bhakta
 T. Ramesh U. Pai
 V.V. Divecha, *Nominee Director - ICICI.*
 B.D. Shah, *Nominee Director - G.I.C.*
 Anil D. Ambani, *Executive Director*
 Nikhil R. Meswani, *Executive Director*

SECRETARY

Vinod M. Ambani

SOLICITORS & ADVOCATES

Kanga & Co.
 Dave & Co.

AUDITORS

Rajendra & Co.
 Chaturvedi & Shah

BANKERS

Syndicate Bank
 State Bank of India
 Bank of Baroda
 Canara Bank
 Indian Bank
 Oriental Bank of Commerce
 Vijaya Bank
 Standard Chartered Bank
 Deutsche Bank (Asia)

REGISTRARS & TRANSFER AGENTS

Reliance Consultancy Services Limited
 56 Mogra Village Lane Off Old Nagardas Road
 Andheri (East)
 Bombay 400 069.



FINANCIAL HIGHLIGHTS

		(Rs. in crores)							
		1987-88 (18 months)	1986	1985	1984	1983	1982	1981	1980
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales		1770.74	905.48	733.14	622.01	520.35	421.03	312.22	214.58
Other Income		7.45	5.73	4.94	7.11	4.68	2.51	3.63	2.55
(A)		1778.19	911.21	738.08	629.12	525.03	423.54	315.85	217.13
Manufacturing Expenses	(B)	1495.27	781.82	604.83	511.23	433.61	361.28	268.39	187.91
Gross Profit (A-B)	(C)	282.92	129.39	133.25	117.89	91.42	62.26	47.46	29.22
Interest		110.74	54.24	24.45	22.61	21.52	18.93	16.79	11.13
Depreciation		91.41	60.98	37.46	34.18	31.38	14.17	10.97	6.88
(D)		202.15	115.22	61.91	56.79	52.90	33.10	27.76	18.01
Net Profit (C-D)	(E)	80.77	14.17	71.34	61.10	38.52	29.16	19.70	11.21
WHAT THE COMPANY OWNED									
Fixed Assets									
Gross Block		1862.66	1137.55	735.68	530.93	394.88	356.71	133.46	74.97
Less: Depreciation(Cumulative)		278.58	188.09	128.88	104.65	73.42	42.10	27.90	17.02
Net Block		1584.08	949.46	606.80	426.28	321.46	314.61	105.56	57.95
Investments		1.25	0.37	37.30	0.17	0.12	0.12	0.07	0.08
Current Assets		607.83	1052.83	402.10	235.41	215.19	191.53	156.55	93.76
Total Assets		2193.16	2002.66	1046.20	661.86	536.77	506.26	262.18	151.79
WHAT THE COMPANY OWED									
Long Term Funds		609.82	546.12	515.16	276.96	239.99	260.60	83.17	38.56
Medium/Short Term Funds		103.83	143.78	81.90	44.83	35.46	22.85	16.36	9.03
Current Liabilities & Provisions		457.39	1001.23	138.02	93.68	131.44	131.27	105.56	72.41
		1171.04	1691.13	735.08	415.47	406.89	414.72	205.09	120.00
NET WORTH OF THE COMPANY									
Equity Share Capital		152.10	51.61	51.61	46.18	36.15	18.60	16.67	12.06
Preference Share Capital		5.80	5.80	5.80	5.80	5.80	5.80	0.30	0.30
Reserves & Surplus		864.22	254.12	253.71	194.41	87.93	67.14	40.12	19.43
Network		1022.12	311.53	311.12	246.39	129.88	91.54	57.09	31.79

DIRECTORS' REPORT

To the Members

Your Directors present the 14th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 30th June 1988.

1. FINANCIAL RESULTS: (Rs. in crores)

	1987-88 (18 months) Rs.	1986 (12 months) Rs.
Gross Profit before Interest and Depreciation	282.92	129.39
Add: (a) Surplus balance brought forward from previous year	1.93	14.52
(b) Investment Allowance (Utilised) Reserve written back	3.15	25.00
Less: Provisions and/or appropriations		
(a) Interest	110.74	54.24
(b) Depreciation	91.41	60.98
(c) Taxation	2.00	—
(d) Investment Allowance Reserve	—	36.00
(e) Debenture Redemption Reserve	4.25	—
(f) Interim Dividend on Equity Shares	30.57	—
(g) Recommended dividend (subject to deduction of tax)		
(i) On 11 % Cumulative Redeemable Preference Shares	0.05	0.03
(ii) On 15% Cumulative Redeemable Preference Shares	1.24	0.83
(iii) On Equity Shares (Final Dividend)	25.49	12.90
(h) Transferred to General Reserve	11.00	2.00
Balance carried to Balance Sheet	11.25	1.93

2. DIVIDENDS

Your Directors had declared an interim dividend of Rs.3 per share (subject to deduction of tax at source) on the Equity Shares of Rs 10 each aggregating Rs.30.57 crores in June 1988 and the same was paid out of the profits of the current financial year.

Your Directors have now recommended the following dividends (subject to deduction of tax at source) for the financial year ended 30th June 1988 to be paid, if approved by the Shareholders at the ensuing Annual General Meeting.

(Rs. in crores)

ON PREFERENCE SHARES:

(a) Dividend of Rs.11 per share on 30,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid up	0.05
(b) Dividend of Rs.15 per share on 5,50,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid up	1.24

1.29

ON EQUITY SHARES:

Final Dividend of Rs.2.50 per share on the Equity shares of Rs. 10 each fully paid up (pro rata dividend wherever applicable)	25.49
	26.78

3. CHANGE IN ACCOUNTING YEAR

Your Company had commenced implementing projects relating to Purified Terephthalic Acid (PTA) and Linear Alkyl Benzene (LAB) of a licenced capacity of 1,00,900 tonnes and 60,000 tonnes per annum respectively in the previous financial year. As stated in the last year's report, due to unexpected delay in receiving certain clearances, the projects entailed delay in commissioning. With a view to synchronise the commissioning of these projects with the accounting year and reflect a consolidated position in respect of fixed assets, increase in equity capital with corresponding extinguishment of debt, and, achieving the product range envisaged, the Company extended the accounting period to 30th June 1988. Your Company has obtained approvals as are necessary from the requisite authorities for changing the financial year from calendar year to 30th June. The current financial year of the Company is, therefore, of 18 months as against 12 months in the previous year.

4. RESOURCE MOBILISATION

4.1 Your Company has always followed the Government policy of mobilising resources for all its capital intensive projects from the primary capital markets and has been approaching the investing public including its shareholders frequently with a view to set up a strong industrial base for itself as also to contribute its best to the national economy. In pursuit of this endeavour, your company has expended on fixed assets Rs.1,860 crores, (first in the private sector in India) in the last one decade, that is, ever since it went to public for resource mobilisation. Apart from contributing to the development of equity cult in the country, the Company has also gained the confidence of about 30 lacs investors, again the highest in the private sector and has thus established itself as a **peoples company**.

4.2 The Equity share capital of the Company increased during the financial year under review from Rs.51.61 crores to Rs.152.10 crores. **The net worth of the Company scaled an all time peak of Rs.1,022.12 crores from Rs.311.53 crores in the previous year.** The resounding success to the Rights Equity Issue of Rs.198 crores offered to the shareholders of the Company at a time when the capital market was sluggish, reflected the unflinching support continued to be enjoyed by your Company from its shareholders and the investing public. These equity shares were offered at a premium of Rs.50 per share, thus

enabling the shareholders to increase their holdings in the Company and to share the increasing prosperity of the Company in future.

4.3 With a view to augment the long term resources, your Company, pursuant to the Consent Order received from the Controller of Capital Issues (CCI) issued 14% Non Convertible Secured Debentures of an aggregate nominal value of Rs.80 crores. Your Directors confirm that the funds raised through issue of Non Convertible Debentures were/will be utilised only for the purposes for which they were raised.

5 YEAR IN RETROSPECT

5.1 Overall Performance:

The sales, during the financial year under review rose to Rs.1,771 crores (approx.) as compared to Rs.905 crores (approx) in the previous year, registering an increase of about 30.39% on an annual basis. The gross profit (after interest charges)

jumped to Rs.172.15 crores against Rs.75.15 crores for the previous year, a rise of 52.73% on an annual basis. The net profit rose to Rs.80.77 crores as against Rs.14.17 crores in the previous year.

Your Company contributed as much as Rs.801 crores (approx.) to the national exchequer in the form of various taxes during the period under review. With the declaration of final dividend on the equity shares, your company would have distributed a massive aggregate amount of Rs.56 crores which is 71 % of the after tax profit of the financial year under review to the large family of its shareholders aggregating to approximately 16 lacs spread far and wide in the country and abroad.

5.2 Textile Division

Your Company has partly completed its modernisation programme at Ahmedabad during the year under review. With this, the Company has enhanced its very sophisticated product range to a high growth area of furnishing fabrics. The Company has successfully introduced these fabrics in the local market and has received encouraging trade and consumer response. The fact that this new product group has received large export orders from international quality conscious consumers bears testimony that the Company is and will continue to be on the leading edge of technology.

The Company is currently examining various options for maintaining market leadership, in terms of technology, product development and marketing, and, hopes to implement the same in the coming years.

5.3 Fibre Division

5.3.1 Polyester Yarn Division

The Company maintained its growth in annual production and sales in Polyester Yarn during the year under review. The industry had their long standing demand partly accepted by the Government for rationalisation of excise duty on polyester filament yarn by a reduction in excise duty in the Central budget 1988-89 from Rs.83.75 to Rs.56.12 per kg. The entire benefit of excise duty reduction was passed on to the consumers. However, a multi fold increase in the input costs especially of MEG, a vital input where international prices soared over

300%-400% in a short span of about 3-4 months, offset the aforesaid benefits. Further, the depreciating rupee also increased the cost of imported raw materials.

The Company has undertaken to explore export opportunities for this highly competitive product and has been able to make an international break-through by exporting substantial quantities to the EEC and Korea.

5.3.2 Polyester Staple Fibre Division

During the year under review, the Company's polyester staple fibre plant was not operated to its capacity owing to low demand by industrial users. The industry was able to realise its long standing request for reduction in excise duty from Rs.25 to Rs.15.66 per kg. These benefits were passed on to the consumers. Severe rise in input cost of the imported raw materials and the depreciating rupee-offset the benefit given to the industry.

The Company's product has been accepted as the leading product in terms of quality in the Indian market. Your company has exported large quantities of polyester fibre to highly developed countries like USA where the Company's product quality has matched that of leading American producers.

It would be interesting to note that Du Pont supplied the original technology and currently your company is working under a programme for marketing products made in India under Du Pont technology in the USA and other countries using the world wide market network of Du Pont under their brand name. You would appreciate that this is a very creditable achievement for your company. Your Company plans to export substantial quantity in the coming years.

5.4 Fibres Intermediate Division

5.4.1 Purified Terephthalic Acid (PTA)

The Company has commissioned, in 1988, its single largest project at Patalganga with a licensed capacity of 100,000 tonnes per annum in collaboration with Messrs. Imperial Chemical Industries plc U.K. and Messrs. UOP Processes International Inc. USA. With the commissioning of this facility, your Company will have access to its own raw material for manufacturing polyester and will also be able to supply this very efficient raw material for the manufacture of polyester to other quality conscious consumers in India. With the commissioning of this PTA plant, your company would be able to save foreign exchange to the tune of Rs.100 crores per annum.

5.5 Detergents Intermediate Division

5.5.1 Linear alkyl Benzene (LAB)

Your Directors are pleased to further state that the project for manufacture of Linear Alkyl Benzene (LAB) was commissioned in the second quarter of 1988 with a licensed capacity of 60,000 tonnes per annum. With the help of Messrs. UOP Processes International Inc. USA, as the technical collaborator for the project, the company has been able to produce high quality LAB which has been accepted by brand leaders in India. However, due to bunching of imports, there was an excess supply of LAB. With the aggressive marketing policies adopted by the company, your company expects to perform better in the coming years.

6. RELIANCE PETROCHEMICALS LIMITED

Your Directors after due considerations thought it fit to set up all Petrochemical Projects through another company inter-alia with

a view to speedily implement the Letters of Intent/Industrial Licences as also to effect better control and avail of fiscal benefits/incentives. Furthermore, in the light of the government considering opening of new vistas of growth in the petrochemicals sector, your Company decided that it will be in the interest of shareholders to have a subsidiary company. With this end in view, your Company promoted Reliance Petrochemicals Limited (RPL) to implement Letters of Intent/Industrial Licences received for the manufacture of Poly Vinyl Chloride (PVC), Mono Ethylene Glycol (MEG) and High Density Polyethylene (HDPE) at Hazira, Dist. Surat. It has obtained consents from the concerned authorities for endorsement of these Industrial Licences/Letters of Intent for implementation of the aforesaid projects in the name of RPL.

After the close of the financial year, RPL, in accordance with the Consents received from the Controller of Capital Issues (CCI), Government of India, New Delhi has issued Equity Shares of an aggregate nominal value of Rs.57.50 crores for cash at par to your company as promoter. In conformity with the Consent Order issued by CCI, your Company has also made an unsecured interest free deposit of Rs.50 crores with RPL conferring a right of compulsory conversion of the said loan into Equity Shares in RPL for cash at par on the expiry of 36 months from the date of allotment of the debentures recently issued by it. Your Directors have placed on record their deep sense of appreciation of the faith reposed by the investing public in the Reliance Group by subscribing to the Convertible Debentures issued by RPL in large numbers. With the allotment of debentures, RPL enjoys the support of about 23 lacs shareholders.

7. REDEMPTION OF DEBENTURES

Your Company has refunded a sum of Rs.0.59 crore to the debentureholders of Debentures of Series I, II, III and IV who had surrendered their debentures upon redemption out of the outstanding value of the said Debentures of Rs.1.18 crores. Despite reminders to the Debentureholders, a sum of Rs.0.59 crore (approx.) is still payable and the same will be paid as and when requests are received from the debentureholders.

8. INVESTORS' SERVICES

Your directors are gratified to place on record the growth of its investor community over the years. In 1977, the total number of investors were about 50,000 and after five years i.e. in 1982, it was 5 lacs (approx.). It has after another five years risen to 30 lacs (approx.). Your Company had earlier innovated a few measures such as consolidation of folios, appointing centres for distributing certificates, etc. However, with the efflux of time, it was found that the pace of servicing was not matching with the growth of the investors' strength. Therefore, during the year the Company appointed 14 Investor Relations Centres at important townships/cities in the country primarily to service the investors. These centres also serve the share broker fraternity in coordinating their requirements with Reliance Consultancy Services Limited, the Registrars and Transfer Agents of the Company at Bombay with regard to routine transfer of shares/ debentures and matters incidental thereto. Your Company is intending in due course of time to further strengthen these centres by installing speedier communication services.

9. SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act 1956, the Audited Statement of Accounts along with the Report of the Board of Directors of Devti Fabrics Limited and the Report of

the Auditors thereon for the year ended 31st December 1987 are annexed .

Although Devti Fabrics Limited has a carry forward loss of Rs.1.23 crores upto 31st December 1987, your Directors are hopeful that it will be in a position to wipe off the losses in the near future.

Since the first Accounting Year of Reliance Petrochemicals Limited is not yet over, the audited statement of account along with the reports of the Board of Directors of the Company will be annexed only along with the next year's annual accounts.

10. INSURANCE

All the properties and insurable interest of the Company including buildings, plant and machinery, stocks, wherever necessary and to the extent required have been adequately insured .

11. FIXED DEPOSITS

Deposits of Rs.1.97 crores which became due for repayment on or before 30th June. 1988 were not claimed by the depositors as on that date. Of these, deposits of Rs.1.24 crores have since been repaid/renewed.

12. PERSONNEL

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 the names and other particulars of the employees are set out in the Annexure forming part of the report.

13. DIRECTORS

General Insurance Corporation of India has nominated Shri B D Shah, General Manager of the Corporation as their Nominee on the Board of the Company in place of their earlier nominee, Shri R.V. Madhava Rao.

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company. Messrs. T. Ramesh U. Pai, Natvarlal H. Ambani and Anil D. Ambani retire by rotation and are eligible for reappointment.

14. AUDITORS

Messrs. Rajendra & Company and Messrs. Chaturvedi & Shah. Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received Certificates from these Auditors to the effect that their reappointment if made would be within the prescribed limits under Section 224(1) of the Companies Act 1956.

The notes to the Accounts Nos.4, 13(b) and 17 referred to in the Auditors Report are self explanatory and therefore, do not call for any further comments.

15. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation of the abundant assistance and co-operation received from the Financial Institutions and Banks during the year under review.

Your Directors wish to place on record their deep sense of appreciation of the devoted services by the Executives. Staff and workers of the Company for its success.

For and on behalf of the Board

Bombay 400 021
Dated: 31st October, 1988

Dhirubhai H. Ambani
Chairman & Managing Director

AUDITORS' REPORT

To
The Members of Reliance Industries Limited

We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 30th June, 1988 and also the annexed Profit & Loss Account of the Company for the period ended on that date and report that:

1. (a) For the reasons explained in Note No.4 of Schedule N the items of Income and Expenditure mentioned therein are continued to be accounted for on cash basis;
- (b) For the reasons explained in Note 13(b) of Schedule N provision for taxation (estimated at Rs.10 crores) has not been made in respect of a part of the profits assessable in the Assessment Year 1989-90. Had provision been made the profit for the financial year and reserves would have been lower by Rs.10 crores.
- (c) As explained in Note 17 of Schedule N no provision has been made for the possible losses which may arise in respect of investment of Rs.0.21 crore in Fans and to receivables of Rs.2.40 crores from and guarantee of Rs.3.00 crores issued on behalf of Devti Fabrics Limited a Wholly Owned Subsidiary Company. Had provision been made for these items the profit for the financial year and reserves would have been lower by Rs.5.61 crores.
2. Subject to the above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the 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 the Books of Account;
 - (c) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us the accounts read with other notes thereon give the Information required by the Companies Act 1956 in the manner so required and give a true and fair view:
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 30th June 1988: and
 - ii) In the case of Profit & Loss Account of the profit for the period ended on that date.

As required by the Manufacturing and Other Companies (Auditor s Report) Order 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act 1956 and on the basis of such checks as we considered appropriate we further report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except furniture and fixtures and factory equipments in respect of which proper records are maintained only from 1st January 1979 onwards The fixed assets have been physically verified by the management during the year and no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the Fixed Assets have been revalued during the year.
3. Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods stores spare parts and raw materials save and except goods lying with third parties The discrepancies noticed on such verification as compared with the book records were not significant and the same have been properly dealt with in the Books of Account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
4. The Company has not taken any loans from Companies firms or other parties listed in the registers maintained under Sections 301 and 370(1-C) of the Companies Act 1956.
5. Loans and Advances in the nature of loans have been given to the employees and the subsidiary companies free of interest. The repayment of principal amount and interest wherever applicable in most of the cases are as stipulated.

6. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores raw materials including components plant and machinery equipments and other assets.
7. There are no purchases during the year of stores raw materials or components from the firms or companies or other parties in which directors are interested save and except from subsidiary company as listed in the register maintained under Section 301 of the Companies Act 1956. The prices paid in respect of purchases made from the subsidiary company in excess of Rs.10000/- in value for each type of item so purchased are reasonable as compared to the price quoted by others or as per information available with the Company.
8. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for loss arising on the items so determined.
9. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58A of the Companies Act 1956 and rules made thereunder with regard to Fixed Deposits accepted from the public.
10. In our opinion the Company has maintained reasonable records for the sale and disposal of by-products and realisable scrap wherever significant.
11. The Company has an internal audit system commensurate with the size and nature of its business.
12. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act 1956 in respect of the manufacturing activities of the Company. We are informed that such accounts and records have prima facie, been maintained. We have not however made a detailed examination of the same.
13. Provident Fund dues have been regularly deposited with the appropriate authorities.
14. In respect of trading activities we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore no provision for any loss is required to be made in the accounts.
15. In respect of processing activities we are informed that the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business and the system provides for a reasonable allocation of materials and man-hours consumed to the relative jobs. In our opinion there is reasonable system for authorisation at proper levels with necessary control on the issues and allocation of stores and labour to relative jobs.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Partner

Bombay
Dated: 31st October 1988



Reliance

BALANCE SHEET AS AT 30TH JUNE, 1988

(Rs. in crores)

	Schedule	As at 30th June, 1988		As at 31st December, 1986	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'	157.90		57.41	
Reserves & Surplus	'B'	864.22		254.12	
			1,022.12		311.53
Loan Funds					
Secured Loans	'C'	854.99		682.03	
Unsecured Loans	'D'	79.58		143.78	
			934.57		825.81
TOTAL			1,956.69		1,137.34
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block		1,862.66		1,137.55	
Less: Depreciation		278.58		188.09	
Net Block	'E'		1,584.08		949.46
Investments					
	'F'		1.25		0.37
Current Assets, Loans & Advances					
Current Assets					
Inventories		261.15		240.33	
Sundry Debtors		209.95		120.47	
Cash and Bank Balances		33.33		659.25	
Other Current Assets		—		0.33	
			504.43		1,020.38
Loans & Advances	'H'	103.40		32.45	
			607.83		1,052.83
Less: Current Liabilities & Provisions					
Current Liabilities					
Current Liabilities	'I'	207.00		851.11	
Provisions		29.47		14.21	
		236.47		865.32	
			371.36		187.51
TOTAL			1,956.69		1,137.34
Notes and Contingent Liabilities					
	'N'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. Chaturvedi
Partner

For and on behalf a. the Board

D.H. Ambani
R.H. Ambani

Chairman & Managing Director
Joint Managing Director

K. Gopal Rao
J.R. Shah
T. Ramesh U. Pai
M.L. Bhakta
V.V. Divecha
B.D. Shah

Directors

N.H. Ambani
M.D. Ambani
N.R. Meswani

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 31st October, 1988

Bombay
Dated: 31st October, 1988

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 1988

		1987-88 (18 months)		1986 (12 months)	
		Rs.	Rs.	Rs.	Rs.
(Rs. in crores)					
INCOME	Schedule				
Sales		1,770.74		905.48	
Other Income	'J'	7.45		5.73	
Variation in Stock	'K'	<u>(-19.46)</u>		<u>(+78.69)</u>	
			1,758.73		989.90
EXPENDITURE					
Purchases		210.70		205.60	
Manufacturing and Other Expenses	'L'	1,265.11		654.91	
Interest	'M'	110.74		54.24	
Depreciation		<u>91.41</u>		<u>60.98</u>	
			1,677.96		975.73
Profit for the period before Tax			80.77		14.17
Less: Provision for Taxation (Refer Note no. 13)			2.00		—
Profit after Tax			78.77		14.17
Add: Balance brought forward from last year			1.93		14.52
			80.70		28.69
Add: Investment Allowance (Utilised) Reserve written-back			3.15		25.00
AMOUNT AVAILABLE FOR APPROPRIATIONS:			83.85		53.69
APPROPRIATIONS					
Investment Allowance Reserve		—		36.00	
Debenture Redemption Reserve		4.25			
General Reserve		11.00		2.00	
Dividend (subject to tax):					
Interim - On Equity Shares (Paid)		30.57		—	
Final - Proposed on:					
Preference Shares		1.29		0.86	
Equity Shares		<u>25.49</u>		<u>12.90</u>	
			72.60		51.76
Balance carried to Balance Sheet			11.25		1.93
Notes and Contingent Liabilities	'N'				

As per our Report of even date		For and on behalf a. the Board	
For RAJENDRA & CO. Chartered Accountants R.J. Shah Proprietor	For CHATURVEDI & SHAH Chartered Accountants D. Chaturvedi Partner	D.H. Ambani R.H. Ambani	Chairman & Managing Director Joint Managing Director
		K. Gopal Rao J.R. Shah T. Ramesh U. Pai M.L. Bhakta V.V. Divecha B.D. Shah	Directors
		N.H. Ambani M.D. Ambani N.R. Meswani	
		V.M. Ambani	Executive Directors Secretary
Bombay Dated: 31st October, 1988		Bombay Dated: 31st October, 1988	



Reliance

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL	As at 30th June, 1988		(Rs in crores) As at 31st December, 1986	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
20,00,00,000 Equity Shares of Rs.10 each	200.00		115.00	
11,50,00,000				
30,000 11% Cumulative Redeemable Preference Shares of Rs.100 each	0.30		0.30	
5,50,000 15% Cumulative Redeemable Preference Shares of Rs.100 each	5.50		5.50	
(—) Cumulative Redeemable				
(4,20,000) Preference Shares of Rs. 100 each	—		4.20	
4,42,00,000 Unclassified Shares of Rs. 10 each	44.20		—	
(—)				
	<u>250.00</u>		<u>125.00</u>	
Issued & Subscribed:				
15,21,46,493 Equity Shares of Rs.10 each fully				
(5,16,09,318) Called-up .	152.14			
Less: Calls unpaid - by others	0.04			
	<u>152.10</u>		51.61	
30,000 11% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up (redeemable at any time after 16th March, 1990 but not later than 15th March, 1993)	0.30		0.30	
5,50,000 15% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up (redeemable at any time after 31st December, 1994 but not later than 31st December, 1997)	5.50		5.50	
	<u>157.90</u>		<u>57.41</u>	

Of the above Equity Shares:

- (a) 1,56,78,430 Shares were allotted as fully paid-up Bonus Shares by capitalisation of Share Premium and Reserves
 - (b) 60,62,000 Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payments being received in cash.
 - (c) 9,44,78,433 Shares were allotted as fully paid-up Shares on conversion/surrender of Debentures.
 - (d) 13,24,000 Shares were issued on conversion of Term Loans
 - (e) 4,463 Shares (including 1,670 Shares by way of Bonus Shares by Capitalisation of Share Premium and Reserves) are reserved for allotment to some of the Shareholders/purposed transferees of Shares of erstwhile The Sidhpur Mills Company Limited.
- The Company will be required to issue and allot additional 18,667 Equity Shares of Rs.10 each at a premium of Rs. 15/- per share to the shareholders of erstwhile The Sidhpur Mills Company Limited as Right Shares, if the Court so decide;
 - Figures in brackets are of previous year.
 - The figures in (a) and (b) of Note No 1 above have been reclassified.

SCHEDULE 'B'

RESERVES & SURPLUS	As at 30th June, 1988		(Rs in crores) As at 31st December 1986	
	Rs.	Rs.	Rs.	Rs.
Debenture Redemption Reserve				
Transferred from Profit & Loss Account		4.25	—	
Share Premium Account				
As per last Balance Sheet	84.40		84.40	
Add: Additions during the year				
On Conversion of Debentures of 'G' Series	431.03		—	
On Issue of Right Equity Shares	157.36			
Less Calls unpaid by others	0.21			
	<u>157.65</u>		—	
	<u>673.00</u>		<u>84.40</u>	
	<u>673.33</u>		<u>84.40</u>	

RESERVES & SURPLUS

	As at 30th June, 1988		(Rs in crores) As at 31st December 1986	
	Rs.	Rs.	Rs.	Rs.
		677.33		84.40
Investment Allowance Reserve				
As per last Balance Sheet	36.00		22.80	
Less: Utilised for purchase of machinery during the year transferred to Investment Allowance (Utilised) Reserve	36.00		22.80	
Add: Transferred from Profit & Loss Account	—		36.00	
	<u>—</u>	<u>—</u>	<u>36.00</u>	
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	80.95		83.15	
Add: Transferred from Investment Allowance Reserve	36.00		22.80	
	<u>116.95</u>		<u>105.95</u>	
Less: Provision to the extent not required transferred to Profit & Loss Account	3.15		25.00	
	<u>113.30</u>		<u>80.95</u>	
Taxation Reserve				
As per last Balance Sheet	10.00		10.00	
General Reserve				
As per last Balance Sheet	40.84		38.84	
Add: Amount transferred from Profit & Loss Account	11.00		2.00	
	<u>11.00</u>		<u>2.00</u>	
Profit & Loss Account				
	<u>11.25</u>		<u>1.93</u>	
	<u>864.22</u>		<u>254.12</u>	

SCHEDULE 'C'

SECURED LOANS	As at 30th June, 1988		(Rs in crores) As at 31st December 1986	
	Rs.	Rs.	Rs.	Rs.
A) DEBENTURES:				
i) 11% Convertible Mortgage Debentures of Rs.500 each fully paid (Series I)	7.00		7.00	
Less: Converted/Surrendered/ Redeemed	7.00		6.89	
	<u>—</u>		<u>0.11</u>	
ii) 12% Convertible Mortgage Debentures of Rs.125 each fully paid (Series II)	10.80		10.80	
Less: Converted/Surrendered/ Redeemed	10.80		10.69	
	<u>—</u>		<u>0.11</u>	
iii) 13.5% Convertible Mortgage Debentures of Rs.125 each fully paid (Series III)	24.00		24.00	
Less: Converted/Surrendered/ Redeemed	24.00		23.49	
	<u>—</u>		<u>0.51</u>	
iv) 13.5% Convertible Secured Debentures of Rs.125 each fully paid (Series IV)	50.00		50.00	
Less: Converted/Surrendered/ Redeemed	50.00		49.55	
	<u>—</u>		<u>0.45</u>	
v) 13,546 Convertible Secured Debentures of Rs. 150 each fully paid (Series 'E') (Refer Note no 3(b) below)	80.00		80.00	
Less: Converted	26.67		26.67	
	<u>53.33 *</u>		<u>53.33</u>	

* includes debentures of face value of (Rs.36,500) held by Directors

SCHEDULE 'C' (Contd.)

	As at 30th June, 1988		(Rs in crores) As at 31st December 1986	
	Rs.	Rs.	Rs.	Rs.
vi) 15% Non-convertible Secured Debentures of Rs.100 each fully paid. (Series 'F') (Refer Note No.10 below)	270.00		270.00	
Less: Bought back (Net of re-issue)	0.32		0.14	
	269.68		269.86	
* Includes debentures of face value of Rs.0.01 crore held by Directors				
vii) 13.5% Fully Secured Convertible Debentures of Rs.145 each fully paid (Series 'G')	500.00		—	
Less: Converted during the financial year	500.00		—	
vii) 14% Non-Convertible Secured Redeemable Debentures of Rs.100 each fully paid Privately Placed (Refer Note No.2(b) below)	80.00		—	
		403.01		324.37
B) TERM LOANS				
1. From Banks				
a) Foreign Exchange Loan in Euro Currency at floating rates	81.88		88.32	
b) Loan from State Bank of India, New York, Exim Bank, U.S.A. Line of Credit, Private Export Funding Corporation of U.S.A. and Sanwa Bank Ltd., Tokyo, Japan	11.19		16.19	
c) Rupee Loans	1.36		2.72	
	94.43		107.23	
2. From Financial Institutions				
a) Foreign Currency Loans	108.21		107.99	
b) Rupee Loans	0.36		1.01	
	108.57		109.00	
3. From Others:				
a) Lazard Brothers & Co. Ltd., London	—		0.52	
b) Housing Development Finance Corporation Ltd.	1.69		0.54	
	1.69		1.06	
		204.69		217.29
C) WORKING CAPITAL LOANS				
From Banks		220.92		135.91
D) BRIDGE LOANS				
From Financial Institutions		24.25		—
E) DEFERRED PAYMENT LIABILITIES				
To Foreign Machinery Suppliers (Guaranteed by Banks and Financial Institutions)		2.12		4.46
		854.99		682.03

NOTES:

Of the above:

- Working Capital Loans from Banks referred in 'C' are secured against hypothecation present and future stock of raw materials, stock-in-process finished goods spares and stores, book debts, outstanding monies and receivable claims.
- (a) Debentures referred in A(vi). Term Loans referred in B save and except B(1)(a) to the extent of Rs 14.84 crores, B(1)(c) to the extent of Rs.0.38 crore, B(2)(a) to the extent of Rs 4.35 crores and B(3)(b) and Deferred Payment Liabilities referred in E are secured by mortgage of deposit of title deeds of the properties situate at Naroda, Dist Ahmedabad in the state of Gujarat and at Patalganga, District Raigad in the state of Maharashtra. Debentures referred in A(i), (ii), (iii) and (iv) were redeemed on 30th June, 1987.

- Debentures referred in A (viii) are to be secured by mortgage of deposit of title deed Of the properties situate at Naroda, District Ahmedabad in the state of Gujarat and, at Patalganga, District Raigad in the state of Maharashtra. These Debentures will be redeemed at a premium of 5% on the face value of the said Debentures between the 5th year and 9th year from the date of allotment in equal instalments. The redemption of the Debentures will commence from November, 1992.
- (a) Debentures referred in A(v) are secured by a legal mortgage in English form on the properties situate at Naroda, District Ahmedabad in the state of Gujarat. The Debentures along with Cumulative interest payable on the Debentures referred to in A(vi), shall rank subsequent to the charges created by the company in favour of :
 - Agents & Trustees for the holders of Debentures referred in A(vi) and (viii) AND.
 - Other Financial Institutions/Banks for their outstanding loans/guarantees.
 (b) Balance amount of Debentures referred in A (v) is redeemable at par by 10th December, 1996 with an option to repay these amount in one or more instalment by drawing lots at any time after 10th December, 1993.
- Term Loan referred in B(1)(a) to the extent of Rs.14.84 crores are secured (exclusively by hypothecation of specific items of plant and machinery situate at Naroda and Patalganga Term Loans referred in B(1)(c) to the extent of Rs 0.38 crore, are to be secured exclusively by Mortgage of the assets of the company situate at Sidhpur in the State of Gujarat
- Term Loans referred in B(2)(a) to the extent of Rs.4.35 crores and Bridge Loan referred in D are to be secured by mortgage of the company's properties situate at Naroda District Ahmedabad in the state of Gujarat and/or at Patalganga, District Raigad in the state Maharashtra.
- Term Loans referred in B(3)(b) are secured by mortgage by deposit of title deeds of specified residential quarters situate at Panvel, District Raigad in the state Maharashtra.
- Foreign Currency Loan from Banks referred in item B(1)(a) includes Rs. 9 58 crores pa' to foreign machinery suppliers in connection with Mono Ethylene Glycol (MEG) Project now being implemented by Reliance Petrochemicals Limited (subsidiary company)
- The charges created on the Debentures, Term Loans and Deferred Payment Liabilities referred to in A, B, and E above rank pari passu. Inter-se, save and except.
 - Debentures referred to in A(v) and cumulative interest payment on Debentures referred in A(vi) and
 - Term Loans referred in B(1)(a) to the extent of Rs.14.84 crore, B(1)(c) to the extent of Rs.0.38 crore and B(3)(b).
- (a) The Debentures referred in A(vi) above are 'redeemable at a premium of 5% of the face value of each Debenture. Of the aforesaid Debentures' the Debentures issued under non-cumulative interest payment scheme are redeemable on 30th September, 1992 and the Debentures issued under cumulative interest payment scheme are redeemable in three yearly instalments commencing from 30th September, 1992 by draw of lots.
 - The company is required to buy-back at par the said Debentures provided;
 - the face value of the total holding of the debentureholder in each case does not exceed Rs.40,000 and
 - the debentureholder has held the debentures for a period of not less than one year on the date of his offer.
 - The company can re-issue at par such bought back Debentures
 - The company received request for buy back of Debentures after the end of the financial year of an aggregate nominal value of Rs.3.80 crores till date (Since paid Rs 2.29 crores)
- Secured Loans include Rs.26.89 crores repayable within one year excluding monies payable on surrender of debentures under buy-back scheme as mentioned in 10(b) above.

SCHEDULE 'D'

	As at 30th June, 1988		(Rs in crores) As at 31st December 1986	
	Rs.	Rs.	Rs.	Rs.
Fixed Deposits				
including Cash Certificates of Rs.18.29 crores)		74.58		110.71
Short Term Loans				
i) From Banks	—		15.25+	
ii) From Financial Institutions	5.00		17.82+	
		5.00		33.07
		79.58*		143.78

- * Includes Rs.47.34 crores repayable/adjustable within one year
+ Includes Bridge Loans

SCHEDULE 'E'

Fixed ASSETS

(Rs in Crores)

Nature of Filed Assets	GROSS BLOCK (AT COST)				DEPRECIATION		NET BLOCK	
	As at 1	Additions	Deductions	As at 30.6.88	Total upto 30.6.88	As at 30.6.88	As at 31 12 86	
	1.87 Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Goodwill	1.23	—	—	1.23	—	1.23	1.23	
Leasehold Land	4.83	—	—	4.83	—	4.83	4.83	
Freehold Land	0.11	—	—	0.11	—	0.11	0.11	
Buildings	63.48	25.47	0.36	88.59	6.79	81.80	59.08	
Plant & Machinery	879.76	614.85	8.78	1,485.83	263.44	1,222.39	701.14	
Electric Installation	36.77	23.21	6.21	53.77	3.93	49.84	34.61	
Factory Equipments	5.22	4.83	0.20	9.85	1.24	8.61	4.39	
Furniture & Fixtures	12.55	3.68	0.04	16.19	2.63	13.56	10.87	
Vehicles	2.15	0.31	0.25	7.21	0.55	1.66	1.75	
Capital Expenditure pending allocation and advance against Capital Expenditure	131.45	277.17	208.57	200.05	—	200.05	131.45	
	1,137.55	949.52	224.41	1,862.66	278.58	1,584.08	949.46	
Previous Year	735.68	469.55	67.68	1,137.55	188.09	949.46		

NOTES:

- (a) Leasehold Land includes Rs.0.82 crore in respect of which lease-deeds are pending execution No write-off has been made in respect of lease premium paid for leasehold land since the grant of lease is for a long period.
- (b) Buildings includes (i) under construction Rs 8.81 crores and (ii) cost of ownership premises in Co-operative Housing Societies Rs 0.23 Crore.
- (c) Plant & Machinery includes (i) Rs.281.95 crores under installation and (ii) Rs 1.89 crores in transit.
- (d) Electric installation includes Rs. 4.04 crores under installation.
- (e) Factory Equipment includes Rs.0.38 crore under installation.
- (f) Furniture & Fixtures includes Rs.0.44 crore being work-in-progress.
- (g) Capital Expenditure pending allocation consist of:
- (i) Rs.96.26 crores on account of Advance against Capital Expenditure (Previous year Rs.58.47 crores).
- (ii) Rs.103.14 crores on account of Pre-operative Expenses (Previous year Rs.67.05 crores) as per Note No.20 of Schedule 'N', and
- (iii) Rs.0.65 crore on account of cost of construction materials at site (Previous year Rs.5.93 crores).

SCHEDULE 'F'

INVESTMENTS '(At Cost)

INVESTMENTS '(At Cost)	(Rs in crores)				B/f	(Rs in crores)			
	As at 30th June, 1988		As at 31st December, 1986			As at 30th June, 1988		As at 31st December, 1986	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
GOVERNMENT AND OTHER SECURITIES									
Unquoted									
7 Years National Savings Certificate (face value Rs.5000) (Deposited with Sales Tax Dept) (Rs.5000) (Previous year Nil)	—	—	—	—					
TRADE INVESTMENTS - Unquoted									
60 Equity Shares of New Piece Goods Bazar Co. Ltd. of Rs.100 each fully paid up (Rs.17,000) (Previous year Rs.17,000)	—	—	—	—					
5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouse Society Ltd. of Rs.200 each fully paid up (Rs.1,000) (Previous year Rs. 1,000)	—	—	—	—					
165 Shares of The Art Silk Co-operative Ltd. of Rs.100 each fully paid up (Rs.16,500) (Previous year Rs.16,500)	—	—	—	—					
225 Shares of Crimpers Industrial Co-operative Society Ltd. of Rs.100 each Rs.25 per share paid up (Rs.5,625) (Previous year Rs.5,625)	—	—	—	—					
20 Shares of The Bombay Market Art Silk Co operative (Shops & Warehouses) Society Ltd., of Rs.200 each fully paid up (Rs.4,000) (Previous year Rs.4,000)	—	—	—	—					
4980 Shares of Hindustan Oil Exploration Co. Ltd. of Rs. 100 each fully paid up	0.05	0.05	0.05	0.05					
IN SUBSIDIARY COMPANIES (WHOLLY OWNED) (Bodies Corporate under the same Management)									
210070 Equity Shares of Devti Fabrics Ltd. of Rs.10 each fully paid up	0.21	0.21	0.21	0.21					
100000 Equity Shares of Reliance Petrochemicals Ltd. of Rs.10 each fully paid up	0.10	—	—	—					
	0.31	—	—	0.21					
C/f				0.26					
OTHER INVESTMENTS - Quoted									
7530 Equity Shares of Housing Development & Finance Corporation Ltd. of Rs 100 each fully paid up					0.08			0.05	
1000 Equity Shares of Air Control & Chemicals, Engineering Co Ltd. of Rs. 100 each fully paid up					0.01			0.01	
4998 Equity Shares of The Industrial Credit Investment Corporation of India Ltd. of Rs.100 each fully paid up					0.05	0.14		0.05	0.11
In Bonds - Unquoted									
12% HDFC Corporate Bonds of Rs 1000 each fully paid up					0.50			—	
5000 Magnums of SBI Mutual Fund of Rs.500 each fully paid up					0.25			—	
					0.75			—	
					1.25			0.37	
During the period, the company invested in 46,40,000 units of Rs.10 each of Unit Trust of India for Rs.6.62 crores which were sold off for Rs.6.72 crores.									
AGGREGATE VALUE OF									
						As at 30th June, 1988		As at 31st December, 1986	
						Book Market		Book Market	
Value Quoted Investments	0.14	0.19	0.11	0.11					
Value Unquoted Investments	1.11	—	0.26	—					

SCHEDULE 'G'

CURRENT ASSETS		(Rs in crores)	
		As at 30th	As at 31st
		June, 1988	December, 1986
INVENTORIES (at cost or market value whichever is lower except otherwise stated)	Rs.	Rs.	Rs.
(Certified and valued by the Management)			
Stores, spares, dyes, chemicals, etc.	45.52		22.77
Raw materials	59.01		57.27
Stock-in-transit	0.76		0.91
Stock-in-process	50.93		41.65
Finished goods	100.04		115.18
Others (includes decommissioned machinery in previous year of Rs.0 05 crore at written down value)	4.89		2.55
		261.15	240.33
SUNDRY DEBTORS (unsecured)			
Over six Months:			
Considered good	27.75		17.22
Considered doubtful	3.63		2.04
	31.38		19.26
Less Provision for doubtful debts	3.63		2.04
	27.75		17.22
Others considered good	182.20 *		103.25
		209.95	120.47
CASH AND BANK BALANCES			
Cash on hand	0.48		0.50
Balance with Scheduled Banks In Current Accounts	31.62		657.76
In Fixed Deposit Accounts (includes Rs.0.01 crore lodged with Central Excise Authorities)	1.21		0.99
Balance in Current Account with Barclays Bank PLC U.K. (Maximum balance during the year Rs.0.02 crore)	0.02		—
	33.33		659.25
Cost of Import Entitlements (Under Export Promotion Scheme)	—		0.33
	504.43		1,020.38

includes Rs 1.05 crores due from a subsidiary company

SCHEDULE 'H'

LOANS AND ADVANCES		(Rs in Crores)	
		As at 30th	As at 31st
		June, 1988	December, 1986
UNSECURED - CONSIDERED GOOD	Rs.	Rs.	Rs.
Loans to wholly-owned subsidiary companies (Maximum balance at any time during the financial year Rs.53 52 crores) (Previous year Rs.1.35 crores) (Since recovered Rs.52.17 crores)			
	53.92		1.35
Advances recoverable in cash or in kind or for value to be received	28.98 *		15.00
Deposits	15.28		10.66
Prepaid expenses	2.46		1.47
Balance with Customs, Central Excise Authorities, etc.	3.16		3.97
	103.40		32.45

- includes i) Rs 0.06 crore from Officers (Previous year Rs.0.06 crore) Maximum balance at any time during the year Rs.0.06 crore (Previous year Rs.0.06 crore)
- ii) Rs.0.19 crore as Promoters contribution towards Equity Share Capital in Reliance Capital & Finance Trust Ltd. for which allotment of shares is to be made.

excludes Rs 0.16 crore considered doubtful and provided for

SCHEDULE 'I'

CURRENT LIABILITIES & PROVISIONS		(Rs in crores)	
		As at 30th	As at 31st
		June, 1988	December, 1986
CURRENT LIABILITIES	Rs.	Rs.	Rs.
Sundry Deposits	2.35		1.97
Sundry Creditors	162.47 *		119.62
Unclaimed Dividends	0.35		0.41
Interest accrued but not due on loans	39.40		36.60
Excess Share and Debenture Application monies Refundable	2.43		0.40
Application Money received towards issue of Debenture Series 'G'	—		692.11
		207.00	851.11
Includes for Capital Expenditure Rs.58.47 crores and Fixed Deposits matured but unclaimed Rs.1.97 crores.			
PROVISIONS			
Gratuity, Superannuation and Provident Funds	0.69		0.45
Provision for Taxation	2.00		—
Proposed Dividend	26.78		13.76
		29.47	14.21
		236.47	865.32

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
SCHEDULE 'J'

OTHER INCOME		(Rs. in Crores)	
		1987-88	1986
		(18 months)	(12 months)
	Rs.	Rs.	Rs.
Incentives, assistance & drawbacks on Exports received			
	0.68		0.54
Processing charges	1.25		0.23
Dividend (Gross)			
On other Investments			
(Tax at source Rs.0.01 crore)	0.03		0.01
Profit on Sale/discard of assets (Net)	0.25		0.33
Miscellaneous Income	5.14		4.61
Profit on Sale of Investments	0.10		0.01
	7.45		5.73

SCHEDULE 'K'

VARIATION IN STOCK		(Rs in crores)	
		1987-88	1986
		(18 months)	(12 months)
	Rs.	Rs.	Rs.
STOCK-IN-TRADE (at close)			
finished goods	100.04		115.18
Stock-in-process	50.94		41.65
Others	4.66		2.48
By Product	0.18		—
		155.82	159.31
STOCK-IN-TRADE (at commencement)			
Finished goods	115.18		36.83
Stock-in-process	41.65		40.65
Others	2.48		3.14
	159.31		80.62
Finished goods in stock at the end of Trial runs	15.97		—
		175.28	80.62
		(-)19.46	(+78.69)

SCHEDULE 'L'

MANUFACTURING & OTHER EXPENSES	1987-88		(Rs in crores)	
	(18 months)		1986	
	Rs.	Rs.	Rs.	Rs.
RAW MATERIALS CONSUMED				
Stock at commencement	57.27		50.65	
Add Purchases (including consumption of PTA out of Trial run production)	418.78		251.60	
	<u>476.05</u>		<u>302.25</u>	
Less: Stock at close	59.01		57.27	
		417.04		244.98
MANUFACTURING EXPENSES				
Carriage inward	6.06		2.44	
Stores & spare parts	15.16		8.76	
Dyes & Chemicals	31.59		22.45	
Electric Power, fuel and water	71.08		32.99	
Machinery repairs	2.59		1.01	
Building repairs	0.60		0.57	
Labour, Processing & machinery hire charges	9.14		6.02	
Excise Duty	554.66		267.35	
Sales Tax	14.64		3.57	
		705.52		345.16
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages & Bonus	26.39		15.48	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	3.10		2.04	
Employees' Welfare and other amenities	5.43		2.20	
		34.92		19.72
SALES & DISTRIBUTION EXPENSES				
Samples, Sales Promotion & Advertisement Expenses	14.20		3.64	
Brokerage & Commission	9.47		4.62	
Export Expenses	0.07		0.01	
Packing Expenses	23.95		13.00	
Warehousing Charges	1.80		1.11	
Freight and forwarding charges	6.07		3.01	
Octroi Expenses	4.33		1.40	
		59.89		26.79
ESTABLISHMENT EXPENSES				
Insurance	3.88		2.19	
Rent	1.13		0.22	
Rates and taxes	0.07		0.07	
Other repairs	0.92		0.50	
Travelling expenses (including Rs.0.11 crore for Directors)	1.59		0.91	
Payment to Auditors	0.27		0.15	
Directors' fees (Rs.23,250) (Previous year Rs.12,250)	—		—	
General Expenses	37.57		13.36	
Provision for doubtful recoveries	1.59		0.35	
Charity & Donation	0.72		0.51	
		47.74		18.26
		1,265.11		654.91

SCHEDULE 'M'

INTEREST	(18 month.)		(Rs. in crores)	
			1986	
	Rs.	Rs.	Rs.	Rs.
Debentures	35.77		20.57	
Fixed Loans	27.19		21.25	
Others (Net)	47.78		12.42	
		110.74		54.24

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The Company has changed its financial year from calendar year to 30th June from the current year and therefore, the current financial year is of eighteen months as against twelve months of the previous financial year. The figures of previous year to that extent are therefore not comparable with those of the current financial year.

- The previous year's figures have been regrouped wherever necessary.
- Figures are shown in crores of rupees in accordance with the approval from the Company Law Board. Figures less than Rs.50,000 have been shown at actuals in brackets.
- The Company has, during the financial year, in line with the recent amendment to section 209(3) of the Companies Act, 1956, accounted on 'accrual basis' (a) liability in respect of maturity value in excess of initial investment of Cash Certificates issued by the Company under Fixed Deposit Scheme (b) income on investments and (c) Excise Duty set-off, which, as per the accepted practice, were hitherto accounted for on cash basis. As a result, the profit for the year is lower by Rs.1.19 crores. Since it is not possible to ascertain with reasonable accuracy, the quantum to be provided for in respect of (i) Export incentives and other claims (ii) Claims for refunds of custom duty, sales tax, insurance, octroi, etc. (iii) Interest on overdue bills and delayed payment charges. (iv) Performance incentives on sales, (v) Premium on redemption of Debentures (vi) disposal of sundry items other than usable waste of POY/PSF (vii) Exchange difference arising on repayment of foreign currency loans, deferred credit facilities, and (ix) Interest on letters of credit outstanding till the end of accounting period, the same are continued to be accounted on Cash basis.
- Sales is inclusive of Rs.1.60 crores and Rs.20.73 crores being the recovery of Sales Tax and Excise Duty respectively. It is exclusive of Sales during Trial runs of P.T.A. & L.A.B.
- 'Interest - Others(Net)' is arrived at after deducting Rs. 6.48 crores (Tax at source Rs. 0.09 crore being interest received/receivable).
- Expenses/adjustments amounting to Rs. 1.52 crores and income/credits amounting to Rs.0.28 crores relating to previous year have been suitably accounted for in respective heads.
- Research and Development Expenditure comprises of Revenue expenses amounting to Rs.3.40 crores and Capital Expenditure amounting Rs.4.35 crores which have been included under the respective heads of accounts.

	(Rs. in crores)	
	1987-88	1986
	Rs.	Rs.
9. (i) Auditors' Remuneration:		
(a) Audit Fees	0.15	0.09
(b) Tax Audit Fees	0.06	0.03
(c) For Certification and Consultation in Finance and Tax matters	0.05	0.02
(d) Out-of-pocket expenses	0.01	0.01
(e) For Report and Certification work (capitalised)	0.03	—
	<u>0.30</u>	<u>0.15</u>
(ii) Cost Auditor		
Audit Fees (Rs.20,000) (Previous year Re. Nil)	—	—
10. (a) The Company has been advised that the computation of net profit (for the Purpose of Directors' remuneration under section 349 of the Companies Act 1956) need not be enumerated since no commission has been paid to the Directors and only minimum remuneration has been paid to the Directors as per the approval of the Central Government received under Section 198 and Section 309 of the Companies Act. 1956.		

- | | (Rs. in crores) | |
|--|-----------------|------|
| | 1987-88 | 1986 |
| | Rs. | Rs. |
| (b) Managing Directors' and Executive Directors remuneration | | |
| i) Salaries | 0.06 | 0.03 |
| ii) Contribution to Provident Fund and Superannuation Fund | 0.02 | 0.01 |
| iii) Provision for Gratuity (as per actuarial Valuation) (Rs.36.796) (Previous year Rs.8.980) | — | — |
| iv) Perquisites | 0.04 | 0.02 |
| includes net remuneration to Managing Directors and Executive Directors Rs.0.01 crores pertaining to previous year consequent to approval of Central Government. | | |
| 11. The Company has been accounting liability for Excise and Custom Duty in respect of finished products, as well as raw materials lying in factory/bonded premises as and when they are cleared/debonded. Accordingly, estimated liability amounting to Rs.18.79 crores in respect of such items at the end of the financial year has not been provided for in the accounts and hence not included in the valuation of inventory. | | |
| 12. (a) Foreign Currency loans availed of during the period to acquire plant and machinery have been accounted for in Indian Rupees at the exchange rates prevailing on relevant dates. | | |
| (b) No effect has been given in the Accounts to the fluctuations in rates of exchange with regard to outstanding balance of foreign currency loans. | | |
| (c) The Company, after the commencement of commercial production has consistently been treating difference on account of fluctuation in exchange rates on payments of instalments of loans, deferred credit facilities, etc., as a revenue expenditure and the same amounting to Rs.10.25 crores (Previous year Rs.4.32 crores) has been included under the head General Expenses; | | |
| 13. (a) The Income tax assessments of the Company have been completed upto Assessment Year 1985-86. Total tax demand raised by Income-tax Department upto the said assessment year is of Rs. 13.88 crores which is disputed. The company is advised | | |

- that the existing Taxation Reserve of Rs. 10 crores however' would be adequate enough to meet the liability, if any, upto Assessment year 1987-88.
- (b) i) Provision for Taxation has been made in the accounts in respect of such part of the profits of the current financial year which are assessable in the Assessment Year 1988-89. Balance of profits of the current financial year together with those for the subsequent period upto 31st March, 1989 will be assessable in assessment year 1989-90 as one composite income in view of the amended provisions of section 3 of the Income Tax Act, 1961.
- ii) Since the Company is expecting substantial reliefs on account of Investment Allowance and Export Incentives promised by Government for Assessment Year 1989-90, the liability towards income Tax cannot reasonably be quantified. Hence liability for taxation if any in respect of the profit of the balance period taxable in Assessment Year 1989-90 will be accounted for in the next year.
- iii) If provision for taxation had been made only in respect of profits upto 30th June, 1988, the same would have amounted to Rs. 10 crores, in view of provision of section 115J of Income Tax Act, 1961 .
- iv) However, the balance in General Reserve is adequate enough to cover estimated liabilities on this account, if any.
14. The Government of India has issued guidelines dated 15th January, 1987 which requires Companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has been advised that the notification is not applicable to Debentures issued before the said date of the notification. In respect of debentures issued during the financial year pursuant to the guide lines, the Company has on a pro rata basis, allocated Rs.4.25 crores towards creating a Debenture Redemption Reserve as would accumulate the reserve to 50% of the total face value Of such debentures at the time of redemption.
15. (a) Depreciation on assets has been provided for the entire financial year on straight-line method at the rates prescribed by Schedule XIV to the Companies (Amendment) Act 1988 read with Section 205(2)(b) of the Companies Act 1956. Depreciation in respect of additions to and deductions from assets has been charged on pro-rata basis with reference to the period of use of such assets. The provision for depreciation for multiple shifts wherever applicable as per records and as advised, has been made on the basis of the actual utilisation of respective eligible assets.
- (b) Upto last year, depreciation was provided in accordance with the provisions of Section 205(2)(b) of Companies Act. 1956, after considering extra shift allowance for all units of the Company as a whole and not in respect of individual asset.
- (c) Had the Company continued the same practice during the current financial year, depreciation would have been higher by Rs.28.91 crores and the closing inventory would have been higher by Rs.4.37 crores and the net profits would have been lower by Rs.24.54 crores.
16. (a) During the financial year, the Company had applied for endorsement of Industrial Licences/Letters of Intent for manufacture of HDPE, PVC, MEG, Chlorine and Caustic Soda in favour of its Subsidiary Company, viz. Reliance Petrochemicals Limited. The requisite endorsements have since been accorded by the concerned authorities.
- (b) The Company has, subsequent to the end of the financial year subscribed for 5,75,00,000 Equity Shares of Rs.10/- each of Reliance Petrochemicals Limited, at par, and has placed interest-free non-refundable deposit of Rs.50 crores to be compulsorily converted into 5,00,00,000 Equity Share of Rs.10/- each, at par, or, the expiry of thirty six months from the date of allotment of debentures issued by the said Company.
17. The Company has an investment of Rs.0.21 crores in Share Capital of Devti Fabrics Limited, a wholly owned subsidiary company. Further loans to this subsidiary aggregate Rs.1.35 crores and Receivables on account of sale of goods etc. aggregate Rs.1.05 crores. The losses of the Company upto 31st December, 1987 exceed its paid up Capital and reserves. No provision has been made for possible losses which may arise on these accounts.
18. The Superintendent of Stamps, Central Stamp Office, Bombay has issued Demand Notices on the Company aggregating to Rs.15.40 crores being the alleged differential stamp duty payable under the 80mbay Stamp Act in respect of Debenture Trust Deeds executed in the State of Gujarat by the Company in favour of Debenture Trustees to secure Debentures of Series 'F' and 'G'. The Bombay High Court, has granted a stay in the Writ Petitions filed by the Company. The Company has been advised that there would be no liability on this account and accordingly no provision has been made in this regard in the accounts of the current financial year.
19. a) The Company has received a show cause Notice under the Customs Act. 1962, alleging import and installation of additional machines/lines unauthorised and also alleging misdeclaration of more than twice the declared capacity They have claimed alleged differential duty/penalty of Rs. 119 crores. The company has challenged the proceedings. The company has been advised that there would be no liability on this account and accordingly no provision has been made in respect thereof in the accounts.
- b) The company had received show cause Notice from Excise Authorities making various allegations in regard to non-payment of proper duty amounting in aggregate to Rs 27.23 crores. The liability has been disputed. The company has been advised that there would be no liability on this account and accordingly no provision has been made in respect thereof in the accounts.

- c) The Company has paid during the current financial year a sum of Rs.1.17 crores to Excise Authority, Ahmedabad being short payment made in 1983. Action initiated by Excise authorities are disputed. Liability if any, is not ascertainable and hence not provided for.
20. Pre-operative and trial run expenses in respect of project upto 30th June, 1988 capitalised/to be capitalised:

	1987-88	Upto 31st Dec. 1986	(Rs.in Crores) Total upto 30th June 1988
Raw material consumed (during trial run)	27.96	5.16	33.12
Carriage inward	0.25	—	0.25
Consumption of stores chemicals and catalysts	1.71	—	1.71
Electric power, fuel & water	20.64	7.08	27.72
Labour charges	0.35	0.27	0.62
Excise duty	1.63	—	1.63
Sales Tax	0.43	—	0.43
Salaries Wages & Bonus	2.45	1.14	3.59
Employees welfare & other amenities	1.68	0.44	2.12
Sales & distribution expenses	0.16	—	0.16
Insurance	1.00	0.83	1.83
Rent	0.66	0.48	1.14
Rates & taxes	0.02	—	0.02
Other repairs	0.11	—	0.11
Travelling Expenses	0.79	0.64	1.43
General expenses	30.88	10.96	41.84
Debenture issue expenses	17.06	8.64	25.70
Interest:			
Debentures	66.98	47.49	114.47
Fixed loans	28.13	14.67	42.80
Others (Net)	19.61	(2.56)	17.05
	222.50	95.24	317.74
Less: Sates/transfer/stock at end of Trial run	39.84	—	39.84
Miscellaneous income	0.27	1.67	1.94
	182.39	93.57	275.96
Transferred/Capitalised by allocation to Building, Plant & machinery	146.30	26.52	172.82
	36.09	67.05	103.14

NOTES:

- During the year, the Linear Alkyl Benzene (LAB) and Purified Terephthalic Acid (PTA) projects have commenced commercial production from 27th April 1988 and 7th May, 1988 respectively Accordingly net expenditure incurred on the above Projects upto the respective dates have been capitalised.
- Pre-operative expenses incurred on Mono Ethylene Glycol (MEG) Project have been transferred to Reliance Petrochemicals Limited in view of the said project now being implemented by them.
- The above items are not forming part of Profit & Loss Account.

	As at 30th June, 1988 Dec Rs.	(Rs. in crores) As at 31st 1986 Rs.
21. CONTINGENT LIABILITIES		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	113.09	301.78
(b) Outstanding guarantees furnished by Bankers	30.93	34.52
(c) Bonds executed in favour of Excise and Custom Authorities	89.44	22.53
(d) Uncalled liability on partly paid shares (Rs 16,875) (Previous year Rs.16,875)	—	—
(e) Claims against the company not acknowledged as debts including Rs.2 26 crores for excise (Previous year Rs.2 11 crores)	4.65	2.79
(f) Export bills discounted against irrevocable Letters of Credit	0.87	0.02
(g) indemnities towards export obligations against capital goods import	0.65	0.98
(h) Guarantee to Banks against credit facilities extended to subsidiary companies (Facilities utilised upto 30.6.88 Rs 2.57 crores)	3.00	3.00
(l) Import Duty on Raw Materials/Chemicals & catalysts imported under Advance Licences against fulfilment of export obligations.	16.48	—

22. LICENCED AND INSTALLED CAPACITY		Unit	Licensed Capacity		Installed Capacity	
			1987-88	1986	1987-88	1986
(a)	Polyester Yarn	M.T.	25,125	25,125	25,125+	25,125
(b)	Polyester Staple Fibre	M.T.	45,000	45,000	45,000	45,000
(c)	Man-made Fibre Spun Yarn on Worsted System	(Spindles) Nos.	12,500	12,500	12,494	12,494
(d)	Man-made Fabrics	(Looms) Nos.	450	450	450	450
(e)	Purified Terephthalic Acid	(Knitting M/c) Nos.	22	22	20	16
(f)	Linear Alkyl Benzene	M.T.	60,000	60,000	60,000	Under Implementation
(g)	High Density Polyethylene	M.T.	Not Applicable	50,000	—	Under Implementation
(h)	[see note 16 (a)] Poly Vinyl Chloride	M.T.	Not Applicable	100,000	—	Under Implementation
(i)	[see note 16 (a)] Mono Ethylene Glycol	M.T.	Not Applicable	40,000	—	Under Implementation
(j)	Synthetic Filament Yarn Including Industrial yarn/tyre cord	M.T.	2,000	2,000	—	—
(k)	Colour TV Glass Shells	Nos.	1,500,000	—	—	—
(l)	Colour TV Picture Tubes	Nos.	500,000	—	—	—
(m)	[i] Chlorine	M.T.	66,000	—	—	—
	[ii] Caustic Soda (By-product)	M.T.	78,000	—	—	—
	[iii] Hydrogen (By-product)	M.T.	1,950	—	—	—
	(see note 16 (a))		Since Endorsed			

* On the basis of Letter of Intent received
+ Based on average Denier of 40
Installed Capacity based on Certificate of the Management

23. PRODUCTION		Unit	1987-88	1986
	Yarn (Polyester & Blended etc.)	M.T.	68,332*	33,445
	Polyester Chips	M.T.	1,965	—
	Fabrics	Mtrs in lacs	587.72	550.50
	Polyester Staple Fibre	M.T.	38,325	13,185
	P.T.A.	M.T.	37,514	—
	L.A.B.	M.T.	28,022	—
	By-Products	M.T.	3,378	—
	including for captive use/trial run production			

24. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF:		1987-88	1986
		(Rs.)	(Rs.)
(a)	Raw Materials	105.91	48.58
(b)	Dyes and Chemicals, Catalysts, Stores and Spare parts	43.85	8.48
(c)	Capital goods	38.50	129.42

(Rs In crores)

25. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF		1987-88	1986
		(Rs.)	(Rs)
	Interest on foreign currency loans	34.44	24.57
	Interest on Debentures held by Non-residents on repatriation basis (Gross)	28.13	16.79
	Other matters (including commitment charges Rs.0.03 crore on foreign currency loans - Previous year Rs.0.11 crore)	7.81	4.94
	Technical know-how & Engineering Fees	24.45	14.87

26. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS		1987-88		1986	
(a) Opening Stock	Unit	Quantity	Rs. in crores	Quantity	Rs. in crores
Yarn	M.T.	5,382	36.16	1,470	15.21
Fabrics	Mtrs. in lacs	104.22	46.08	74.84	21.62
Polyester Staple Fibre	M.T.	6,417	32.94	—	—
Stock-in-process (Yarn)	M.T.	1,059	12.87	1,864	18.58
Stock-in-process (Fabrics)	M.T.	64.50	26.61	99.50	22.07
Stock-in-process (P.S.F.)	M.T.	309	0.89	—	—
Stock-in-process (Polyester Chips)	M.T.	324	1.28	—	—
Others		—	2.48	—	3.14
			159.31		80.62

(b) Closing Stock:	Unit	1987-88		1986	
		Quantity	Rs. in crores	Quantity	Rs. in crores
Yarn	M.T.	3,619	29.73	5,382	36.16
Fabrics	Mtrs in lacs	83.59	40.42	104.22	46.08
Polyester Staple Fibre	M.T.	3,664	16.10	6,417	32.94
P.T.A.	M.T.	3,116	5.89	—	—
L.A.B.	M.T.	4,811	7.90	—	—
D.M.T.	M.T.	2,548	4.63	—	—
Stock-in-process (Yarn)	M.T.	2,115	21.47	1,059	12.87
Stock-in-process (Fabrics)	Mtrs. in lacs	46.80	19.40	64.50	26.61
Stock-in-process (P.S.F.)	M.T.	363	0.70	309	0.89
Stock-in-process (Polyester Chips)	M.T.	1,529	6.13	324	1.28
Stock-in-process (PTA)	M.T.	1,454	2.55	—	—
Stock-in-process (LAB)	M.T.	753	0.69	—	—
By-products	M. T.	293	0.18	—	—
Others		—	0.03	—	2.48
			<u>155.82</u>		<u>159.31</u>
(c) Purchases	Unit	1987-88		1986	
		Quantity	Rs. in crores	Quantity	Rs. in crores
Yarn	M.T.	632	10.44	2781	64.68
Fabrics	Mtrs in lacs	326.62	190.07	243.30	138.06
Sea Foods	M.T.	71	0.67	495	2.86
D.M.T.	M.T.	4,500	9.52	—	—
			<u>210.70</u>		<u>205.60</u>
(d) Sales	Unit	1987-88		1986	
		Quantity	Rs. in crores	Quantity	Rs. in crores
Yarn (Polyester & Blended)	M.T.	65,922	951.27	29,630	509.69
Fabrics	Mtrs in lacs	927.19	508.59	764.42	340.36
Polyester Staple Fibre	M.T.	40,772	235.02	6,666	51.11
Polyester Chips	M.T.	747	3.33	—	—
P.T.A.	M.T.	3,866	9.47	—	—
L.A.B.	M.T.	16,968	41.89	—	—
Sea Foods	M.T.	71	0.67	495	2.86
D.M.T.	M.T.	1,952	5.05	—	—
By-products'	M.T.	937	0.62	—	—
Other	M.T.	9,057	14.83	—	1.46
			<u>1,770.74</u>		<u>905.48</u>
Excluding during Trial run					
(e) Raw Materials consumed	Unit	1987-88		1986	
		Quantity	Rs. in crores	Quantity	Rs. in crores
PTA/Polyester Chips (including own production during trial run)	M.T.	80,843	138.59	42,827	115.41
M.E.G.	M.T.	36,726	55.06	17,802	23.27
Useable Waste	M.T.	10,597	10.80	74	0.20
Fibre	M.T.	2,086	16.18	1,418	11.54
Yarn	M.T.	7,385	145.92	4,233	82.45
Fabrics (Grey)	Mtrs. in lacs	143.21	20.72	133.06	23.83
Paraxylene	M.T.	14,311	17.58	—	—
N. Paraffin	M.T.	6,509	6.14	—	—
Benzene	K.L.	2,906	2.11	—	—
Others		—	3.94	—	—
			<u>417.04</u>		<u>256.70</u>
Less: Stock of useable waste			—		11.72
			<u>417.04</u>		<u>244.98</u>
Excluding during trial run					

27. VALUE OF RAW MATERIALS CONSUMED

	1987-88		1986	
	Rs. in Crores	% of total Consumption	Rs. in Crores	% of total Consumption
Imported (including import duty Rs.122.47 crores)	229.66	55.07	138.97	56.73
Indigenous	187.38	44.93	106.01	43.27
	<u>417.04</u>	<u>100.00</u>	<u>244.98</u>	<u>100.00</u>

28. VALUE OF DYES CHEMICALS, CATALYSTS, STORES AND SPARE PARTS CONSUMED:

	1987-88		1986	
	Rs. in Crores	% of total Consumption	Rs. in Crores	% of total Consumption
Imported	19.81	42.37	10.59	33.93
Indigenous	26.94	57.63	20.62	66.07
	<u>46.75</u>	<u>100.00</u>	<u>31.21</u>	<u>100.00</u>



29. EARNINGS IN FOREIGN EXCHANGE

	1987-88	(Rs. in crore)
	Rs.	1986
Export of goods on FOB basis	21.13	Rs. 6.79
interest received on call deposit	—	0.05

30. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	1987-88	(Rs. in crores)
	Rs.	1988

The Company has not made any remittance in Foreign Currencies on account of dividend and does not have information as to the extent to which remittances in foreign currencies on account of dividend have been made by or on behalf of non-resident shareholders held on repatriation basis. The particulars as required are given hereinbelow as the end of the year

(a) Number of Non-resident shareholders			
– Year ended 31-12-86	105	72	
– Interim dividend 1987/88	24,791	—	
(b) Number of Equity Shares held by them			
– Year ended 31-12-86	1,504,369	3,600,403	
– Interim dividend 1987/88	21,345,661	—	
(c) (i) Amount of dividend paid (Gross)-Tax at source Rs.0.95 crore (Previous year Rs 0.43 crore)			
– Year ended 31-12-86	0.88		1.73
– Interim dividend 1987/88	3.78		—
(ii) Year to which dividend relates	1986 &		1985
	Interim Div. 1987-88		—

31. (a) Break-up of expenditure incurred on employees who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs.72,000 per annum (Previous year figure Rs.36,000 per annum)

	1987-88	(Rs. in Crores)
	Rs.	1986

(i) Number of employees	212	555	
(ii) Salaries and Bonus	1.95		2.16
(iii) Contribution to Provident Fund & Superannuation Fund	0.46		0.47
(iv) Other Perquisites	0.72		0.77
(b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs 6,000 per month (Previous year figure Rs 3,000 per month)			
(i) Number of employees	99	138	
(ii) Salaries and Bonus	0.46		0.33
(iii) Contribution to Provident Fund & Superannuation Fund	0.11		0.07
(iv) Other Perquisites	0.21		0.08

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. Chaturvedi
Partner

For and on behalf a. the Board

D.H. Ambani
R.H. Ambani

Chairman & Managing Director
Joint Managing Director

K. Gopal Rao
J.R. Shah
T. Ramesh U. Pai
M.L. Bhakta
V.V. Divecha
B.D. Shah

Directors

N.H. Ambani
M.D. Ambani
N.R. Meswani

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 31st October, 1988

Bombay
Dated: 31st October, 1988

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY, VIZ. DEVTI FABRICS LIMITED

1. The Financial Year of the subsidiary company ended on	:	31st December, 1987
2. Date from which it became subsidiary	:	30th September, 1985
3. (a) No. of shares held by Reliance Industries Limited (holding company) with its nominees in the subsidiary at the end of the financial year of the subsidiary	:	2,10,070 Equity Shares of the face value of Rs.10/ each fully paid-up
(b) Extent of interest of holding company at the end of the financial year of subsidiary	:	100%
4. The net aggregate amount of the subsidiary's profits, (losses) so far as it concerns the members of the holding company		
(a) Not dealt with the holding company's accounts		
i) For the financial year ended 31st December, 1987: Rs.123 98 lacs (loss)		
ii) For the previous financial years of the subsidiary since it became the holding company's subsidiary	:	Rs.1.49 lacs
(b) Dealt with in holding company's accounts:		
i) For the financial year ended 31st December, 1987	:	Nil
ii) For the previous financial years of the subsidiary since it became the holding company's subsidiary	:	Nil
5. Changes in the holding company's interest, in the subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	:	None
6. Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of:		
(a) the subsidiary's fixed assets	:	Nil
(b) its investments	:	Nil
(c) the money lent by it, and	:	Nil
(d) the moneys borrowed by it for any purpose other than that of meeting current liabilities	:	Nil

NOTE:
The Company has acquired 1,00,000 equity shares of Rs 10/- each fully paid-up in Reliance Petrochemicals Ltd.(RPL) before 30th June 1988. By acquiring these shares RPL has become a wholly owned subsidiary of the company. Since the first accounting year of RPL has not ended before 30th June 1988 information required under section 212 of the Companies Act, 1956 is not furnished.

	For and on behalf a. the Board	
	D.H. Ambani R.H. Ambani	Chairman & Managing Director Joint Managing Director
	K. Gopal Rao J.R. Shah T. Ramesh U. Pai M.L. Bhakta V.V. Divecha B.D. Shah	Directors
	N.H. Ambani M.D. Ambani N.R. Meswani	Executive Directors
Bombay	V.M. Ambani	Secretary
Dated: 31st October, 1988		

DIRECTORS REPORT

To the Members,
Your Directors present the Fourth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st December, 1987 (15 months)

OPERATIONS:

Your Company has incurred a loss of Rs.123.98 lacs (as against Rs.1.63 lacs profit for last year) during the financial year under review due to adverse market conditions prevailing in the Textile Industry and steep rise in the major inputs like labour, power and coal. After adjusting last year's balance of Rs.1.49 lacs, the loss of Rs.122.49 lacs is being carried to Balance Sheet.

DIVIDEND:

In view of the carried forward losses, your Directors have not proposed any dividend for the financial year under review.

ACCOUNTING YEAR

Your Company's Accounting period has been extended by a period of three months, consequent upon the change in the accounting period of your holding Company (Reliance. Industries Limited) and to bring in line with the provisions of the Companies Act, 1956.

EXPANSION/MODERNISATION SCHEME:

Your Company has progressed well in modernisation programme. Out of total plan of capital outlay of Rs.494 lacs, the Company has spent Rs.344 lacs upto now and renovated the Spinning Department. The balance machinery is being

installed. Your Directors have decided to go step by step looking to the present conditions prevailing in Textile Industry and they are hopeful to come out from the losses in the very near future as the partial modernisation of Spinning Unit is almost over.

INSURANCE

The Company's assets have been adequately insured.

DIRECTORS:

Shri Kirti V. Ambani and Shri Vinod M. Ambani retire by rotation in accordance with the provisions of the Companies Act, 1956 and being eligible offer themselves for reappointment.

AUDITORS:

Messrs. Rajendra & Company and Messrs. Chaturvedi & Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and are recommended for reappointment. The Auditors have, under Section 224(1) of the Companies Act, 1956, furnished a Certificate of their eligibility for reappointment.

PERSONNEL:

Information as per Section 217(2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the financial year ended 31st December, 1987 is annexed.

APPRECIATION:

Your Directors wish to place on record their appreciation of the devoted services rendered by the Executives, Staff and workers of the Company.

AUDITORS' REPORT

The Members of Devti Fabrics Limited

We have audited the attached Balance Sheet of DEVTI FABRICS LIMITED as at 31st December, 1987 and also the annexed Profit & Loss Account of the Company for the period ended on that date. We report that:

1. 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.
2. 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 the books of account.
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given, to us, the accounts read with the notes thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:
 - i) in the case of balance sheet of the state of affairs of the Company as at 31st December, 1987.
 - ii) in the case of profit and loss account of the Loss for the period ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the period and no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the Fixed Assets have been revalued during the period.
3. Physical verification was conducted by the Management at reasonable intervals during the period in respect of finished goods stores, spare parts, and raw materials save and except goods lying with third parties. The discrepancies noticed on such verification as compared with the book records were not significant and the same have been properly dealt with in the books of account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles.
4. The Company has taken unsecured loan from the Holding Company in respect of which rate of interest and the terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. The Company has not taken any other loans from companies, firms or other parties as listed in the registers maintained under Section 301 of the Companies Act, 1956.
5. Loans and Advances in the nature of loans have been given to the employees free of interest. The repayments of principal amount in most of the cases are as stipulated.

6. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for purchases of stores, raw materials including components, plant and machinery, equipments and other assets.
7. There are no purchases during the period of stores, raw materials or components from the firms or companies or other parties in which Directors are interested.
8. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. The Company has not accepted any deposits from the Public and hence the provisions of Section 58A of the Companies Act 1956 and rules made thereunder are not applicable.
10. The Company has no by-products and in our opinion reasonable records have been maintained by the Company for sale and disposal of realisable scrap wherever significant.
11. Since the paid up capital of the Company is less than Rs.25 lacs, internal audit is not required statutorily.
12. The central government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act 1956, in respect of the manufacturing activities of the Company. We are informed that such accounts and records have, prima facie, been maintained. We have not however made a detailed examination of the same.
13. Provident Fund dues have been regularly deposited during the period with the appropriate authorities.
14. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the period. Therefore no provision for any loss is required to be made in the accounts.
15. In respect of processing activities, we are informed that the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business and the system provides for a reasonable allocation of materials and manhours consumed to the relative jobs. In our opinion, there is a reasonable system for authorisation at proper levels with necessary control on the issues and allocation of stores and labour to relative jobs.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Partner

Bombay
Dated: 3rd June, 1988.

DEVTI FABRICS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1987

		(Rs. in crores)				
	Schedule	Page	As at 31.12.1987		As at 30.9.1986	
			Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:						
Shareholders' Funds						
Capital	'A'		21.01		21.01	
Reserves & Surplus	'B'		—		1.49	
				21.01		22.50
Loan Funds						
Unsecured Loan (from Holding Company)	'C'		448.61		275.51	
			135.00		135.00	
				583.61		410.51
TOTAL				604.62		433.01
APPLICATION OF FUNDS:						
Fixed Assets						
Gross Block			384.83		209.37	
Less: Depreciation			70.48		21.84	
Net Block	'D'			314.35		187.53
Current Assets, Loans & Advances						
Current Assets .	'E'		158.79		194.69	
Inventories			60.83		106.35	
Sundry Debtors			17.13		27.50	
Cash & Bank Balances			236.75		328.54	
Loans & Advances	'F'		10.96		6.25	
			247.71		334.79	
Less: Current Liabilities & Provisions	'G'		77.85		82.37	
Current Liabilities			2.22		7.11	
Provisions			80.07		89.48	
Miscellaneous expenditure (to the extent not written off or adjusted)				167.64		245.31
Profit & Loss Account				0.14		0.17
TOTAL				122.49		—
				604.62		433.01
Notes and Contingent Liabilities	'L'					

As per our Report of even date

For and on behalf of the Board

For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. Chaturvedi
Partner

S. Natarajan
Kirti V. Ambani
Vinod M. Ambani

Directors

Bombay
Dated: **3rd June, 1988.**

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 1987

	Schedule	Page	For the period ended 31.12.1987 (15 months)		(Rs. in Lacs) For the period ended 30.9.1986 (12 months)	
			Rs.	Rs.	Rs.	Rs.
INCOME						
Sales(Net)			1355.32		1132.05	
Other Income	'H'		31.63		12.94	
Increase/(Decrease) in Stock	'I'		(29.08)		133.83	
				1357.87		1278.82
EXPENDITURE						
Purchases			51.24		34.07	
Manufacturing & Other Expenses	'J'		1315.52		1,178.01	
Interest	'K'		65.99		43.27	
Depreciation			49.10		21.84	
				1481.85		1277.19
Profit/(Loss) for the period				(123.98)		1.63
Add: Balance brought forward from last year Profit/(Loss)				1.49		(0.14)
Balance carried to Balance Sheet				(122.49)		1.49
Notes and Contingent Liabilities	'L'					

As per our Report of even date

For and on behalf of the Board

For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. Chaturvedi
Partner

S. Natarajan
Kirti V. Ambani
Vinod M. Ambani

}

Directors

Bombay
Dated: 3rd June, 1988.

DEVTI FABRICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL	(Rs In lacs)	
	As at 31.12.1987 Rs.	As at 30.9.1986 Rs.
Authorised:		
2,50,000 Equity Shares of Rs 10 each Issued & Subscribed:	<u>25.00</u>	<u>25.00</u>
2,10,070 Equity Shares of Rs.10 each fully paid-up (All the share are held by Reliance Industries Limited, the holding company)	<u>21.01</u>	<u>21.01</u>

SCHEDULE 'B'

RESERVE & SURPLUS	As at 31.12.1987	As at 30.9.1986
Profit & Loss Account	<u>—</u>	<u>1.49</u>

SCHEDULE 'D'

FIXED ASSETS

Nature of Fixed Assets	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	As at 1.10.86	Additions	Deductions	As at 31.12.87	Total upto 31.12.87	As at 31.12.87	As at 30.9.86
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	4.33	11.60	—	15.93	0.79	15.14	4.19
Railway Siding	0.38	—	—	0.36	0.04	0.34	0.30
Plant & Machinery	181.76	146.58	4.02	324.32	67.00	257.32	161.20
Electric Installation	16.57	0.44	—	17.01	1.93	15.08	15.34
Factory Equipments	2.53	0.43	—	2.96	0.35	2.61	2.40
Furniture & Fixtures	2.70	0.13	—	2.83	0.21	2.62	2.61
Vehicles	1.10	0.01	0.08	1.03	0.16	0.87	1.03
Advance against Capital expenditure	—	20.37	—	20.37	—	20.37	—
TOTAL	209.37	179.56	4.10	384.93	70.48	314.35	187.53
Previous year	67.56	141.91	0.10	209.37	21.84	187.53	

- NOTES:** (a) Depreciation has been provided on straight line method in accordance with the provisions of Section 205(2)(b) of the Companies Act 1956.
(b) Depreciation on additions to Fixed Assets has been provided at the increased rates specified under the Income-tax Rules and an all other assets in accordance with Circular No 1/86 dated 21.5.86 issued by the Department of Company Affairs at the rates corresponding to the rates applicable under Income-tax Rules as in force at the relevant time of acquisition of assets.

SCHEDULE 'E'

CURRENT ASSETS	(Rs. In lacs)				Others:	(Rs. In lacs)			
	As at 31.12.1987		As at 30.9.1986			As at 31.12.1987		As at 30.9.1986	
	Rs.	Rs.	Rs.	Rs.	B/f	Rs.	Rs.	Rs.	Rs.
Inventories (Certified and valued at cost by the Management)						0.91	158.79	1.38	194.69
Stores, Spares Dyes, Chemicals etc.	15.87		15.95						
Raw Materials	36.89		44.91						
Stock-in-process	69.75		61.80						
Finished Goods	34.34		71.93						
Others (including stock of discarded machinery Rs. 1.28 lacs at Book Value)	1.94		0.10						
		158.79		194.69					
Sundry Debtors (Unsecured) Over Six Months: Considered Good	0.91		1.38						
C/f.	0.91	158.79	1.38	194.69					
						59.92	60.83	104.97	106.35
Cash & Bank Balances									
Cash on Hand						0.82		0.39	
Balances with Scheduled Banks in Current Accounts						16.13		26.93	
In Fixed Deposit Accounts (lodged with Central Excise Authorities)						0.18		0.18	
							17.13		27.50
							236.75		328.54

SCHEDULE 'F'

	As at		(Rs. In lacs)	
	31.12.1987		As at	
	Rs.	Rs.	Rs.	Rs.
LOANS & ADVANCES				
Unsecured Considered good				
Advances recoverable in Cash or in Kind or for value to be received	8.52		4.25	
Deposits	0.21		0.21	
Prepaid Expenses	0.50		0.42	
Balance with Central Excise Authorities	1.73		1.37	
	<u>10.96</u>		<u>6.25</u>	

SCHEDULE 'G'

	As at		(Rs. In lacs)	
	31.12.1987		As at	
	Rs.	Rs.	Rs.	Rs.
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES:				
Sundry Deposits	0.11		0.48	
Sundry Creditors	75.25		81.89	
Interest accrued but not due on loans	2.49		—	
	<u>77.85</u>		<u>82.37</u>	
PROVISIONS:				
Gratuity & Superannuation Funds	2.22		7.11	
	<u>80.07</u>		<u>89.48</u>	

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'H'

	For the period		(Rs. in lacs)	
	ended 31.12.1987		For the year	
	(15 months)		ended 30.9.1986	
	Rs.	Rs.	Rs.	Rs.
OTHER INCOME:				
Processing Charges	20.37		2.76	
Profit on Sale of Assets (Net)	0.13		0.20	
Miscellaneous Income	11.13		9.98	
	<u>31.83</u>		<u>12.94</u>	

SCHEDULE 'I'

	For the period		(Rs. in lacs)	
	ended 31.12.87		For the year	
	(15 months)		ended 30.9.86	
	Rs.	Rs.	Rs.	Rs.
INCREASE/(DECREASE) IN STOCK				
STOCK IN TRADE (at close)				
Finished Goods	34.34		71.93	
Stock-in-process	69.75		61.80	
Others	0.66		0.10	
	<u>104.75</u>		<u>133.83</u>	
STOCK IN TRADE (at commencement)				
Finished Goods	71.93		—	
Stock-in-process	61.80		—	
Others	0.10		—	
	<u>133.83</u>		<u>—</u>	
	<u>(29.08)</u>		<u>133.83</u>	

SCHEDULE 'J'

	For the period		(Rs. in lacs)	
	ended 31.12.87		For the year	
	(15 months)		ended 30.9.86	
	Rs.	Rs.	Rs.	Rs.
MANUFACTURING AND OTHER EXPENSES				
Raw Material Consumed				
Stock at commencement	44.91		—	
Add: Purchases taken over from Holding Company	711.82		772.29	
	<u>758.53</u>		<u>772.29</u>	
Less: Sales	8.45		1.55	
	<u>748.08</u>		<u>770.74</u>	
Less: Stock at close	36.89		44.91	
	<u>711.19</u>		<u>725.83</u>	

MANUFACTURING EXPENSES

Carriage Inward	2.01	1.98
Stores and Spare parts	43.06	41.83
Dyes and Chemicals	14.25	22.88
Electric Power, Fuel and Water	123.15	77.74
Machinery Repairs	8.41	9.85
Building Repairs	0.92	3.49
Labour, Processing and Machinery Hire Charges	34.96	20.92
Excise Duty	43.21	24.94
Sales Tax	0.47	0.39
	<u>270.44</u>	<u>204.02</u>

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Bonus	266.06	188.09
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	23.25	23.56
Employees Welfare and Other Amenities	13.87	9.59
	<u>303.18</u>	<u>221.24</u>

SALES & DISTRIBUTION EXPENSES

Samples, Sales Promotion and advertisement expenses	0.05	0.10
Brokerage and Commission	3.08	3.21
Packing Expenses	3.88	4.98
Freight and forwarding charges	0.11	0.70
Octroi expenses	3.77	1.42
	<u>10.89</u>	<u>10.41</u>

ESTABLISHMENT EXPENSES

Insurance	3.35	1.40
Rent	6.26	5.01
Rates & Taxes	0.36	0.28
Other Repairs	0.70	0.65
Travelling Expenses	1.51	1.40
Payment to Auditors	0.44	0.35
Directors' Fees	0.05	0.08
General Expenses	7.06	7.24
Charity & Donation	0.09	0.10
	<u>19.82</u>	<u>16.51</u>
	<u>1315.52</u>	<u>1178.01</u>

SCHEDULE 'K'

	For the period		(Rs. in lacs)	
	ended 31.12.1987		For the year	
	(15 months)		ended 30.9.1986	
	Rs.	Rs.	Rs.	Rs.
INTEREST				
Fixed Loans	49.70		24.91	
Others (Net)	16.29		18.36	
	<u>65.99</u>		<u>43.27</u>	

DEVTI FABRICS LIMITED

SCHEDULE 'L'

NOTES AND CONTINGENT LIABILITIES

- During the year the Company has changed its financial year from 30th September to 31st December, 1987. Accordingly the current financial year is for 15 months whereas previous financial year was for 12 months. The previous year's figures are therefore not strictly comparable with those of the current financial year.
- Previous year's figures are regrouped/rearranged wherever necessary.
- The Company is a wholly owned subsidiary of Reliance Industries Limited. Necessary applications have been made by the company to the concerned authorities for transfer of various licences and permits in its favour.
- No provision for taxation is necessary in view of various claims for higher reliefs admissible under the Income Tax Act, 1961. No provision for Investment Allowance Reserve at present is made in the absence of taxable Profits. The same will be created out of future taxable Profits.
- Interest on other accounts (net) is arrived at after adjusting Rs.6.27 lacs being interest received/receivable (Tax at source Rs.0.30 lacs).

6. Auditors Remuneration:		(Rs in lacs)
	31.12.1987	30.9.1986
	Rs.	Rs.
(a) Audit fees	0.31	0.25
(b) Tax Audit fees	0.13	0.10
	0.44	0.35

- The liability for excise duty in respect of finished yarn lying in factory/bonded premises is provided by the Company as and when it is cleared/debonded on the footing that duty becomes payable only at the time of removal of goods. Accordingly, estimated liability amounting to Rs.1.16 lacs in respect of such products at year end has not been provided for in the accounts and not included in the inventory of finished products.

8. Contingent Liabilities:		(Rs. in lacs)
	31.12.1987	30.9.1986
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	211.63	358.11
Outstanding guarantees furnished by Bankers	4.19	6.91
Bonds executed in favour of Excise & Customs Authorities	3.00	3.00
Claims against company not acknowledged as debt	1.50	—

9. Licenced & Installed Capacity (As certified by the Management)		Licenced Capacity	30.9.86	Installed Capacity	30.9.86
Spindles	Nos.	38388	38368	35496	36448
Looms	Nos.	490	490	490	490
10. Production			31.12.87		30.9.86
Blended yarn					
(including for captive use)	MT		736		663
Fabrics	Mtrs. in lacs		78.28		63.55
11. Value of imports on CIF basis			—		—
12. Expenditure in foreign currency			—		—

		31.12.1987		30-9-1986
	Quantity	Rs. in lacs	Quantity	Rs. in lacs

13. Quantitative information:					
(a) Opening stock					
Yarn	MT	3	2.17	—	—
Fabrics	Mtrs. in lacs	4.90	69.76	—	—
Stock-in-process:					
Yarn	MT	73	61.80	—	—
Others	MT	2	0.10	—	—

(b) Closing Stock:					
Yarn	MT	18	10.63	3	2.17
Fabrics	Mtrs. in lacs	1.91	23.71	4.90	69.76
Stock-in-proce5s (Yarn)	MT	93	69.75	73	61.80
Others	MT	12	0.66	2	0.10
(c) Purchases:					
Yarn	MT	—	—	10	9.68
Fabrics	Mtrs. in lacs	4.14	51.24	2.27	24.39
(d) Sales:					
Yarn	MT	229	229.12	276	268.01
Fabrics	Mtrs. in lacs	85.41	1126.20	60.93	864.04
(e) Raw materials consumed:					
Fibre	MT	846	417.07	750	396.07
Yarn	MT	165	294.12	173	329.76

14. Value of raw materials consumed:		31.12.1987		30-9-1986	
		Rs. in lacs	% of total consumption	Rs in lacs	% of total consumption
Imported		—	—	—	—
Indigenous		711.19	100.00	725.83	100.00

15. Value of dyes & chemicals, stores and spare parts consumed:					
Imported		—	—	—	—
Indigenous		57.31	100.00	64.71	100.00

16. Earning in foreign exchange		—		—
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		31.12.1987		30.9.1986
		Rs.		Rs.

17. (a) Break-up expenditure incurred on employees who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs.36,000 per annum					
Number of employees		4		6	
Salaries and Bonus		2.54		2.79	
Contribution to Provident Fund & Superannuation Fund		0.60		0.57	
Other Perquisites		0.66		0.42	
(b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs.3,000 per month					
Number of employees		6		3	
Salaries and Bonus		1.40		0.64	
Contribution to Provident Fund & Superannuation Fund		0.31		0.05	
Other Perquisites		0.23		0.04	

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. Chaturvedi
Partner

For and on behalf of the Board

S. Natarajan
Kirti V. Ambani
Vinod M. Ambani

Directors

Bombay
Dated: **3rd June, 1988.**

