
Reliance Industries Limited

Annual Report 1988-89

15TH ANNUAL GENERAL MEETING

on Saturday, the 30th September, 1989
 at Sri Shanmukhananda Fine Arts & Sangeetha Sabha
 292 Jayshankar Yagnik Marg, Sion (East)
 Bombay 400 022.
 at 11.00 a.m.

| Contents | Page No.(s) |
|-----------------------------------------------------------------|--------------------|
| Financial Highlights | 2 |
| Graphs | 3-4 |
| Notice of Annual General Meeting | 5-7 |
| Directors' Report | 8-9 |
| Auditors' Report | 10-11 |
| Balance Sheet | 12 |
| Profit and Loss Account | 13 |
| Schedules annexed to Balance Sheet and Profit & Loss Account | 14-17 |
| Notes and Contingent Liabilities | 18-21 |
| Statement Pursuant to Section 212 of the Companies Act | 22 |
| Annexure to Directors' Report | 23-29 |
| Documents of Subsidiary Companies | 30-60 |

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:

Devti Fabrics Limited
 Plant at Sidhpur
 Dist. Mehsana, Gujarat State.
 Reliance Petrochemicals Limited
 Village Mora, Bhattha P.O.,
 Surat - Hazira Road
 Dist. Surat, Gujarat State
 Trishna Investments and Leasings Limited
 Maker Chamber IV
 222, Nariman Point, Bombay 400 021.

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 - I.C.I.C.I.*
 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.

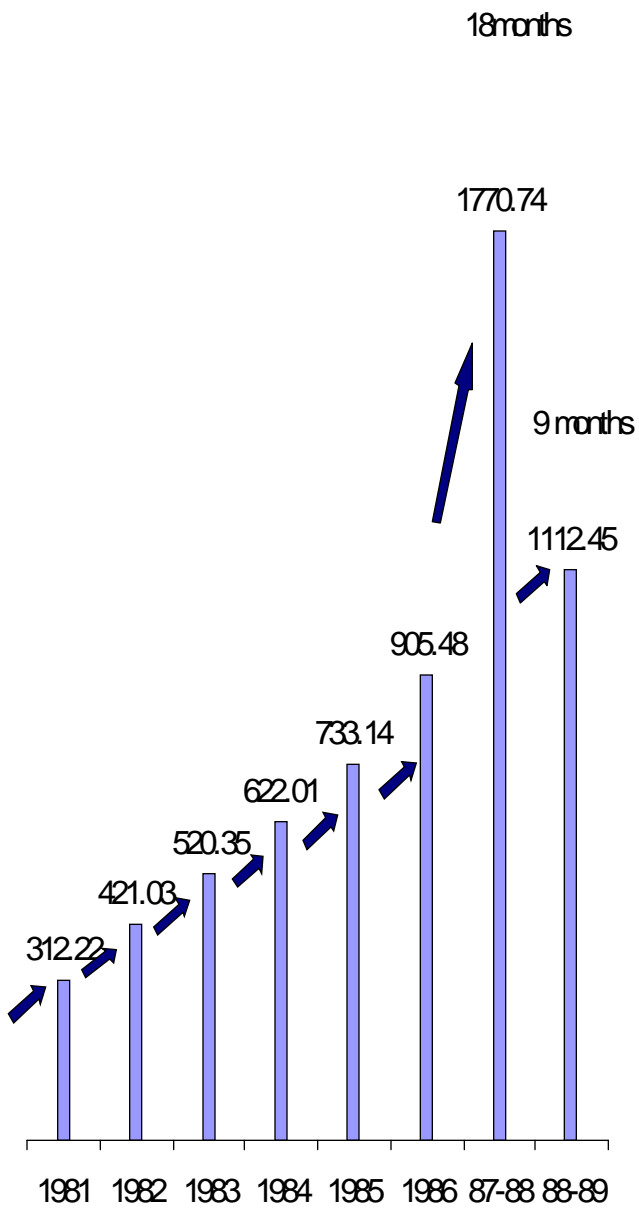


Reliance

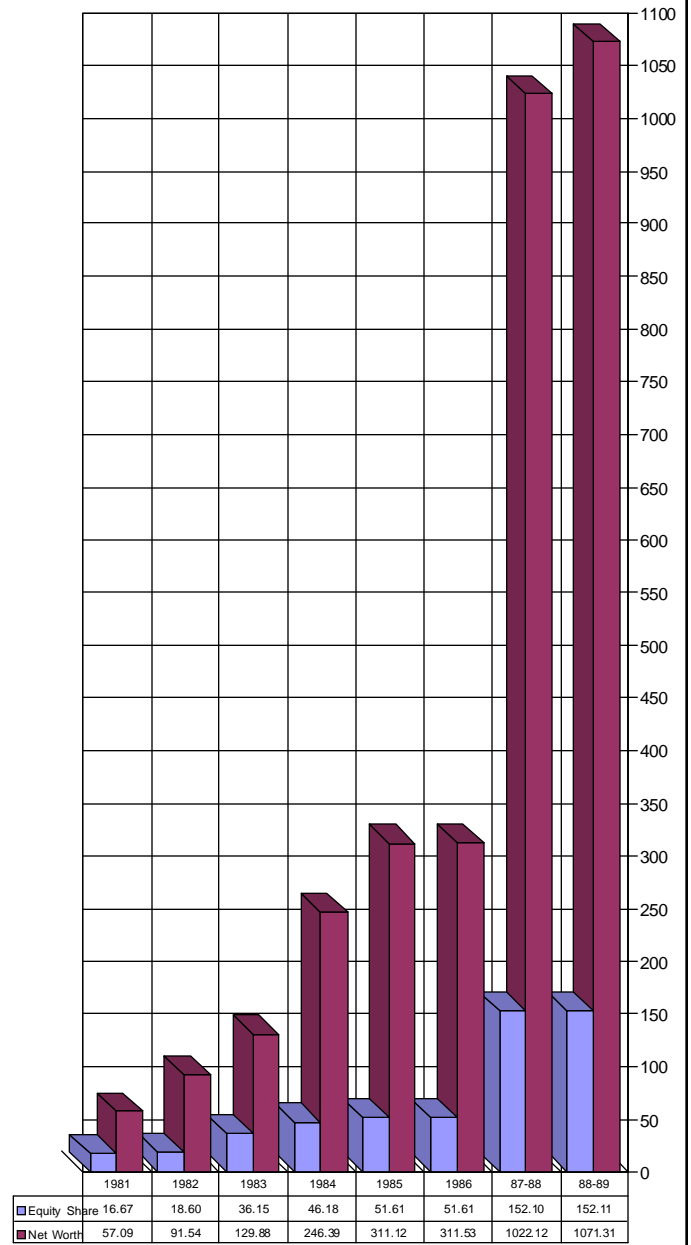
FINANCIAL HIGHLIGHTS

| | | <i>(Rs. in crores)</i> | | | | | | |
|----------------------------------|--------------------|------------------------|---------|---------|--------|--------|--------|--------|
| | 1988-89 | 1987-88 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 |
| | (9 months) | (18 months) | | | | | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sales | 1112.45 | 1770.74 | 905.48 | 733.14 | 622.01 | 520.35 | 421.03 | 312.22 |
| Other Income | 7.88 | 7.45 | 5.73 | 4.94 | 7.11 | 4.68 | 2.51 | 3.63 |
| | (A) 1120.33 | 1778.19 | 911.21 | 738.08 | 629.12 | 525.03 | 423.54 | 315.85 |
| Manufacturing and Other Expenses | (B) 862.58 | 1495.27 | 781.82 | 604.83 | 511.23 | 433.61 | 361.28 | 268.39 |
| Gross Profit (A-B) | (C) 257.75 | 282.92 | 129.39 | 133.25 | 117.89 | 91.42 | 62.26 | 47.46 |
| Interest | 91.58 | 110.74 | 54.24 | 24.45 | 22.61 | 21.52 | 18.93 | 16.79 |
| Depreciation | 86.80 | 91.41 | 60.98 | 37.46 | 34.18 | 31.38 | 14.17 | 10.97 |
| | (D) 178.38 | 202.15 | 115.22 | 61.91 | 56.79 | 52.90 | 33.10 | 27.76 |
| Net Profit (C-D) | (E) 79.37 | 80.77 | 14.17 | 71.34 | 61.10 | 38.52 | 29.16 | 119.70 |
| WHAT THE COMPANY OWNED | | | | | | | | |
| Fixed Assets | | | | | | | | |
| Gross Block | 1871.76 | 1862.66 | 1137.55 | 735.68 | 530.93 | 394.88 | 356.71 | 133.46 |
| Less: Depreciation (Cumulative) | 368.98 | 278.58 | 188.09 | 128.88 | 104.65 | 73.42 | 42.10 | 27.90 |
| Net Block | 1502.78 | 1584.08 | 949.46 | 606.80 | 426.28 | 321.46 | 314.61 | 105.56 |
| Investments | 58.50 | 1.25 | 0.37 | 37.30 | 0.17 | 0.12 | 0.12 | 0.07 |
| Current Assets | 849.46 | 607.83 | 1052.83 | 402.10 | 235.41 | 215.19 | 191.53 | 156.55 |
| | 2410.74 | 2193.16 | 2002.66 | 1046.20 | 661.86 | 536.77 | 506.26 | 262.18 |
| WHAT THE COMPANY OWED | | | | | | | | |
| Long Term Funds | 579.44 | 609.82 | 546.12 | 515.16 | 276.96 | 239.99 | 260.60 | 83.17 |
| Medium/Short Term Funds | 195.11 | 103.83 | 143.78 | 81.90 | 44.83 | 35.46 | 22.85 | 16.36 |
| Current Liabilities & Provisions | 564.88 | 457.39 | 1001.23 | 138.02 | 93.68 | 131.44 | 131.27 | 105.56 |
| | 1339.43 | 1171.04 | 1691.13 | 735.08 | 415.47 | 406.89 | 414.72 | 205.09 |
| NET WORTH OF THE COMPANY | | | | | | | | |
| Equity Share Capital | 152.11 | 152.10 | 51.61 | 51.61 | 46.18 | 36.15 | 18.60 | 16.67 |
| Preference Share Capital | 5.80 | 5.80 | 5.80 | 5.80 | 5.80 | 5.80 | 5.80 | 0.30 |
| Reserves & Surplus | 913.40 | 864.22 | 254.12 | 253.71 | 194.41 | 87.93 | 67.14 | 40.12 |
| | 1071.31 | 1022.12 | 311.53 | 311.12 | 246.39 | 129.88 | 91.54 | 57.09 |

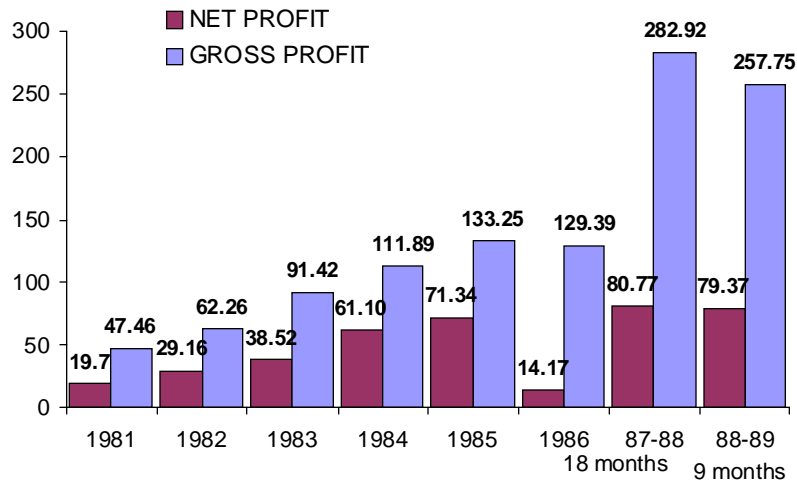
SALES
Rs. in crores



CAPITAL & NET WORTH
Rs. in crores

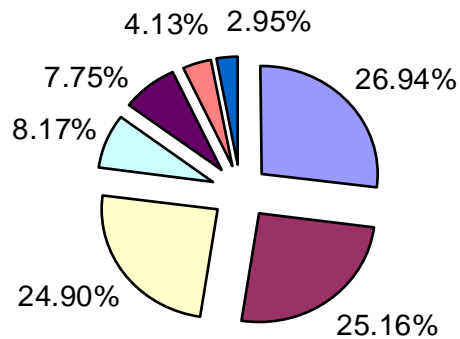


GROSS PROFIT & NET PROFIT
Rs. in crores



DISTRIBUTION OF INCOME

- Purchases & Raw Materials Consumed
- Manufacturing & Other Expenses
- Excise Duty
- Interest
- Depreciation
- Dividend
- Retained Earnings



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **Reliance Industries Limited** will be held on Saturday the 30th September, 1989 at 11.00 a.m. at Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 292, JayashankarYagnik Marg, Sion (East), Bombay 400 022 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 1989 and the Profit and Loss Account of the Company for the period from 1st July, 1988 to 31st March, 1989 and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity and preference shares.
3. To appoint a Director in place of Shri M.D Ambani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri N R Meswani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri K. Gopal Rao, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a **special resolution**.

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby accorded to Shri Rajendra J Shah, Proprietor of Messrs Rajendra & Co. Chartered Accountants, relative of Shri Jayantilal R Shah, a Director of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting as Joint Auditor of the Company and/or for rendering any other professional services on such remuneration and on such terms as may be agreed by the Board of Directors".

8. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution RESOLVED THAT pursuant to Section 31 and all other applicable provisions if any, of the Companies Act, 1956. the Articles of Association of the Company be and are hereby altered by deleting the existing Article 177 and substituting in its place and stead the following as new Article 177 Article t 77;

(a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Directors shall provide for the safe custody of the seal for the time being and the seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or other instrument to which the seal of the Company is required to be affixed shall unless the same is executed by a duly Constituted Attorney or authorised person of the Company, be affixed in the presence of one Director and/or the Manager and/or the Secretary at the least who shall sign every instrument to which the seal is so affixed in his presence: Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies

(Issue of Share Certificate) Rules, 1960 or any statutory modification thereof for the time being in force.

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such power shall accordingly be vested in the Directors or by or under the authority of the Directors granted, in favour of any person appointed for the purpose in that territory, district or place outside India.

9. To consider and if thought fit, to pass, with or without modification, the following resolution as a **special resolution**.

"RESOLVED THAT subject to the confirmation by the Company Law Board under Section 17 of the Companies Act, 1956, the place of registered office of the Company be changed from the State of Maharashtra to the State of Gujarat."

RESOLVED FURTHER THAT Clause II of the Memorandum of Association of the Company be substituted by the following Clause II

Clause II:

The Registered Office of the Company will be situate in the State of Gujarat.

10. To consider and if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution**.

"RESOLVED THAT pursuant to the provisions of Section 372 and all other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the Central Government. the Reserve Bank of India and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to invest by subscribing to the entire share capital of an amount not more than Rupees 900 lacs equivalent in Pounds/United States Dollars by way of subscription, purchase or otherwise for cash at par in a new company to be promoted by the Company to be formed and registered in United Kingdom with an object to promote the exports of products manufactured and/or dealt in by the Company to other countries in the world"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sum or sums to be so invested and to decide all or any other matters arising out of or incidental to the proposed investments and to sign and execute all deeds, applications, documents and writings that may be required to be signed on behalf of the Company in connection with such investment(s) and to do all acts, matters, deeds and things that may be necessary, proper, expedient or incidental, for the purpose of giving effect to the resolution."

11. To consider and if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution**.

"RESOLVED THAT in partial modification of the resolution passed at the Extra Ordinary General Meeting of the Members of the Company held on 10th August, 1987 (adjourned) and in accordance with the provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act. 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all or any of the immovable and/or movable assets of the Company both present and future and situate at Patalganga, Dist Raigad, in the State of Maharashtra and at Naroda, Ahmedabad in the State of Gujarat, but specifically excluding the current assets, receivables, inventories, book debts, both present and future, residential quarters and such other specific items of machinery and equipments as are specifically charged and/or to be charged.



Reliance

to any other lenders as the Board of Directors may decide in consultation with the Term Lenders/Debtenture Trustees in such form and manner as the Board of Directors may determine to secure repayment by the Company of the Term Loans not exceeding a sum of Rs 24.25 Crores to and in favour of the Industrial Credit and Investment Corporation of India Limited (ICICI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Unit Trust of India (UTI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Ltd. (NIC), New India Assurance Company Limited (NIA), Oriental Insurance Company Ltd. (OI), United India Insurance Company Ltd. (UI) and Industrial Reconstruction Bank of India (IRBI), who have provided the said Term Loans in participation, syndication or otherwise with power to take over the management and business and concern and undertaking of the Company at Patalganga and/or at Naroda in certain events of default together with interest thereon, further/additional interest, liquidated damages in case of default, premium on prepayment, cost, charges, expenses and other monies in terms of the Agreement(s) entered into/to be entered into between the Company and the said Term Lenders; Provided that the said mortgage and/or charge shall rank pari passu inter se the said Term Lenders without any preference or priority of one over the other or others of them and also rank pari passu with the mortgages and/or charges created and/or to be created by the Company to secure the existing Rupee and Foreign Currency Term Loans and other financial facilities/borrowings availed of by the Company from the Financial Institutions/Banks and other lenders and the Debentures of Series I, II, III, IV, F and Debentures aggregating Rs.80 Crores privately placed/issued by the Company from time to time and ranking in priority to the mortgages and charges created by the Company to secure accumulated interest under the cumulative interest payment scheme of Debentures Series F and payment of principal, interest etc. of Debentures Series 'E'.

RESOLVED FURTHER THAT the various documents/agreements executed by the Company and the mortgages and charges and securities created by the Company in favour of the Financial Institutions/Banks and other lenders to secure their loans and facilities extended from time to time be and are hereby approved, ratified and confirmed.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to finalise and sign the inter se Agreement if required, the security and other documents and to do and execute all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution."

By Order of the Board of Directors
K.Sethuraman
Joint Secretary

Registered Office:
3rd Floor, Maker Chambers IV,
222, Nariman Point,
Bombay 400 021

Bombay
Dated: 16th August, 1989

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under items 7 to 11 as set out above is annexed hereto.

3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
4. Members/Proxies should bring the attendance Slip duly filled in for attending the meeting.
5. Dividend on shares as recommended by the Board of Directors, if declared, at the meeting will be paid to those Shareholders whose names appear in the Register of Members as on 30th September, 1989.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. Any member of the Company on demand shall be entitled to be furnished free of cost a copy of Balance Sheet of the Company and every document required by law to be annexed or attached thereto including Profit & Loss Account and the Auditors Report.
8. No Income-tax is required to be deducted at source from dividend payable to resident individual shareholders if the amount of dividend does not exceed Rs.2,500 during a financial year. Such of the resident individual shareholders who are likely to receive dividend of more than Rs.2,500 and estimate their total income during the financial year to be less than the minimum amount liable to Income-tax and who wish to receive dividend payment without deduction of tax at source may file Tax Exemption Certificate or Form 15G (in duplicate), with **M/s. Reliance Consultancy Services Limited**, the Registrars and Transfer Agents of the Company, at 56, Mogra Village Lane, Off Old Nagardas Road, Andheri (East), Bombay 400 069 or at any of the Investor Relation Centres of the Company so as to reach them on or before **14th September, 1989**.
9. Those members who have so far not encashed their dividends for the financial year ended 31st December, 1986 may approach the Company for payment, as the same will be transferred to the General Revenue Account of the Central Government on or before 12th August, 1990.
10. The unclaimed dividend upto the financial year of the Company ended 31st December, 1985 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205 A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividend for the said financial year/s may claim their dividend from the Registrar of Companies, Maharashtra, Bombay, by submitting an application in the prescribed form.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 7 :

Shri Rajendra J. Shah, Proprietor of Rajendra & Co., Chartered Accountants, the retiring Joint Auditor of the Company is related to Shri Jayantilal R. Shah, a Director of the Company. Pursuant to the provisions of Section 314 of the Companies Act, 1956, the Shareholders consent is required to be accorded at the general meeting of the Company for his appointment.

Messrs Rajendra & Co., Chartered Accountants have been one of the Auditors of the Company even prior to the appointment of Shri Jayantilal R. Shah, as a Director and it will be in the interest of the Company to reappoint them as Joint Auditor of the Company.

Shri Rajendra J. Shah is related to Shri Jayantilal R. Shah, a Director of the Company and to that extent Shri Jayantilal R. Shah may be deemed to be concerned or interested in the resolution. None of the other Directors of the Company is, in anyway, concerned or interested in the resolution.

ITEM NO.8

Article 177 of the Articles of Association of the Company, inter alia, provides that the Common Seal of the Company shall not be affixed to any instrument except under the authority of a resolution of the Board or a Committee of the Board authorised by it in that behalf and in the presence of one Director at the least.

Keeping in view the administrative convenience, consent of the shareholders is hereby sought for altering Article 177 of the Articles of Association of the Company, in the manner set out at item No.8 of the Notice convening the meeting.

The Directors commend the resolution for your approval

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM NO.9:

The Registered Office of the Company is presently situate at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Bombay 400 021. The Company, with a view to carry on its business more economically and efficiently, proposes that the registered Office be shifted to the State of Gujarat.

As per the provisions of section 17 of the Companies Act, 1956, a Company may by a Special Resolution, alter the provisions of its Memorandum of Association so as to change the place of its Registered Office from one State to another and such alteration shall not take effect until it is confirmed by the Company Law Board.

The Directors recommend the resolution set out at item No.9 of the notice for approval of the Shareholders.

None of the Directors of the Company, is in any way concerned or interested, in the said resolution.

ITEM NO.10:

The Company is having a non trading branch office in United Kingdom (U.K.) which has a very limited operation. In view of the Company's growing exports, your Directors propose to incorporate an overseas subsidiary having a separate legal entity. This would enable the Company to have a proper base for its export operations and for the subsidiary to independently conduct business abroad.

The Company would own the entire capital of Rs 900 lacs equivalent in Pounds/ United States Dollars in the overseas company to be incorporated, subject to necessary approval as may be required to be obtained in this regard.

The Directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM NO.11:

The Company was earlier authorised to avail from the Industrial Credit and Investment Corporation of India Limited (iCICI), Industrial Development Bank of India (IDBI) and Industrial Finance Corporation of India (IFCI) and/or from other Financial Institutions/Banks in participation/syndication or otherwise, Term Loans not exceeding Rs.44 Crores to meet a part of the capital expenditure to be incurred by the Company for modernising the Textile Division of the Company situate at Naroda, Ahmedabad, in the state of Gujarat. The resolution set out at Item 10 of the Notice, is to give effect to the reduction in the loan amount to Rs.24.25 crores and to also avail the aforesaid reduced loan, in participation with the following additional institutions viz. Unit Trust of India (UTI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), New India Assurance Company Limited (NIA), Oriental Insurance Company Limited (OI), United India Insurance Company Limited (UI) and Industrial Reconstruction Bank of India (IRBI) as approved by ICICI, the lead Financial Institution.

The Directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors
K. Sethuraman
Joint Secretary

Registered Office:

3rd Floor, Maker Chambers IV,
222, Nariman Point, Bombay 400 021.
Bombay
Dated: 16th August, 1989



DIRECTORS' REPORT

To the Members

Your Directors present the 15th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1989.

FINANCIAL RESULTS:

| | (Rs. in crores) | |
|--------------------------------------------------------------------|-----------------------|------------------------|
| | 1988-89 (9 months) | 1987-88 (18 months) |
| Gross Profit before Interest and Depreciation | 257.75 | 282.92 |
| <i>Add:</i> (a) Surplus balance brought forward from previous year | 11.25 | 1.93 |
| (b) Investment Allowance (Utilised) Reserve written back | - | 3.15 |
| (c) Excess provision writtenback | 16.03 | - |
| <i>Less:</i> Provisions and/or appropriations | | |
| (a) Interest | 91.58 | 110.74 |
| (b) Depreciation | 86.80 | 91.41 |
| (c) Taxation | - | 2.00 |
| (d) Investment Allowance Reserve | 30.00 | - |
| (e) Debenture Redemption Reserve | 6.00 | 4.25 |
| (f) Recommended dividend (subject to deduction of tax) | | |
| (i) On 11% Cumulative Redeemable Preference Shares | 0.03 | 0.05 |
| (ii) On 15% Cumulative Redeemable Preference Shares | 0.62 | 1.24 |
| (iii) On Equity Shares | 45.64 | 56.06 |
| (g) Transferred to General Reserve | 5.00 | 11.00 |
| Balance carried to Balance Sheet | 19.36 | 11.25 |

DIVIDENDS

Your Directors have recommended the following dividends (subject to deduction of tax at source) for the financial year ended 31st March, 1989 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 | 0.03 |
| (b) Dividend of Rs.15 per share on 5,50,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid up | 0.62 |
| | 0.65 |

ON EQUITY SHARES:

| | |
|------------------------------------------------------------------------------------------------------------------------|-------|
| Dividend of Rs.3.00 per share on the Equity Shares of Rs.10 each fully paid up (pro rata dividend wherever applicable) | 45.64 |
| | 46.29 |

Your Company will be distributing the dividend, to the large family of its shareholders aggregating approximately 1.6 million spread far and wide in the Country and abroad.

CHANGE IN ACCOUNTING YEAR

The Accounts under review have been prepared for a period of nine months from 1st July, 1988 to 31st March, 1989 as against accounts of eighteen months for the previous year which ended on 30th June, 1988. This is with a view to ensure a uniform previous year as per the provisions of the Income Tax Act, 1961.

YEAR IN RETROSPECT

The sales, during the financial year under review, rose to Rs.1112 crores (approx.) as compared to Rs.1771 crores (approx.) in the previous year, registering an increase of about 26% on an annualised basis. The gross profit (after interest charges) was Rs.166.17 crores against Rs.172.18 crores for the previous year, a rise of 93% on an annual basis. The net profit was Rs.79.37 crores against Rs.80.77 crores in the previous year, a rise by almost 100% on an annual basis.

Your Company has completed the on going modernisation programme at Ahmedabad. Polyester Filament Yarn (PFY) and Purified Terephthalic Acid (PTA) units of your Company are running to its full installed capacity. Your Company's Polyester Staple Fibre (PSF) plant is manufacturing quality products and a major portion was exported in view of slack domestic market conditions. Your Company, produced Linear Alkyl Benzene (LAB) less than its licensed capacity considering the glut in the domestic market. Necessary steps are being taken to step up the production of LAB in the current year as a number of small scale detergent industries are encouraged to improve their performance by Government policies.

Your Company contributed as much as Rs.441 crores (approx.) to the exchequer in the form of various taxes such as Customs duty, Excise duty, Sales tax and other levies during the period under review.

EXPORT

During 1988-89, the Company exported its products to leading customers in the sophisticated Markets of USA, EEC etc. The Company's export for the period under review amounted to Rs.26.14 Crores posting an increase of over 147% over the previous years export.

Your Company is endeavouring to step up the scale of exports and in this context, intends to form a subsidiary company abroad.

FUTURE PROJECTS

Pursuant to an application submitted for setting up of a Cracker Complex in the State of Gujarat, your Company has received a Letter of Intent for manufacture of 3,20,000 tonnes per annum of Ethylene, 1,44,000 tonnes per annum of Propylene and 98,000 tonnes per annum of Butadiene and other products. The Cracker project upon commissioning will provide a captive source of raw materials required by Reliance Petrochemicals Limited, a subsidiary of your Company thus saving precious foreign exchange. Your Company has also applied for setting up a 100% Export Oriented Undertaking (EOU) for manufacture of Purified Terephthalic Acid and Paraxylene. The Company will be one of the largest exporters of manufactured products after commissioning of the EOU.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Audited statements of accounts alongwith the report of the Board of Directors of Messrs. Devti Fabrics Limited, Reliance Petrochemicals Limited and Trishna Investments and Leasings Limited and the respective Auditors Report thereon for the year ended 31st March, 1989 are annexed.

FLOOD AT PATALGANGA

Your Company's Patalganga complex was one amongst the industrial units affected by the recent unprecedented cyclonic storm and floods which raised the water level of the Patalganga river on 24th July, 1989. As a result of this, the working of several industrial units in the neighbourhood of the Company's plant was also affected. Your Company has taken on hand all out efforts to bring normalcy and restore production. The various records and books of accounts of the Company which were lying at the complex have been destroyed/affected due to the floods. Your Company is in the process of reconstructing the records/registers. The Company has preferred applicable insurance claims. Your Directors are of the view that the business transactions and financial position of the Company will not be materially impaired by the loss caused by floods.

FIXED DEPOSITS

Deposit of Rs.1.09 crores which became due for repayment on or before 31st March, 1989 were not claimed by the depositors as on that date. Of these, deposits of Rs.0.56 crores have since been repaid/renewed .

PERSONNEL

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with 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.

DIRECTORS

In accordance with the provisions of the Companies Act 1956, and the Articles of Association of the Company, Messrs. M.D. Ambani, N.R. Meswani and K. Gopal Rao retire by rotation and are eligible for reappointment.

AUDITORS & AUDITORS' REPORT

Messrs. Rajendra & Co. 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, 12, 13(b) and 17 referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

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
Dhirubhai H. Ambani
Chairman & Managing Director

Bombay 400 021
Dated: **10th August, 1989**



AUDITORS' REPORT

To the Members of Reliance Industries Limited We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March 1989 and the Profit and Loss Account of the Company for the period ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956 we give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (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 such books. Subsequently as stated in note No 17 of Schedule N to the Accounts some of the books of accounts and other records of the Company which were lying at Patalganga District Raigad (Maharashtra) have been destroyed/affected due to floods on 24th July 1989.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the Books of Account.
 - (d) (i) For the reasons mentioned in note No.4 of Schedule N to the Accounts the items of income and expenditure mentioned therein continue to be accounted for on cash basis.
 - (ii) As explained in note No. 12 of Schedule N to the accounts the Company during the financial year has changed the method of accounting in respect of difference arising due to fluctuation in rates of exchange on repayment of loans and deferred payment liabilities with effect from 1st January 1982 by treating the same as capital expenditure which in the previous years was charged to the profit and loss account in the year of repayment Had the Company continued its past practice the profit for the year would have been lower by Rs.4.11 crores Reserves & Surplus and net Fixed Assets would have been lower by Rs.19.29 crores and Rs 20.66 crores respectively and the closing inventory would have been higher by Rs 1.37 crores.
 - (iii) For the reasons explained in note 13(b) of Schedule N to the accounts no provision for taxation has been made in respect of assessment year 1989-90.
 - (iv) Subject to the above in our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read together 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:

- (a) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March 1989; and
- (b) in so far as it relates to the Profit and Loss Account of the profit of the Company for the period ended on that date.

For **RAJENDRA & CO.**
Chartered Accountants

R.J.SHAH
Proprietor

Bombay
Dated: **10th August 1989**

for **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. According to the information and explanations given to us the Fixed Assets have been physically verified by the management during the financial year In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed on such physical verification as compared to the book records.
2. None of the Fixed Assets have been revalued during the financial year.
3. As explained to us the stocks of finished goods have been physically verified by the Management at the end of the financial year The stock of stores spare parts and raw materials have also been physically verified by the Management during the financial year In our opinion the frequency of such verification is reasonable.
4. In our opinion and according to the information and explanations given to us the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us there were no material discrepancies noticed on physical verification of the stocks having regard to the size of the operations of the Company and the same have been properly dealt with in the Books of Account.
6. On the basis of our examination of stock and other records and considering the method adopted for accounting of excise duty referred to in note No 11 of Schedule N to the accounts. in our opinion the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. The Company has not taken any loan, secured or unsecured, from companies, firm or other parties listed in the register maintained under Section 30t of the Companies Act, 1956 or from companies under the same management within the meaning of sub^asection (1 B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the registers maintained under Section 301 and/or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956, except interest free loans to its subsidiary companies. In our opinion, having regard to the long term involvement with the subsidiary companies and considering the explanations given to us in this regard. the terms and conditions of the above loans are not, prima-facie, prejudicial to the interest of the Company.
9. In respect of the loans and advances in the nature of loans given by the Company to parties other than subsidiary companies, they are generally repaying the principal amounts as stipulated and are also regular in the payment of interest, wherever applicable.
10. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of stores, raw materials including components plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 (Rupees Fifty Thousand only) or more in respect of any party.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. 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 the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scrap wherever significant.
15. In our opinion, the internal audit system of the Company is commensurate with the size of the Company and the nature of its business.
16. The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate or complete.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Wealth tax, Sales tax, Customs Duty and Excise Duty were outstanding as on 31st March, 1989 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and on the basis of records examined by us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial Company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the financial year. Therefore, no provision for any loss is required to be made in the accounts.
22. In respect of processing activities, we are informed that the Company has a reasonable system for 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 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

R.J.SHAH
Proprietor

Bombay

Dated: **10th August 1989**

for **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner



Reliance

BALANCE SHEET AS AT 31ST MARCH, 1989

| | Schedule | As at | | (Rs. in crores) | |
|-------------------------------------------------|----------|------------------|-----------------|-----------------|-----------------|
| | | 31st March, 1989 | Rs. | As at | Rs. |
| | | Rs. | Rs. | 30th June, 1988 | Rs. |
| SOURCES OF FUNDS: | | | | | |
| Shareholders' Funds | | | | | |
| Capital | 'A' | 157.91 | | 157.90 | |
| Reserves and Surplus | 'B' | 913.40 | | 864.22 | |
| | | | 1,071.31 | | 1,022.12 |
| Loan Funds | | | | | |
| Secured Loans | 'C' | 881.48 | | 854.99 | |
| Unsecured Loans | 'D' | 170.86 | | 79.58 | |
| | | | 1,052.34 | | 934.57 |
| TOTAL | | | <u>2,123.65</u> | | <u>1,956.69</u> |
| APPLICATION OF FUNDS: | | | | | |
| Fixed Assets | | | | | |
| Gross Block | | 1,871.76 | | 1,862.66 | |
| Less: Depreciation | | 368.98 | | 278.58 | |
| Net Block | 'E' | | 1,502.78 | | 1,584.08 |
| Investments | 'F' | | 58.50 | | 1.25 |
| Current Assets, Loans & Advances | | | | | |
| Current Assets | 'G' | | | | |
| Inventories | | 361.39 | | 261.15 | |
| Sundry Debtors | | 305.66 | | 209.95 | |
| Cash and Bank Balances | | 9.93 | | 33.33 | |
| | | 676.98 | | 504.43 | |
| Loans and Advances | 'H' | 172.48 | | 103.40 | |
| | | 849.46 | | 607.83 | |
| Less: Current Liabilities and Provisions | 'I' | | | | |
| Current Liabilities | | 238.11 | | 207.00 | |
| Provisions | | 48.98 | | 29.47 | |
| | | 287.09 | | 236.47 | |
| | | | 562.37 | | 371.36 |
| TOTAL | | | <u>2,123.65</u> | | <u>1,956.69</u> |
| Notes and Contingent Liabilities | 'N' | | | | |

| | | |
|--------------------------------|--------------------------------|-----------------------------------------|
| As per our Report of even date | For and on behalf of the Board | |
| For RAJENDRA & CO. | D.H. Ambani | <i>Chairman & Managing Director</i> |
| <i>Chartered Accountants</i> | R.H. Ambani | |
| | | <i>Directors</i> |
| R.J. Shah | J.R. Shah | |
| <i>Proprietor</i> | T. Ramesh U. Pai | |
| | M.L. Bhakta | |
| | V.V. Divecha | |
| | B.D. Shah | |
| | | <i>Executive Directors</i> |
| | N.H. Ambani | |
| | M.D. Ambani | |
| | A.D. Ambani | |
| | N.R. Meswani | |
| | V.M. Ambani | <i>Secretary</i> |

Bombay
Dated: 10th August, 1989



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH,

(Rs. in crores)

| Schedule | 1988-89 (9 months) | | 1987-88 (18 Months) | |
|------------------------------------------------------------------------------------------------------|-----------------------|----------|------------------------|-----------------|
| | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | |
| Sales | | 1,112.45 | | 1,770.74 |
| Other Income | 'J' | 7.88 | | 7.45 |
| Variation in Stock | 'K' | 49.27 | | (-)19.46 |
| | | | 1,169.60 | 1,758.73 |
| EXPENDITURE | | | | |
| Purchases | | 14.21 | | 210.70 |
| Manufacturing and Other Expenses | 'L' | 897.64 | | 1,265.11 |
| Interest | 'M' | 91.58 | | 110.74 |
| Depreciation | | 86.80 | | 91.41 |
| | | | 1,090.23 | 1,677.96 |
| Profit before Tax | | | 79.37 | 80.77 |
| Less: Provision for Taxation | | | - | 2.00 |
| Profit after Tax | | | 79.37 | 78.77 |
| Add: Balance brought forward from last year | | | 11.25 | 1.93 |
| | | | 90.62 | 80.70 |
| Add: (i) Excess Provision in past written back in respect of: | | | | |
| a) Doubtful Debts and Advances | | 0.85 | | - |
| b) Net exchange difference on repayment of loans and deterred payment liabilities (Refer Note No.12) | | 15.18 | | - |
| | | | 16.03 | - |
| (ii) Investment Allowance (Utilised) Reserve written back | | | - | 3.15 |
| Amount Available for Appropriations: | | | 106.65 | 83.85 |
| APPROPRIATIONS | | | | |
| Investment Allowance Reserve | | 30.00 | | - |
| Debenture Redemption Reserve | | 6.00 | | 4.25 |
| General Reserve | | 5.00 | | 11.00 |
| Dividend (subject to tax): | | | | |
| Interim - On Equity Shares (Paid) | | - | | 30.57 |
| Final - Proposed on: | | | | |
| Preference Shares | | 0.65 | | 1.29 |
| Equity Shares | | 45.64 | | 25.49 |
| | | | 87.29 | 72.60 |
| Balance carried to Balance Sheet | | | 19.36 | 11.25 |
| Notes and Contingent Liabilities | 'N' | | | |

As per our Report of even date
For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. Shah
Proprietor

D. Chaturvedi
Partner

For and on behalf of the Board
D.H. Ambani
R.H. Ambani

Chairman & Managing Director
Joint Managing Director

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

Directors

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

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 10th August, 1989



Reliance

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

| | | (Rs in crores) | | | |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | | As at | | As at | |
| | | 31st March, 1989 | 30th June, 1988 | 31st March, 1989 | 30th June, 1988 |
| | | Rs. | Rs. | Rs. | Rs. |
| SHARE CAPITAL | | | | | |
| Authorised: | | | | | |
| 20,00,00,000 | Equity Shares of Rs 10 each | 200.00 | 200.00 | | |
| 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 | | |
| 4,42,00,000 | Unclassified Shares of Rs 10 each | 44.20 | 44.20 | | |
| | | <u>250.00</u> | <u>250.00</u> | | |
| Issued & Subscribed: | | | | | |
| 15,21,46,493 | Equity Shares of Rs 10 each fully Called-up | 152.14 | 152.14 | | |
| | Less: Calls unpaid-by others | 0.03 | 0.04 | | |
| | | <u>152.11</u> | <u>152.10</u> | | |
| 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>157.91</u> | <u>157.90</u> | | |

Of the above Equity Shares:

- 1,56,78,440 Shares were allotted as fully paid-up Bonus Shares by capitalisation of Share Premium and Reserves
 - 60,62,000 Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payments being received in cash.
 - 9,44,78,433 Shares were allotted as fully paid-up Shares on conversion/surrender of Debentures
 - 13,24,000 Shares were issued on conversion of Term Loans
 - 4,453 Shares (including 1,660 Shares by way of Bonus Shares by Capitalisation of Share Premium and Reserves) are reserved for allotment to some of the Shareholders/purported 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 decides.

SCHEDULE 'B'

| | | (Rs in crores) | | | |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | | As at | | As at | |
| | | 31st March, 1989 | 30th June, 1988 | 31st March, 1989 | 30th June, 1988 |
| | | Rs. | Rs. | Rs. | Rs. |
| RESERVES & SURPLUS | | | | | |
| Debenture Redemption Reserve | | | | | |
| | As per last Balance Sheet | 4.25 | - | | |
| | Add: Transferred from Profit & Loss Account | 6.00 | 4.25 | | |
| | Share Premium Account | 10.25 | 4.25 | | |
| | As per last Balance Sheet | 673.29 | 84.40 | | |
| | Add: Additions during the year | | | | |
| | On Conversion of Debentures of 'G' Series | - | 431.03 | | |
| | On Issue of Right Equity Shares | - | 157.86 | | |
| | | <u>673.29</u> | <u>673.29</u> | | |
| | Less: Calls unpaid - by others | 0.14 | 0.21 | | |
| | | <u>673.15</u> | <u>623.08</u> | | |
| Investment Allowance Reserve | | | | | |
| | As per last Balance Sheet | - | 36.00 | | |
| | Less: Utilised for purchase of machinery during the year transferred to Investment Allowance (Utilised) Reserve | - | 36.00 | | |
| | | - | - | | |
| | Add: Transferred from Profit & Loss Account | 30.00 | - | | |
| | | <u>30.00</u> | <u>-</u> | | |
| | | <u>713.40</u> | <u>677.33</u> | | |

| | | As at | | As at | |
|------------------------------------------------|---------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | | 31st March, 1989 | 30th June, 1988 | 31st March, 1989 | 30th June, 1988 |
| | | Rs. | Rs. | Rs. | Rs. |
| Investment Allowance (Utilised) Reserve | | | | | |
| | As per last Balance Sheet | 113.80 | 80.95 | | |
| | Add: Transferred from Investment Allowance Reserve | - | 36.00 | | |
| | | <u>113.80</u> | <u>116.95</u> | | |
| | Less: Provision to the extent not required transferred to Profit & Loss Account | - | 3.15 | | |
| | | | | <u>113.80</u> | <u>113.80</u> |
| Taxation Reserve | | | | | |
| | As per last Balance Sheet | 10.00 | 10.00 | | |
| General Reserve | | | | | |
| | As per last Balance Sheet | 51.84 | 40.84 | | |
| | Add: Amount transferred from: Profit & Loss Account | 5.00 | 11.00 | | |
| | | <u>56.84</u> | <u>51.84</u> | | |
| | | <u>19.36</u> | <u>11.25</u> | | |
| | | <u>913.40</u> | <u>864.22</u> | | |
| Profit & Loss Account | | | | | |

SCHEDULE 'C'

| | | As at | | As at | |
|-----------------------|-------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | | 31st March, 1989 | 30th June, 1988 | 31st March, 1989 | 30th June, 1988 |
| | | Rs. | Rs. | Rs. | Rs. |
| SECURED LOANS | | | | | |
| A) DEBENTURES: | | | | | |
| | i) 13 5% Convertible Secured Debentures of Rs. 150 each fully paid (Series 'E') (Refer Note no 2 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 39,000) held by Directors | | | | |
| | ii) 15% Non-convertible Secured Debentures of Rs. 100 each fully paid (Series 'F') (Refer Note No 3 below) | 270.00 | 270.00 | | |
| | Less: Bought back (Net of re-issue) | 4.78 | 0.32 | | |
| | | <u>265.22*</u> | <u>269.68</u> | | |
| | * Includes debentures of face value of (Rs 35,000) held by Directors | | | | |
| | iii) 14% Non-Convertible Secured Redeemable Debentures of Rs 100 each fully paid (Refer Note No 1(b) below) | 80.00 | 80.00 | | |
| | | | | <u>398.55</u> | <u>403.01</u> |

B) TERM LOANS

| | | | | | |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| 1. From Banks | | | | | |
| | a) Foreign Exchange Loan at floating rates | 65.76 | 81.88 | | |
| | 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 | 7.85 | 11.19 | | |
| | c) Rupee Loans | 0.75 | 1.36 | | |
| | | <u>74.36</u> | <u>94.43</u> | | |
| 2. From Financial Institutions | | | | | |
| | a) Foreign Currency Loans | 103.49 | 108.21 | | |
| | b) Rupee Loans | 0.16 | 0.36 | | |
| | | <u>103.65</u> | <u>108.57</u> | | |
| 3. From Others: | | | | | |
| | Housing Development Finance Corporation Ltd. | 1.46 | 1.69 | | |
| | | | | <u>179.47</u> | <u>204.69</u> |

C) WORKING CAPITAL LOANS

| | | | | | |
|--|------------|--------|--------|--|--|
| | From Banks | 277.79 | 220.92 | | |
|--|------------|--------|--------|--|--|

D) BRIDGE LOANS

| | | | | | |
|--|-----------------------------|-------|-------|--|--|
| | From Financial Institutions | 24.25 | 24.25 | | |
|--|-----------------------------|-------|-------|--|--|

E) DEFERRED PAYMENT LIABILITIES

| | | | | | |
|--|---------------------------------------------------------------------------------|---------------|---------------|--|--|
| | To Foreign Machinery Suppliers (Guaranteed by Banks and Financial Institutions) | 1.42 | 2.12 | | |
| | | <u>881.48</u> | <u>854.99</u> | | |

SCHEDULE 'C' (Contd.)

NOTES :

Of the above:

1. (a) Debentures referred in A(ii) Term Loans referred in B save and except B(1)(a) to the extent of Rs 13.16 crores B(2)(a) to the extent of Rs 4.35 crores and B(3) and Deferred Payment Liabilities referred in E are secured by mortgage of deposit of title deeds of the properties situated at Naroda Dist. Ahmedabad in the state of Gujarat and at Patalganga District Raigad in the state of Maharashtra.
 - (b) Debentures referred in A (iii) are to be secured by mortgage of deposit of title deeds on the properties situated at Naroda District Ahmedabad in the state of Gujarat and/or 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.
 2. (a) Debentures referred in A(i) are secured by a legal mortgage in English form on the properties situated at Naroda District Ahmedabad in the state of Gujarat The Debentures along with Cumulative interest payable on the Debentures referred to in A(ii) shall rank subsequent to the charges created by the Company in favour of (i) Agents & Trustees for the holders of Debentures referred in A(ii) and (iii); and (ii) Other Financial Institutions/Banks for their outstanding loans/guarantees.
 - (b) Balance amount of Debentures referred in A (i) is redeemable at par by 10th December 1996 with an option to repay these amounts in one or more instalments by drawing lots at any time after 10th December, 1993.
 3. (a) The Debentures referred in A(ii) 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.
 - (b) The Company is required to buy-back at par the said Debentures provided:
 - (i) the face value of the total holdings of the debentureholder in each case does not exceed Rs 40,000 and
 - (ii) the debentureholder has held the debentures for a period of not less than one year on the date of his offer.
 - (c) The Company can re-issue at par such bought back Debentures.
 - (d) The Company received request for buy back of Debentures after the end of the financial year of an aggregate nominal value of Rs 5.82 crores till date (Since paid Rs 4.63 crores)
4. Term Loan referred in B(1)(a) to the extent of Rs 13.16 crores are secured exclusively by hypothecation of specific items of plant and machinery situated at Naroda and Patalganga.
 5. 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 situated at Naroda District Ahmedabad in the state of Gujarat and/or at Patalganga District Raigad in the State of Maharashtra and is exclusive of Foreign Currency Loan of Rs 8.36 crores availed for implementation of M E G Project to be implemented by Reliance Petrochemicals Limited which are duly secured against Fixed Assets referred herein above.
 6. Term Loans referred in B(3) are secured by mortgage by deposit of title deeds of specified residential quarters situated at Panvel District Raigad in the state of Maharashtra.
 7. 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.
 - (i) Debentures referred to in A(i) and cumulative interest payment on Debentures referred in A(ii) and
 - (ii) Term Loans referred In B(1)(a) to the extent of Rs 1316 crores and B(3)
 8. Working Capital Loans from Banks referred to in C are secured against hypothecation of present and future stock of raw materials stock-in-process spares and stores. book debts outstanding monies and receivable claims trust receipts etc.
 9. Secured Loans include Rs 32.94 crores repayable within one year excluding monies payable on surrender of debentures under buy back scheme as mentioned in 3(b) above.

SCHEDULE 'B'

| UNSECURED LOANS | As at | | (Rs in crores) | |
|---------------------------------------------------------------------------|------------------|----------------|-----------------------|--------------|
| | 31st March, 1989 | Rs. | As at 30th June, 1988 | Rs. |
| Fixed Deposits (including Cash Certificates of Rs 19.20 crores) | | 165.69 | | 74.58 |
| Short Term Loans from: | | | | |
| i) Financial Institutions | 5.00 | | 5.00 | |
| ii) Deferred payment liabilities to Indigenous machinery suppliers | 0.17 | | — | |
| | | 5.17 | | 5.00 |
| | | 170.86* | | 79.58 |

* Includes Rs 47.08 crores repayable within one year

SCHEDULE 'E'

Fixed ASSETS

| Nature of Filed Assets | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | NET BLOCK | |
|--------------------------------------------------------------------------------|-----------------------|---------------|---------------|-----------------|--------------------|-----------------|-----------------|--|
| | As at 1.7.88 | Additions | Deductions | As at 31.3.89 | Total upto 31.3.89 | As at 31.3.89 | As at 30.6.88 | |
| | 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 | 88.59 | 2.46 | 0.58 | 90.47 | 8.30 | 82.17 | 81.80 | |
| Plant & Machinery | 1,485.33 | 141.12 | 69.20 | 1,557.75 | 350.52 | 1,207.23 | 1,222.39 | |
| Electric Installation | 53.77 | 3.25 | 19.22 | 37.80 | 4.96 | 32.84 | 49.84 | |
| Factory Equipments | 9.85 | 0.54 | 3.61 | 6.78 | 1.45 | 5.33 | 8.61 | |
| Furniture & Fixtures | 16.19 | 2.36 | 0.02 | 18.53 | 3.23 | 15.30 | 13.56 | |
| Vehicles | 2.21 | 1.17 | 0.60 | 2.78 | 0.52 | 2.26 | 1.66 | |
| Capital Expenditure pending allocation and advance against Capital Expenditure | 200.05 | 53.58 | 102.15 | 151.48 | — | 151.48 | 200.05 | |
| | 1,862.66 | 204.48 | 195.38 | 1,871.76 | 368.98 | 1,502.78 | 1,584.08 | |
| Previous Year | 1,375.55 | 949.52 | 224.41 | 1,862.66 | 278.58 | 1,584.08 | | |

NOTES:

- (a) Leasehold Land includes Rs.0.74 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 include cost of ownership premises in Co operative Housing Societies Rs.0.23 Crore
- (c) Fixed Assets (Net Block) includes Capital Work-in-progress and Project under trial run aggregating to Rs.502.45 crores (Previous year Rs.495.67 crores)

SCHEDULE 'F'

| INVESTMENTS (At Cost) | As at | | (Rs in crores) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------|----------------|-----------------|
| | 31st March, 1989 | Rs. | As at | 30th June, 1988 |
| | Rs. | Rs. | Rs. | Rs. |
| GOVERNMENT AND OTHER SECURITIES | | | | |
| Unquoted | | | | |
| 7 Years National Savings Certificate (face value Rs 5000) (Deposited with Sales Tax Dept) (Previous year Rs 5000) | | - | | - |
| 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 Society Md 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) | | - | | - |
| IN SUBSIDIARY COMPANIES | | | | |
| (Bodies Corporate under the same Management) | | | | |
| Unquoted: | | | | |
| 210070 Equity Shares of Devti Fabrics Ltd of Rs.10 each, fully paid up | 0.21 | | 0.21 | |
| 3400 Equity Shares of Trishna Investments and Leasings Ltd of Rs 10 each fully paid up (Rs.34000) (Previous year Rs Nil) | | - | | - |
| | 0.21 | | 0.21 | |
| Quoted: | | | | |
| 57600000 Equity Shares of Reliance Petrochemicals Ltd of Rs 10 each fully paid up (Previous year 100000 Equity Shares - Unquoted) | 57.60 | | 0.10 | |
| | | 57.81 | | 0.31 |
| OTHER INVESTMENTS | | | | |
| Quoted | | | | |
| 7530 Equity Shares of Housing Development and Finance Corporation Ltd of Rs 100 each, fully paid up | 0.08 | | 0.08 | |
| 4998 Equity Shares of The Industrial Credit and Investment Corporation of India Ltd. of Rs 100 each, fully paid up | 0.05 | | 0.05 | |
| | | 0.13 | | 0.13 |
| Unquoted | | | | |
| 4980 Equity Shares of Hindustan Oil Exploration Co Ltd Rs 100 each fully paid up | 0.05 | | 0.05 | |
| 1000 Equity Shares of Air Control & Chemicals Engineering Co Ltd of Rs. 100 each, fully paid up | 0.01 | | 0.01 | |
| | | 0.06 | | 0.06 |
| IN BONDS - Unquoted | | | | |
| 5000 12% HDFC Corporate Bonds of Rs. 1000 each fully paid up | 0.50 | | 0.50 | |
| - Magnums of SBI Mutual Fund of Rs 500 each fully paid up (5000) | | - | 0.25 | |
| | 0.50 | | 0.75 | |
| | 58.50 | | 1.25 | |

| AGGREGATE VALUE OF | As at | | As at | |
|----------------------|------------------|--------------|-----------------|--------------|
| | 31st March, 1989 | Market Value | 30th June, 1988 | Market Value |
| | Rs. | Rs. | Rs. | Rs. |
| Quoted Investments | 57.73 | 270.96 | 0.14 | 0.19 |
| Unquoted Investments | 0.77 | - | 1.11 | - |

SCHEDULE 'G'

| CURRENT ASSETS | As at | | (Rs in crores) | |
|--------------------------------------------------------------------------------------------------------|------------------|--------|----------------|-----------------|
| | 31st March, 1989 | Rs. | As at | 30th June, 1988 |
| | Rs. | Rs. | Rs. | Rs. |
| INVENTORIES (at cost or market value whichever is lower except otherwise stated) | | | | |
| (Certified and valued by the Management) | | | | |
| Stores, spares, dyes, chemicals, etc | 68.45 | | 45.51 | |
| Raw materials | 68.43 | | 59.01 | |
| Stock in-transit | 9.50 | | 0.76 | |
| Stock in-process | 60.07 | | 50.70 | |
| Finished goods | 143.32 | | 100.28 | |
| Others (includes decommissioned machinery of Rs. 0.05 crore at written down value) | 11.62 | | 4.89 | |
| | | 361.39 | | 261.15 |
| SUNDRY DEBTORS (Unsecured) | | | | |
| Over SIX Months: | | | | |
| Considered good | 24.81 | | 27.75 | |
| Considered doubtful | 2.92 | | 3.63 | |
| | 27.73 | | 31.38 | |
| | 2.92 | | 3.63 | |
| Less: Provision for doubtful debts | 24.81 | | 27.75 | |
| Others considered good | 280.85* | | 182.20 | |
| | | 305.66 | | 209.95 |
| CASH AND BANK BALANCES | | | | |
| Cash on hand | 0.56 | | 0.48 | |
| Balance with Scheduled Banks in Current Accounts | 8.65 | | 31.62 | |
| In Fixed Deposit Accounts (includes Rs 0.01 crore lodged with Central Excise Authorities) | 0.71 | | 1.21 | |
| Balance in Current Account with Barclays Bank PLC U.K. (Maximum balance during the year Rs 0 03 crore) | 0.01 | | 0.02 | |
| | | 9.93 | | 33.33 |
| | | 676.98 | | 504.43 |

* includes Rs 0.76 crores due from Devti Fabrics Ltd (subsidiary company)

SCHEDULE 'H'

| LOANS AND ADVANCES | As at | | (Rs in crores) | |
|-------------------------------------------------------------------------------------------------------------------------|------------------|-------|----------------|-----------------|
| | 31st March, 1989 | Rs. | As at | 30th June, 1988 |
| | Rs. | Rs. | Rs. | Rs. |
| UNSECURED-CONSIDERED GOOD | | | | |
| Loans to subsidiary companies | | | | |
| i) Devti Fabrics Limited (Maximum debit balance at any time during the financial year Rs 1.35 crores) | 1.35 | | 1.35 | |
| ii) Trishna Investments and Leasings Ltd. (Maximum debit balance at any time during the financial year Rs 46.79 crores) | 46.79 | | - | |
| iii) Reliance Petrochemicals Limited (Maximum debit balance at any time during the financial year Rs 52.17 crores) | 50.00 | | 52.17 | |
| | | 98.14 | | 53.52 |
| Advances recoverable in cash or in kind or for value to be received | 41.59* | | 28.98 | |
| Deposits | 21.90 | | 15.28 | |
| Prepaid expenses | 8.79 | | 2.46 | |
| Balance with Customs Central Excise Authorities, etc | 2.06 | | 3.16 | |
| | 172.48 | | 103.40 | |

* Includes

- Rs 0 23 crore from Officers (Previous year Rs 0.06 crore) Maximum balance at any time during the year Rs 0 23 crore (Previous year Rs 0.06 crore)
- Rs 0 19 crore as Promoters contribution towards Equity Share Capital in Reliance Capital and Finance Trust Ltd for which allotment of shares is to be made excludes Rs 0.02 crore considered doubtful and provided for.

SCHEDULE 'I'

| CURRENT LIABILITIES AND PROVISIONS | As at | | (Rs in crores) | |
|-------------------------------------------------------------------------------------------------------------|------------------|---------------|----------------|-----------------|
| | 31st March, 1989 | Rs. | As at | 30th June, 1988 |
| | Rs. | Rs. | Rs. | Rs. |
| CURRENT LIABILITIES | | | | |
| Sundry Creditors | 184.08 | | 162.47 | |
| Sundry Deposits | 3.09 | | 2.35 | |
| Unclaimed Dividends | 1.12 | | 0.35 | |
| Interest accrued but not due on loans | 49.53 | | 39.40 | |
| Excess Share and Debenture Application monies refundable | 0.29 | | 2.43 | |
| | | 238.11 | | 207.00 |
| * Includes for Capital Expenditure Rs. 34.74 crores and Fixed Deposits matured but unclaimed Rs. 109 crores | | | | |
| PROVISIONS | | | | |
| Gratuity and Superannuation | 0.69 | | 0.69 | |
| Provision for Taxation | 2.00 | | 2.00 | |
| Proposed Dividend | 46.29 | | 26.78 | |
| | | 48.98 | | 29.47 |
| | | 287.09 | | 236.47 |

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

| OTHER INCOME | 1988-1989 | | (Rs in Crores) | |
|------------------------------------------------------------|------------|-------------|----------------|-------------|
| | (9 months) | Rs. | 1987-1988 | (18 months) |
| | Rs. | Rs. | Rs. | Rs. |
| Incentives, assistance and drawbacks on Exports receivable | 1.38 | | 0.66 | |
| Processing charges | 1.35 | | 1.25 | |
| Dividend (Gross) | | | | |
| On other Investments (Tax at source Rs 29129) | 0.01 | | 0.03 | |
| Profit on Sales/Discard of assets (Net) | - | | 0.25 | |
| Miscellaneous Income | 5.13 | | 5.14 | |
| Profit on Sale of Investments | 0.01 | | 0.10 | |
| | | 7.88 | | 7.45 |

SCHEDULE 'K'

| CURRENT LIABILITIES AND PROVISIONS | 1988-1989 | | (Rs in crores) | |
|--------------------------------------------------|------------|---------------|----------------|-----------------|
| | (9 months) | Rs. | 1987-1988 | (18 months) |
| | Rs. | Rs. | Rs. | Rs. |
| STOCK-IN-TRADE (at close) | | | | |
| Finished goods | 143.32 | | 100.28 | |
| Stock-In-process | 60.07 | | 50.70 | |
| Others | 1.70 | | 4.84 | |
| | | 205.09 | | 155.82 |
| STOCK-IN-TRADE (at commencement) | | | | |
| Finished goods | 100.28 | | 115.18 | |
| Stock in-process | 50.70 | | 41.65 | |
| Others | 4.84 | | 2.48 | |
| | | 155.82 | | 159.31 |
| Finished goods in stock at the end of Trial runs | - | | 15.97 | |
| | | 155.82 | | 175.28 |
| | | 49.27 | | (-)19.46 |

SCHEDULE 'L'

| MANUFACTURING & OTHER EXPENSES | 1988-1989 | | (Rs in crores) | |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|----------------|-----------------|
| | (9 months) | Rs. | 1987-1988 | (18 months) |
| | Rs. | Rs. | Rs. | Rs. |
| RAW MATERIALS CONSUMED | | | | |
| Stock at commencement | 59.01 | | 57.27 | |
| Add Purchases (including material transferred out of Trial run production) | 346.33 | | 418.65 | |
| | 405.34 | | 475.92 | |
| Less: Stock at close | 68.43 | | 59.01 | |
| | | 336.91 | | 416.91 |
| MANUFACTURING EXPENSES | | | | |
| Carriage inward | 5.25 | | 6.06 | |
| Stores & spare parts | 14.73 | | 15.16 | |
| Dyes & Chemicals | 28.66 | | 31.59 | |
| Electric Power, fuel and water | 74.69 | | 71.08 | |
| Machinery repairs | 2.76 | | 2.59 | |
| Building repairs | 0.74 | | 0.60 | |
| Labour, Processing & machinery hire charges | 8.85 | | 9.14 | |
| Excise Duty | 278.91 | | 554.79 | |
| Lease Rent | 11.65 | | - | |
| | | 426.24 | | 691.01 |
| PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | | | |
| Salaries, Wages & Bonus | 22.50 | | 26.39 | |
| Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc. | 2.23 | | 3.10 | |
| Employees Welfare and other amenities | 4.88 | | 5.43 | |
| | | 29.61 | | 34.92 |
| SALES & DISTRIBUTION EXPENSES | | | | |
| Samples, Sales Promotion and Advertisement Expenses | 8.70 | | 14.20 | |
| Brokerage and Commission | 11.73 | | 9.47 | |
| Export Expenses | 0.12 | | 0.07 | |
| Packing Expenses | 17.85 | | 23.95 | |
| Warehousing Charges | 1.28 | | 1.80 | |
| Freight and forwarding charges | 5.09 | | 6.07 | |
| Octroi Expenses | 1.71 | | 4.33 | |
| Sales Tax | 21.16 | | 14.64 | |
| | | 67.64 | | 74.53 |
| ESTABLISHMENT EXPENSES | | | | |
| Insurance | 2.95 | | 3.88 | |
| Rent | 1.12 | | 1.13 | |
| Rates and taxes | 0.03 | | 0.07 | |
| Other repairs | 1.55 | | 0.92 | |
| Travelling expenses (including Rs 0.10 crore for Directors) | 1.26 | | 1.9 | |
| Payment to Auditors | 0.20 | | 0.27 | |
| Directors fees (Rs 17,000) (Previous year Rs 23,250) | - | | - | |
| General Expenses | 24.75 | | 37.57 | |
| Provision for doubtful recoveries | - | | 1.59 | |
| Charity & Donation | 0.32 | | 0.72 | |
| Loss on sale of Assets | 5.06 | | - | |
| | | 37.24 | | 47.74 |
| | | 897.64 | | 1,265.11 |
| SCHEDULE 'M' | | | | |
| INTEREST | | | | |
| | | 1988-1989 | | (Rs. in crores) |
| | | (9 months) | | 1987-1988 |
| | | Rs. | | (18 months) |
| | | Rs. | | Rs. |
| Debentures | 27.17 | | 35.77 | |
| Fixed Loans | 17.50 | | 27.19 | |
| Others (Net) | 46.91 | | 47.78 | |
| | | 91.58 | | 110.74 |

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

- The current financial year is for a period of nine months as against eighteen months for the previous financial year. The figures of the previous financial year to that extent are, therefore, not comparable.
- The previous financial 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 accounted export incentives during the year on accrual basis which hitherto, were accounted on Cash basis. As a result, profit for the year is higher by Rs. 1.15 Crores. However, the Company has continued to account following itemson Cash basis since it is not possible to ascertain with reasonable accuracy the quantum to be provided for in respect of: (i) Interest on overdue bills and delayed payment charges, (ii) Performance incentives on sales, (iii) Premium on redemption of Debentures. (iv) Disposal of sundry items other than usable waste of POY/PSF, (v) Exchange difference arising on repayment of foreign currency loans, deferred payment liabilities, etc. (vi) Interest on letters of credit outstanding and (vii) Insuranceand other claims.
- Sales is inclusive of Rs.6.43 crores and Rs.28.07 crores being the recovery of Sales Tax and Excise Duty respectively.
- 'Interest - Others(Net)' is arrived at after deducting Rs. 2.21 crores (Tax at source Rs. 0.03 crore) being interest received/receivable.
- Income and Expenditure amounting to Rs.3.81 crores and Rs.2.82 crores respectively relating to the previous financial year have been suitably accounted for in respective heads.
- Research and Development Expenditure comprises of Revenue expenses amounting to Rs.6.89 crores and Capital Expenditure amounting to Rs.1.83 crores which have been included under the respective heads of accounts.

| | | (Rs. in crores) | |
|----|-------------------------------------------------------------------|-----------------|-----------|
| | | 1988-1989 | 1987-1988 |
| | | Rs. | Rs. |
| 9. | (i) Auditors' Remuneration: | | |
| | (a) Audit Fees | 0.12 | 0.15 |
| | (b) Tax Audit Fees | 0.05 | 0.06 |
| | (c) For Certification and Consultation in Finance and Tax matters | 0.02 | 0.02 |
| | (d) Out-pocket expenses | 0.01 | 0.01 |
| | (e) For Report and Certification work (capitalized) | - | 0.03 |
| | | 0.20 | 0.30 |
| | (ii) Cost Auditor | | |
| | Audit Fees (Rs.35,000) (Previous year Rs.20,000) | - | - |

- (a) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under section 349 of the Companies Act 1956 need not be enumerated since no commission is agreed to be paid to the Directors. Fixed monthly remuneration has been paid to the Directors as per the Schedule XIII to the Companies Act, 1956 and/or as per the approval of the Central Government wherever applicable.

| | | (Rs. in crores) | |
|-----|--------------------------------------------------------------------------------------------------|-----------------|-----------|
| | | 1988-1989 | 1987-1988 |
| | | Rs. | Rs. |
| (b) | Managing Directors' and Executive Directors' remuneration*: | | |
| | i) Salaries | 0.03 | 0.06 |
| | ii) Contribution to Provident Fund and Superannuation Fund | 0.01 | 0.02 |
| | iii) Provision for Gratuity (as per actuarial Valuation) (Rs.22,300) (Previous year Rs. 36,796) | | |
| | iv) Perquisites | 0.02 | 0.04 |

- The Company has been accounting liability for Excise and Customs Duty in respect of finished products as well as raw materials, dyes and chemicals, stores and spares etc. lying in factory/bonded premises as and when they are cleared/debonded. Accordingly, estimated liability amounting to Rs.44.08 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. This accounting treatment has no impact on profits of the current financial year.
- (a) The Company has been accounting foreign currency loans and deferred payment liabilities availed to acquire plant and machinery at the exchange rates prevailing on relevant dates.

- (b) No effect has been given in the Accounts to the difference on account of fluctuations in the rates of exchange at the year end amounting to Rs.86.00 crores with regard to outstanding balance of foreign currency loans and deferred payment liabilities.
- (c) There has been a change in the method of accounting in the current financial year in respect of difference on account of fluctuation in rates of exchange on repayment of loans and deferred payment liabilities which in the previous years was charged to the Profit & Loss account in the year of repayment. The company has decided to treat the same as capital expenditure with effect from 1st January, 1982, in view of various Court Judgements. Accordingly, the Company has adjusted the same and has provided depreciation at applicable rates for the said relevant years. Consequently, effect on the accounts is, as under:

| | |
|----------------------------------------------|------------------------|
| Excess provision written back | Rs.21.16 Crores |
| Less Provision for depreciation | Rs. 5.98 Crores |
| Net Credit to Profit and Loss account | Rs.15.18 Crores |

Had the Company continued its past practice, in respect of the above, the profit (net) for the year would have been lower by Rs.4.11 Crores and Reserve & Surplus and Net Fixed Assets would have been lower by Rs.19.29 crores and Rs.20.66 crores respectively, and the closing inventory would have been higher by Rs.1.37 crores.

- (a) The Income-tax assessments of the Company have been completed upto Assessment Year 1986-87. Total tax demand raised by the Income-tax Department upto the said assessment year is Rs.22.68 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.
- (b) In respect of different units of the company, different previous years under Income Tax Act, 1961 had been followed for assessment years prior to the assessment year 1989-90. The amendment to the Income Tax Act, with effect from Assessment year 1989-90 prescribes a uniform previous year for all, the units to end on 31st March. Section 115J of the said Act contemplates computation of book profits of the relevant previous year and hence separate profit and loss accounts have been prepared in respect of POY Unit for seventeen months, Textile Unit, Export Division and Corporate office for fifteen months and other units for twelve months (being the respective previous years for these units for the assessment year 1989-90) in accordance with the relevant provisions of the said Act, as legally advised, to determine the book profits. On this basis, there is no resulting book profits and therefore no provision for taxation has become necessary.
- 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 subsequent to the date of the said notification, the Company, during the financial year, has on a pro rata basis allocated Rs.6.00 crores towards creating a Debenture Redemption Reserve.
- Depreciation on assets has been provided on straight-line method as prescribed by Schedule XIV to the Companies Act, 1956 read with Section 205(2)(b) of the said Act. The provision for depreciation for multiple shifts wherever applicable as per records and as advised, has been made on the basis of the actual utilization of respective eligible assets.
- The Company has an investment of Rs.0.21 crore in the Share Capital of Devti Fabrics Limited, a wholly owned subsidiary company. Loans to this subsidiary company of Rs.1.35 crores and receivables on account of sale of goods, of Rs.0.76 crore aggregate to Rs.2.11 crores. The losses of this Subsidiary Company upto 31st March, 1989 exceed its paid up capital and reserves. No provision has been made for possible loss which may arise on these accounts, in view of long term involvement of the Company in it.
- As a result of the floods on 24th July, 1989 some of the books of accounts and other records of the Company lying at Patalganga, district Raigad in the State of Maharashtra have been destroyed/affected. The Company is in the process of reconstructing the records.
- The Superintendent of Stamps, Central Stamp Office, Bombay had issued Demand Notices on the Company aggregating to Rs.15.40 crores being the alleged differential stamp duty payable under the Bombay 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 Series 'G'. Pursuant to the interim order of the Bombay High Court, the Company has furnished Bank Guarantees aggregating Rs.3.85 crores in favour of the Prothonotary and Senior Master of the High Court, Bombay and has covenanted not to further encumber the immovable properties of the Company aggregating Rs.11.55 crores till the matter is disposed by a Division bench of the Bombay High Court. The Company is advised that there would be no liability in this regard and accordingly, no provision has been made in respect thereof in the accounts.

19. (a) The Company has received a Show Cause Notice from Excise Authorities making various allegations in regard to non-payment of duty aggregating 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.
- (b) The Company has paid in the earlier year a sum of Rs.1.17 crores to the Excise authorities, 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 Projects upto 31st March, 1989 to be capitalised

| | (Rs.in Crores) | | |
|------------------------------------------------------------------------|----------------|-------------------------|----------------------------------|
| | 1988-89 | Upto 30th June, 1988 | Total upto 31st March 1989 |
| Raw material consumed (during trial run) | 24.21 | 27.96 | 52.17 |
| Carriage inward | 1.44 | 0.25 | 1.69 |
| Consumption of stores, chemicals and catalysts | 0.04 | 1.71 | 1.75 |
| Electric power, fuel and water | 5.49 | 25.21 | 30.70 |
| Labour charges | 0.03 | 0.54 | 0.57 |
| Excise duty | 0.05 | 1.63 | 1.68 |
| Sales Tax | - | 0.43 | 0.43 |
| Salaries, Wages and Bonus | 0.63 | 3.58 | 4.21 |
| Employees welfare and other amenities | 0.11 | 2.12 | 2.23 |
| Sales and distribution expenses | - | 0.16 | 0.16 |
| Insurance | 0.45 | 1.71 | 2.16 |
| Rent | - | 1.14 | 1.14 |
| Rates and taxes | - | 0.02 | 0.02 |
| Other repairs | 0.12 | 0.11 | 0.23 |
| Travelling Expenses | 0.02 | 1.40 | 1.42 |
| General expenses | 11.39 | 39.22 | 50.61 |
| Debentures issue expenses | - | 23.45 | 23.45 |
| Interest: Debentures | 18.36 | 107.33 | 125.69 |
| Fixed loans | 6.53 | 38.01 | 44.54 |
| Others (Net) | 0.90 | 14.92 | 15.82 |
| | <u>69.77</u> | <u>290.90</u> | <u>360.67</u> |
| Less: Sales/transfer/stock at end of Trial run | 35.98 | 39.84 | 75.82 |
| Miscellaneous income | 0.02 | 1.62 | 1.64 |
| | <u>33.77</u> | <u>249.44</u> | <u>283.21</u> |
| Transferred/Capitalised by allocating to Building, Plant and machinery | - | 146.30 | 146.30 |
| | <u>33.77</u> | <u>103.14</u> | <u>136.91</u> |

The above items are not forming part of profit and loss account.

21. CONTINGENT LIABILITIES

| | As at 31st March, 1989 Rs. | As at 30th June, 1988 Rs. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| (a) Estimated amount of contract remaining to be executed on capital account and not provided for | 46.75 | 113.09 |
| (b) Outstanding guarantees furnished and Letters of Credit opened by Bankers | 140.46 | 30.93 |
| (c) Bonds executed in favour of Excise and Custom Authorities | 75.08 | 89.44 |
| (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.4.17 crores for excise duty (Previous year Rs.2.26 crores) | 6.29 | 4.65 |
| (f) Export bills discounted against irrevocable Letters of Credit | 1.43 | 0.87 |
| (g) Indemnities towards export obligations against capital goods import | 0.62 | 0.65 |
| (h) Guarantee to Banks and Financial Institutions against credit facilities extended to subsidiary companies (Facilities utilised upto 31.3.89 Rs.5.40 crores) | 6.00 | 3.00 |
| (i) Import Duty on Raw Materials/Chemicals & catalysts imported under Advance Licences against fulfilment of export obligations. | 7.23 | 16.48 |

22 LICENCED AND INSTALLED CAPACITY

| | Unit | Licensed Capacity | | Installed Capacity | |
|-----------------------------------------------------------------|----------------------|-------------------|---------|--------------------|---------|
| | | 1988-89 | 1987-88 | 1988-89 | 1987-88 |
| (a) Polyester Filament Yarn/Polyester Chips | M.T. | 32,300 | 25,125 | 25,125+ | 25,125+ |
| (b) Polyester Staple Fibre/Polyester Chips | M.T. | 45,000 | 45,000 | 45,000 | 45,000 |
| (c) Man-made Fibre Spun Yarn on Worsted System | (Spindles) Nos. | 20,000 | 12,500 | 12,494 | 12,494 |
| (d) Man-made Fabrics | (Looms) Nos. | 450 | 450 | 450 | 450 |
| | (Knitting M/c.) Nos. | 22 | 22 | 20 | 20 |
| (e) Purified Terephthalic Acid | M.T. | 100,000 | 100,000 | 100,000 | 100,000 |
| (f) Linear Alkyl Benzene | M.T. | 60,000 | 60,000 | 60,000 | 60,000 |
| (g) Synthetic Filament Yarn including Industrial Yarn/Tyre Cord | M.T. | 2,000 | 2,000 | - | - |
| (h) Ethylene | M.T. | 320,000* | - | - | - |
| (i) Propylene | M.T. | 155,000* | - | - | - |
| (j) Butadiene 8 Other C4s | M.T. | 98,000* | - | - | - |
| (k) Acrylic Fibre | M.T. | 20,000* | - | - | - |

* On the basis of Letter of Intent received

+ Based on average Denier of 40

Installed Capacity based on Certificate of the Management.

23. PRODUCTION OF FINISHED PRODUCTS MEANT FOR SALE

| | Unit | 1988-89 | 1987-88 |
|----------------------------------------|---------------|---------|---------|
| Yarn (Polyester, Cotton, Blended etc) | M.T. | 42,541 | 64,068 |
| Polyester Chips | M.T. | 4,149 | 1,952 |
| Fabrics | Mtrs. in lacs | 365.87 | 587.72 |
| Polyester Staple Fibre | M.T. | 27,374 | 38,004 |
| P.T.A. | M.T. | 32,881 | 25,748 |
| L.A.B. | M.T. | 28,413 | 28,022 |
| By Products | M.T. | 3,201 | 2,798 |

| 24. VALUE OF IMPORTS ON C.I.F BASIS IN RESPECT OF: | 1988-89 | 1987-88 |
|-----------------------------------------------------------|---------|---------|
| | Rs. | Rs. |
| (a) Raw Materials | 115.85 | 105.91 |
| (b) Dyes and Chemicals, Catalysts, Stores and Spare parts | 20.32 | 43.85 |
| (c) Capital goods | 5.64 | 38.80 |

25. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF

| | 1988-89 | 1987-88 |
|------------------------------------------------------------------------------------------------------------------|---------|---------|
| | Rs. | Rs. |
| Interest on foreign currency loans | 17.16 | 34.44 |
| Interest on Debentures held by Non-residents on repatriation basis (Gross) | 8.63 | 28.13 |
| Other matters (including commitment charges (Rs.15,625, on foreign currency loans - Previous year Rs.0.03 crore) | 6.90 | 7.81 |
| Technical know-how & Engineering Fees | 26.14 | 24.45 |

26. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS

| | Unit | 1988-89 | | 1987-88 | |
|--------------------------------------------------------|---------------|----------|----------------------|----------|----------------------|
| | | Quantity | Rs. in crores | Quantity | Rs. in crores |
| (a) Opening Stock | | | | | |
| i) Finished Stocks | | | 100.28 | | 115.28 |
| Yarn | M.T. | 3,619 | | 5,382 | |
| Fabrics | Mtrs. in lacs | 83.59 | | 104.22 | |
| Polyester Staple Fibre | M.T. | 3,664 | | 6,417 | |
| Polyester Chips | M.T. | 1,529 | | 324 | |
| L.A.B. | M.T. | 4,811 | | - | |
| ii) Stock-in-process | | | 50.70 | | 41.65 |
| iii) Others | | | 4.84 | | 2.48 |
| (b) Closing Stock: | | | 143.32 | | 100.28 |
| i) Finished Stocks | | | | | |
| Yarn | M.T. | 4,675 | | 3,619 | |
| Fabrics | Mtrs. in lacs | 85.70 | | 83.59 | |
| Polyester Staple Fibre | M.T. | 5,362 | | 3,664 | |
| Polyester Chips | M.T. | 3,408 | | 1,529 | |
| L.A.B. | M.T. | 6,009 | | 4,811 | |
| ii) Stock-in-process | | | 60.07 | | 50.70 |
| iii) Others | | | 1.70 | | 4.84 |
| (c) Purchases | | | 14.21 | | 210.70 |
| Yarn | M.T. | 590 | | 632 | |
| Fabrics | Mtrs. in lacs | 3.92 | | 326.62 | |
| Sea Foods | M.T. | - | | 71 | |
| Others | | | | | |
| (d) Sales | | | | | |
| Yarn (Polyester & Blended) | M.T. | 42,556 | 621.76 | 65,922 | 951.27 |
| Fabrics | Mtrs in lacs | 367.68 | 161.80 | 927.19 | 508.59 |
| Polyester Staple Fibre | M.T. | 25,697 | 128.57 | 40,772 | 235.02 |
| Polyester Chips | M.T. | 2,222 | 11.15 | 747 | 3.33 |
| P.T.A. | M.T. | 31,199 | 103.90 | 3,866 | 9.47 |
| L.A.B | M.T. | 27,215 | 69.77 | 16,968 | 41.89 |
| Sea Foods | M.T. | - | - | 71 | 0.67 |
| Others | | | 15.50 | | 20.50 |
| | | | <u>1,112.45</u> | | <u>1,770.74</u> |
| (e) Raw Material consumed | | | | | |
| PTA (including own production during trial run) | M.T. | 313 | 0.4 | 80,843 | 138.59 |
| Paraxylene (including own production during trial run) | M.T. | 67,968 | 121.41 | 14,311 | 17.58 |
| M.E.G | M.T. | 26,613 | 95.32 | 36,726 | 55.06 |
| Fibre | M.T. | 1,926 | 13.28 | 2,086 | 16.18 |
| Yarn | M.T. | 2,414 | 43.27 | 7,385 | 145.92 |
| Fabrics (Grey) | Mtrs. in lacs | 89.81 | 13.68 | 143.21 | 20.72 |
| N. Paraffin | M.T. | 23,527 | 24.68 | 6,509 | 6.14 |
| Benzene | K.L. | 11,096 | 7.63 | 2,906 | 1.98 |
| Others | | - | 18.00 | - | 3.94 |
| | | | <u>337.67</u> | | <u>406.11</u> |
| Less/Add: Difference in stock of useable waste | | | <u>(-) 0.76</u> | | <u>10.80</u> |
| | | | <u><u>336.91</u></u> | | <u><u>416.91</u></u> |

* Excluding during trial run

27. VALUE OF RAW MATERIALS CONSUMED

| | 1988-89 | | 1987-88 | |
|------------------------------------------------------|---------------|------------------------|---------------|------------------------|
| | Rs. in Crores | % of total Consumption | Rs. in Crores | % of total Consumption |
| Imported (including import duty Rs.101.68 crores) | 221.93 | 65.87 | 229.53 | 55.05 |
| Indigenous | 114.98 | 34.13 | 187.38 | 44.95 |
| | <u>336.91</u> | <u>100.00</u> | <u>416.91</u> | <u>100.00</u> |

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

| | 1988-89 | | 1987-88 | |
|------------|---------------|------------------------|---------------|------------------------|
| | Rs. in Crores | % of total Consumption | Rs. in Crores | % of total Consumption |
| Imported | 21.30 | 49.08 | 19.81 | 42.37 |
| Indigenous | 22.09 | 50.92 | 26.94 | 57.63 |
| | <u>43.39</u> | <u>100.00</u> | <u>46.75</u> | <u>100.00</u> |

29. EARNINGS IN FOREIGN EXCHANGE

| | 1988-89 | 1987-88 |
|------------------------------|---------|---------|
| | Rs. | Rs. |
| Export of goods on FOB basis | 26.14 | 21.13 |

30. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

| | 1988-89 | 1987-88 |
|--|---------|---------|
| | Rs. | Rs. |
| | | |

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

| | | | |
|---------------------------------------------------------------------------------------------------|------------|----------------------------------------|------|
| (a) Number of Non-resident shareholders | | | |
| – Year ended 31-12-86 | – | 105 | |
| – Final/Interim dividend 1987/88 | 23,237 | 24,791 | |
| (b) Number of Equity Shares held by them | | | |
| – Year ended 31-12-86 | – | 3,504,369 | |
| – Final/Interim dividend 1987/88 | 15,529,421 | 21,345,661 | |
| (c) (i) Amount of dividend paid (Gross)-Tax at source Rs.0.32 crore (Previous year Rs.0.95 crore) | | | |
| – Year ended 31-12-86 | | – | 0.88 |
| – Final/Interim dividend 1987/88 | | 1.96 | 3.78 |
| (ii) Year to which dividend relates | | Final Div. 1986 & 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

| | 1988-89 | 1987-88 |
|------------------------------------------------------------|---------|---------|
| | Rs. | Rs. |
| (i) Number of employees | 436 | 212 |
| (ii) Salaries and Bonus | 2.09 | 1.95 |
| (iii) Contribution to Provident Fund & Superannuation Fund | 0.46 | 0.46 |
| (iv) Other Perquisites | 1.01 | 0.72 |

(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

| | 1988-89 | 1987-88 |
|------------------------------------------------------------|---------|---------|
| | Rs. | Rs. |
| (i) Number of employees | 60 | 99 |
| (ii) Salaries and Bonus | 0.17 | 0.46 |
| (iii) Contribution to Provident Fund & Superannuation Fund | 0.04 | 0.11 |
| (iv) Other Perquisites | 0.09 | 0.21 |

As per our Report of even date
For RAJENDRA & CO.
Chartered Accountants

As per our Report of even date
For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of the Board
D.H. Ambani
R.H. Ambani

Chairman & Managing Director
Joint Managing Director

R.J. Shah
Proprietor

D. Chaturvedi
Partner

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

Directors

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

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 10th August, 1989



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

| | <u>Devti Fabrics Ltd.</u> | <u>Reliance Petrochemicals Ltd.</u> | <u>Trishna Investments and Leasings Ltd.</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------|
| 1. The Financial Year of the subsidiary companies ended on | 31st March, 1989 | 31st March, 1989 | 31st March, 1989 |
| 2. Date from which they became subsidiary companies | 30th September, 1985 | 11th January, 1988 | 30th December, 1988 |
| 3. (a) No. of shares held by Reliance Industries Limited (holding company) with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies | 2,10,070 Equity Shares of the face value of Rs.10/- each fully paid up | 5,76,00,000 Equity Shares of the face value of Rs.10/- each fully paid up | 3,400 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 companies | 100% | 66% | 77% |
| 4. The net aggregate amount of the subsidiary companies' profit/(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 March, 1989 | (Rs.74.06 lacs) | Rs.331.33 lacs | Rs.47.29 lacs |
| ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries | (Rs.122.49 lacs) | - | - |
| (b) Dealt with in holding company's accounts: | | | |
| i) For the financial year ended 31st March, 1989 | Nil | Nil | Nil |
| ii) For the previous financial year of the subsidiary companies since they became the holding company's subsidiaries | Nil | Nil | Nil |

For and on behalf of the Board

D.H. Ambani
R.H. Ambani

Chairman & Managing Director
Joint Managing Director

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

Directors

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

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 10th August, 1989

RELIANCE PETROCHEMICALS LIMITED

Regd. Office : Village Mora,
Batha, P.O. Surat - Hazira Road,
Dist. Surat, PIN 394 510
Gujarat State.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the first Annual Report together with the Audited Statement of Accounts for the period from 11th January, 1988 (the date of incorporation) to 31st March 1989.

| | |
|-------------------------------------------------------------------------|-----------------|
| 1. FINANCIAL RESULTS | (Rs. in crores) |
| Profit before tax | 5.96 |
| Less: Provisions and/or appropriations | |
| (a) Taxation | 0.94 |
| (b) Recommended dividend (subject to deduction of tax) on Equity Shares | 4.54 |
| Transfer to General Reserve | 0.25 |
| Balance carried to Balance Sheet | 0.23 |

2. DIVIDEND:

Your Directors have recommended a maiden dividend, of 15%, pro rata, (subject to deduction of tax) payable on the equity shares for the period commencing from the date of incorporation till 31st March 1989, aggregating Rs.4.54 crores, to be paid, if approved, by the shareholders at the ensuing Annual General Meeting.

3. FIRST ACCOUNTING YEAR:

Your Directors have fixed the first Accounting Year of the Company from 11 th January 1 988, the date of incorporation, upto 31 st March 1989 and accordingly the accounts reflected herein are for the said period.

4. PROMOTION AND INCORPORATION :

Your Company was promoted by Reliance Industries Limited for implementing the projects for manufacture of Poly Vinyl Chloride (PVC), Mono Ethylene Glycol (MEG) and High Density Polyethylene (HDPE).

Reliance Industries Limited has invested in the equity capital of the Company to the extent of Rs.57.60 Crores and an interest free non refundable loan of Rs.50 crores to be converted into equity shares, at par, on 26th October 1991. Your Company continues to be a subsidiary of Reliance Industries Limited. In order to raise finance for implementing the three projects, Your Company had made an issue of Convertible Debentures aggregating Rs.516 crores. This issue was the largest ever issue of convertible debentures made by a company in the private sector. The issue was heavily oversubscribed.

In terms of the consent order of the Controller of Capital Issues (CCI), the Company retained 15% of the over subscription amounting to Rs.84.9 crores.

The securities of the Company have been enlisted on the Stock Exchanges at Ahmedabad and Bombay.

5. PROJECT IMPLEMENTATION:

Your Directors are pleased to inform you that the Industrial Licences for manufacture of PVC and HDPE and Letter of Intent for manufacture of MEG issued in favour of Reliance Industries Limited, the holding company, have been endorsed in favour of your Company.

Reliance Industries Limited, had been allotted land admeasuring 245 hectares from Gujarat Industrial Development Corporation (GIDC) at Village Moral Dist. Surat, Gujarat for the purpose of setting up the three projects. Out of the above, your company has obtained transfer/possession of 122.5 hectares and requisite actions are being taken for acquiring the balance land. Your Company has taken all necessary steps for purchase, supply and import of equipments and your Directors expect that barring unforeseen circumstances the projects would be commissioned in the second half of 1990 as per schedule.

6. VERDICT OF HON'BLE SUPREME COURT:

Your Directors are pleased to state that the serious challenge posed by the Writ Petitions and Suits filed against the Company and the Controller of Capital Issues challenging the Consent Orders issued by the latter relating to the Public Issue of Fully Convertible Debentures on various grounds, has been totally negated by the Hon'ble Supreme Court by dismissing these proceedings. The Hon'ble Supreme Court has confirmed that there was no discrimination or non-compliance of statutory requirements or non-observance of guidelines or creation of illusory securities in favour of the Debenture Trustees or illegality, impropriety or irrationality attached in respect of the said Public Issue. The Hon'ble Supreme Court on the contrary observed that the proceedings were not genuine or properly motivated out of public interest but were malafide or borne out of grudge. Hon'ble Supreme Court also observed that having regard to the principles of comity of Court in a federal structure, due regard to self restraint and self conception should be observed where an injunction affects an all India issue or has ramification all over the country. This has been a land mark Judgement in the Corporate history.

7. FIXED DEPOSITS:

Since your company has not accepted any deposits from the public, no information is required to be furnished in respect of outstanding deposits.

8. PERSONNEL:

As required by the provisions of Section 21 7(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.

9. DIRECTORS:

Shri Mukesh D. Ambani, Shri Anil D. Ambani and Shri Atul S. Dayal were the first Directors of the Company as stated in the Articles of Association of the Company. By virtue of the Articles of Association of the Company, Shri Mukesh D. Ambani and Shri Anil D. Ambani are permanent Directors of the Company and are not liable to retire by rotation.

Shri Atul S. Dayal retires by rotation and being eligible offers himself for reappointment.

Shri Dhirubhai H. Ambani, Shri K.K. Pai, Dr. R. Rajagopalan, Shri Suresh A. Shroff and Shri Y.P. Trivedi were appointed as Additional Directors. In terms of Section 257 of the Companies

RELIANCE PETROCHEMICALS LIMITED

Act 1956, the Company has received notices from some shareholders signifying their intention to propose the above Directors for appointment as Directors retiring by rotation at the ensuing Annual General Meeting.

10. AUDITORS & THEIR REPORT:

Messrs. Chaturvedi & Shah and Messrs. Rajendra & Company, 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.

Regarding the note referred to in the Auditors' Report, your Directors clarify that a large number of bank branches were authorised to refund excess application money and collect calls in arrears of shares and debentures. In deference to the requests received from shareholders, the Directors having extended the last date for payment of call money due from them upto 30th April, 1989, the reconciliation of the bank accounts will be completed during the current year.

11. In terms of Section 217(1) of the Companies Act 1956 (as amended) and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, your Directors furnish hereunder the additional information as required:

A. Conservation of Energy:

Since the projects for the manufacture of MEG, PVC and HDPE are still in the implementation stage and no manufacturing activities have commenced till the date of the report, there is nothing to be disclosed in respect of conservation of energy. However, the project envisages captive gas turbo generators with cogeneration of waste heat steam.

B. Technology Absorption:

Arrangements have been made with licensors to provide technology for the manufacture of products, under the Project. The Technology agreements include provision for training, which will assist the Company in absorption of the technology from the respective licensors.

C. Foreign Exchange Earnings and Outgo (Rs. in Crores)

| | |
|--------------------------------------------------------------|---------|
| 1. Foreign Exchange earnings | — |
| (Tender fees received equivalent to U.S.\$ 1,125 Rs. 16,753) | |
| 2. Foreign Exchange Outgo: | |
| (i) Technical Fees | Rs.3.91 |
| (ii) Travelling Expenses | Rs.0.05 |
| (iii) Debenture Issue expenses | Rs.0.11 |

12. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation of the assistance and cooperation received from the Financial Institutions and Banks during the period under review.

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executives

and Staff of the holding Company (Reliance Industries Limited) and also the Executives and Staff of the Company. Your Directors place on record their appreciation of the wholehearted and continued support extended by the investors to make the fully convertible secured debenture issue a great success.

For and on behalf of the Board of Directors

Dhirubhai H. Ambani
Chairman.

Bombay 400 021
Dated: 16th May, 1989

RELIANCE PETROCHEMICALS LIMITED

AUDITORS' REPORT

To
The Members of Reliance Petrochemicals Limited
We have audited the attached Balance Sheet of RELIANCE PETROCHEMICALS LIMITED as at 31st March, 1989 and the Profit & Loss Account for the period from 11th January 1988 to 31st March, 1989 annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this 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 said Balance Sheet and Profit & Loss Account read together with the notes thereon, subject to the note relating to interest on calls in arrears being accounted by the Company as and when received and the refund of the excess application money received and unpaid calls on shares/debentures are under reconciliation' give the information required under the Companies Act 1956 in the manner so required and give a true and fair view
 - (i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1989 and
 - (ii) in so far as it relates to the Profit and Loss Account of the "profit" of the Company for the period ended on that date.

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & COMPANY**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

Bombay
Dated: **16th May, 1989**

ANNEXURE TO AUDITORS' REPORT Re: Reliance Petrochemicals Limited

Referred to in para (1) of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the period.
3. The Company has received, in accordance with the consent of the Controller of Capital Issues, an interest free loan from the holding company which shall be converted into Equity Shares at par on 26th October, 1991. It has not taken any other loan secured or unsecured from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370(1 B) of the Companies Act, 1956. The terms and conditions of the above loan are not in our opinion prima facie prejudicial to the interest of the Company.

4. The Company has not granted any loans, secured or unsecured to companies firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management within the meaning of Section 370(1 B) of the Companies Act, 1956.
5. The terms and conditions of advances in the nature of loans given by the Company provide for repayment of principal amount and interest periodically. No instalment of principal or interest has fallen due during the period.
6. In our opinion 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 with regard to the purchases of plant and machinery and equipment and for the sale of goods.
7. In our opinion and according to the information and explanations given to us, there are no transactions of purchases of goods and material and sales of goods/material and services made in pursuance of contracts or arrangements required to be entered in the registers maintained under Section 301 of the Companies Act, 1956.
8. The Company has not accepted any deposits from the Public and consequently the provision of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
9. In our opinion the Company has an Internal Audit system commensurate with the size and nature of its business.
10. During the period under review we are informed that the provisions of Employees, Provident Fund and Employees' State Insurance Scheme Fund are not applicable. The Company has voluntarily implemented the scheme of Provident Fund and deposited a part of the dues with the Trust of the holding company and the balance has been deposited with Provident Fund Commissioner after getting necessary approvals.
11. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax' wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1989 for a period of more than six months from the date they became payable.
12. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practice.
13. The Company is not a sick industrial company within the meaning of clause (0) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act 1985.
14. The Company is in the process of setting up projects for manufacture of Petrochemicals and no manufacturing operations have commenced Para 4A(iii). (iv) (v). (vi). (xii). (xiv) and (xvi). 4B, 4C and 4D of the aforesaid order are therefore not applicable.

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & COMPANY**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

Bombay
Dated: **16th May, 1989**

RELIANCE PETROCHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1989

(Rs in crores)

| | Schedule | Rs. | Rs. |
|---------------------------------------------|----------|--------|--------|
| SOURCES OF FUNDS: | | | |
| Shareholders' Funds | | | |
| Share Capital | 'A' | 86.47 | |
| Reserves and Surplus | 'B' | 0.48 | |
| | | | 86.95 |
| Loan Funds | | | |
| Secured Loans | 'C' | 632.03 | |
| Unsecured Loans | 'D' | 50.00 | |
| | | | 682.03 |
| TOTAL | | | 768.98 |
| APPLICATION OF FUNDS: | | | |
| Fixed Assets | | | |
| Gross Block | 'E' | 23.01 | |
| Less: Depreciation | | 0.85 | |
| Net Block | | 22.16 | |
| Capital Work-in-progress | | 163.29 | |
| | | | 185.45 |
| Investments | 'F' | | 224.49 |
| Current Assets, Loans and Advances | | | |
| Current Assets | | | |
| interest accrued on Investments | | 7.07 | |
| Cash and Bank Balances | 'G' | 379.45 | |
| Loans and Advances | 'H' | 22.51 | |
| | | 409.03 | |
| Less: | | | |
| Current Liabilities and Provisions | | | |
| Current Liabilities | 'I' | 44.50 | |
| Provisions | 'J' | 5.52 | |
| | | 50.02 | |
| | | | 359.01 |
| Miscellaneous Expenditure | | | |
| (to the extent not written-off or adjusted) | | | |
| Preliminary Expenses | | | 0.03 |
| TOTAL | | | 768.98 |
| Notes and Contingent Liabilities | 'N' | | |

As per our Report of even date

For **CHATURVEDI & SHAH**
Director Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

For and on behalf of the Board

D.H. Ambani

Chairman

M.D. Ambani
A.D. Ambani
A.S. Dayal
Dr. R. Rajagopalan
S.A. Shroff
Y.P. Trivedi

Directors

Rohit C. Shah

Assistant Company Secretary

Bombay
Dated: 16th May, 1989

Bombay
Dated: 16th May, 1989

RELIANCE PETROCHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 11.1.1988 TO 31.3.1989

(Rs in crores)

| | Schedule | Rs. | Rs. |
|------------------------------------------------------------------------------------------------------------|----------|-------|-------|
| INCOME | | | |
| Sales | | 0.01 | |
| Other Income | 'K' | 26.63 | 26.64 |
| EXPENDITURE | | | |
| Purchases | | 0.01 | |
| Establishment and other expenses | 'L' | 22.19 | |
| Interest | 'M' | 32.90 | |
| Depreciation | | 0.85 | |
| | | 55.95 | |
| Less: Net Pre-operative expenditure on implementation of Projects pending allocation (See also Note no.10) | | 35.27 | 20.68 |
| Profit before Tax | | | 5.96 |
| Provision for Taxation | | | 0.94 |
| Profit after Tax | | | 5.02 |
| APPROPRIATIONS: | | | |
| General Reserve | | 0.25 | |
| Dividend on Equity Shares (Subject to Tax) | | 4.54 | 4.79 |
| Balance carried to Balance Sheet | | | 0.23 |
| Notes and Contingent Liabilities | 'N' | | |

As per our Report of even date

For **CHATURVEDI & SHAH**
Director Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

D. Chaturvedi
Partner

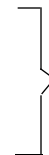
R.J. Shah
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For and on behalf of the Board

D.H. Ambani

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Y.P. Trivedi



Directors

Rohit C. Shah

Assistant Company Secretary

Bombay
Dated: 16th May, 1989

Bombay
Dated: 16th May, 1989

RELIANCE PETROCHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1989

(Rs. in crores)

SCHEDULE 'A'

| SHARE CAPITAL | | Rs. | Rs. |
|------------------------------------|---------------------------------------------------------------------|-------------|---------------|
| Authorised: | | | |
| 10,00,00,000 | Equity Shares of Rs.10/- each Issued and Subscribed: | | <u>100.00</u> |
| 8,72,70,000 | Equity Shares of Rs.10/- each fully called up | 87.27 | |
| | Less: Calls unpaid - by others (Refer note 9) | <u>0.80</u> | |
| | | | <u>86.47</u> |
| Of the above Equity Shares: | | | |
| (i) 5,76,00,000 | Shares are held by Reliance Industries Limited, the holding Company | | |
| (ii) 2,96,70,000 | Shares were allotted at par on first conversion of Debentures | | |

SCHEDULE 'B'

| RESERVES AND SURPLUS | | Rs. | Rs. |
|----------------------|------------------------------------------|-------------|-------------|
| General Reserve | | | |
| | Transferred from Profit and Loss Account | 0.25 | |
| | Profit and Loss Account | <u>0.23</u> | |
| | | | <u>0.48</u> |

SCHEDULE 'C'

| SECURED LOANS | | Rs. | Rs. |
|-----------------------------------------------------------------------------|--|--------------|---------------|
| A. Debentures | | | |
| 12.5% Secured Fully Convertible Debentures of Rs.200/- each fully called up | | 593.40 | |
| Less: Converted | | <u>29.67</u> | |
| | | 563.73 | |
| Less: Calls unpaid - by others (Refer note 9) | | <u>15.18</u> | |
| | | | 548.55 |
| B. Loan from a Bank | | | |
| | | | 37.50 |
| C. Term loan in Foreign Currencies from | | | |
| (i) Banks | | 9.16 | |
| (ii) Financial Institutions | | <u>36.82</u> | |
| | | | 45.98 |
| | | | <u>632.03</u> |

NOTES:

- The Convertible Debentures referred to in 'A' above alongwith interest are secured by a legal mortgage in English form in favour of the Debenture Trustees by way of a residual charge on all or any of the immoveable and/or moveable assets and properties other than the current assets both present and future, situated at village Mora, District Surat in the State of Gujarat and/or at any other location and that such residual mortgage and charge shall rank expressly subject to subservient and subordinate to the mortgages to be created for item 'C' above and future mortgages/charges as may hereinafter be created by the Company in favour of any existing or future lenders in respect of borrowings of the company as provided in the debenture trust deed.

- The face value of each Debenture (Part B of Rs.40/- and Part C of Rs.150/-) will be automatically and compulsorily converted into appropriate number of equity shares of Rs.10 each at a premium, if any, as may be fixed by the Controller of Capital Issues, after 27th October, 1991 but before 26th October, 1992 and after 27th October, 1993 but before 26th October, 1995 respectively
- The loan referred to in 'B' above is secured by pledge of Fixed Deposit Receipts of Rs.50 crores.
- (i) The Term Loan referred to in C (i) above represents Foreign Currency Loan availed by Reliance Industries Limited, the holding company, for implementation of Mono Ethylene Glycol Project. Pending necessary approvals, the Company has taken over the said loan which is secured against the Fixed Assets of Reliance Industries Limited.
- (ii) The Term Loan in Foreign Currencies referred to in C (ii) above is secured by hypothecation of moveable assets and would also be secured by a mortgage to be created on immoveable assets at village Mora, District Surat in the State of Gujarat. and/or at any other location, both present and future. The Company has pledged fixed deposit receipts of a Scheduled Bank aggregating to Rs.42.75 crores as an interim security for the aforesaid loan.
- Debentures include Rs.0.66 crores held by Directors.
- Secured Loans include Rs.39.16 crores repayable within a period of one year.

SCHEDULE 'D'

(Rs. in Crores)

UNSECURED LOANS

From Reliance Industries Limited, the holding Company 50.00

NOTE:

The above loan is free of interest and shall be converted into Equity Share Capital, at par, on 26th October, 1991 in accordance with the consent of the Controller of Capital Issues.

SCHEDULE 'E'

(Rs. in Crores)

FIXED ASSETS

| Nature of Assets | Gross Block (at cost) | | Depreciation | Net Block |
|------------------------|-----------------------|-----------------|----------------|-----------------|
| | Additions | As at 31.3.1989 | upto 31.3.1989 | As at 31.3.1989 |
| | Rs. | Rs. | Rs. | Rs. |
| Leasehold Land | 0.63 | 0.63 | - | 0.63 |
| Buildings | 3.92 | 3.92 | 0.01 | 3.91 |
| Plant and Machinery | 18.11 | 18.11 | 0.82 | 17.29 |
| Furniture and Fixtures | 0.23 | 0.23 | 0.01 | 0.22 |
| Vehicles | 0.12 | 0.12 | 0.01 | 0.11 |
| | 23.01 | 23.01 | 0.85 | 22.16 |

Capital Work-in-Progress

163.29

NOTES:

- No amortisation has been made in respect of lease premium paid for leasehold land since the grant of lease is for a long period.
- Capital Work in Progress:
 - includes Rs.128.02 crores on account of advances against Capital Expenditure.
 - includes Rs.35.27 crores on account of Pre-operative expenditure on implementation of projects pending allocation.
- Depreciation has been provided as under:
 - In respect of Plant and Machinery amounting to Rs.18.10 crores and given on lease, 95% of the cost has been divided by the primary lease period of two years and pro rated in accordance with Schedule XIV to the Companies Act, 1956
 - In respect of other assets, on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- Building includes Shares in a Cooperative housing society of the face value of Rs 250.

RELIANCE PETROCHEMICALS LIMITED

| | (Rs. in Crores) | | | (Rs. in Crores) | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|---------------------------------------------------------------------------------|-----------------|-------|
| SCHEDULE 'F' | Rs. | Rs. | SCHEDULE 'J' | Rs. | Rs. |
| INVESTMENTS (At Cost) | | | PROVISIONS | | |
| Other Investments | | | Gratuity Superannuation and Provident Funds | | 0.04 |
| Government Securities | | | Provision for Taxation | | 0.94 |
| Quoted | | | Proposed Dividend | | 4.54 |
| 11.5% Government of India Loan 2008 (old series) | 39.48 | | | | 5.52 |
| Unquoted | | | | | |
| Indira Vikas Patra | 0.20 | | | | |
| | | 39.68 | | | |
| Other investments (Unquoted) | | | | | |
| 12,75,66,550 Units of The Unit Trust of India (1964 Scheme) | | 184.81 | | | |
| | | 224.49 | | | |
| | | 224.49 | | | |
| NOTES: | | | SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD | | |
| 1. The Company purchased 13,84,16,450 units of Unit Trust of India (1964 scheme) for Rs 190 99 crores and sold the same during the period. | | | SCHEDULE 'K' | | Rs. |
| 2. Aggregate value of | Cost | Market Value | OTHER INCOME | | |
| | Rs. | Rs. | Interest | | 12.63 |
| Quoted investments | 39.48 | 39.48 | Profit on sale of Investments | | 8.59 |
| Unquoted Investments | 185.01 | - | Lease Income | | 5.39 |
| | | | Other Income | | 0.02 |
| 3 The above investments are held by the bankers of the Company in their name wherever applicable in a fiduciary capacity. | | | | | 26.63 |
| | | | | | 26.63 |
| SCHEDULE 'G' | | | SCHEDULE 'L' | | |
| | Rs. | Rs. | | Rs. | Rs. |
| CURRENT ASSETS | | | ESTABLISHMENT AND OTHER EXPENSES | | |
| Cash and Bank Balances | | | Payment to and Provision for employees | | |
| Cash on hand (Rs.31466) | | - | Salary, Wages and Bonus | 0.24 | |
| Balances with Scheduled Banks | | | Contribution to Provident Fund and other funds | 0.04 | |
| i) In Current Accounts | 69.10 | | Staff Welfare Expenses | 0.05 | |
| ii) In Fixed Deposit Accounts | 310.35 | | | | 0.33 |
| | | 379.45 | Service Charges | | 0.73 |
| | | 379.45 | insurance (Rs.3,189) | | - |
| | | 379.45 | Lease Rent | | 0.02 |
| | | | Rent | | 0.61 |
| | | | Rates and Taxes | | 0.02 |
| | | | Other repairs (Rs 1,089) | | - |
| | | | Travelling Expenses | | 0.39 |
| | | | Audit Fees | | 0.02 |
| | | | Directors Fees (Rs 26,500) | | - |
| | | | Debenture Issue Expenses | | 18.17 |
| | | | Commitment Charges | | 0.40 |
| | | | General Expenses | | 1.50 |
| | | | | | 22.19 |
| | | | | | 22.19 |
| SCHEDULE 'H' | | | SCHEDULE 'M' | | |
| | | Rs. | | | Rs. |
| LOANS AND ADVANCES (Unsecured considered good) | | | INTEREST | | |
| Advances recoverable in cash or in kind or for value to be received | | 5.15* | On Debentures | | 29.15 |
| Advance payment of Income Tax | | 1.25 | On fixed Loans | | 3.57 |
| Deposits | | 16.11 | On Other Loans | | 0.18 |
| | | 22.51 | | | 32.90 |
| | | 22.51 | | | 32.90 |
| Include Rs 0.01 crore due from an officer of the company (Maximum balance due at any time during the period Rs 0.01 crore) | | | SCHEDULE 'N' | | |
| | | | NOTES AND CONTINGENT LIABILITIES | | |
| SCHEDULE 'I' | | | | | |
| | | Rs. | | | |
| CURRENT LIABILITIES | | | | | |
| Sundry Creditors | | 2.40 | | | |
| Interest accrued but not due on loans | | 29.77 | | | |
| Other Liabilities | | 0.01 | | | |
| Unclaimed excess debenture application money (Refer Note no.9) | | 12.32 | | | |
| | | 44.50 | | | |
| | | 44.50 | | | |

RELIANCE PETROCHEMICALS LIMITED

| | | | (Rs. in crores) |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------|
| 3. | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31st March, 1989. | | 202.66 |
| 4. | Auditor's Remuneration | | |
| | a) | Audit Fees | 0.02 |
| | b) | For Certification matters (included under the head Debenture Issue expenses). | 0.04 |
| 5. | Quantitative information in respect of: | | |
| | | ITEM | M.T. |
| | a) | Purchases Linear Alkyl Benzene | 5 |
| | b) | Sales Linear Alkyl Benzene | 5 |
| 6. | Expenditure in foreign currency: | | |
| | a) | Technical Fees | 3.91 |
| | b) | Travelling Expenses | 0.05 |
| | c) | Debenture Issue Expenses | 0.11 |
| 7. | Earnings in foreign currency: | | |
| | Miscellaneous Income (Rs.16,753) | | — |
| 8. | Particulars of expenditure incurred on employees who were in receipt of remuneration which in the aggregate was not less than Rs.0.72 lacs per annum or Rs.0.06 lacs per month. For part of the period | | |
| | Number of employees | | 38 |
| | a) | Salaries and Bonus | 0.15 |
| | b) | Contribution to Provident Fund and Other Funds | 0.03 |
| | c) | Other Perquisites | 0.03 |

9. Refund of excess application money and unpaid calls on shares and debentures are under reconciliation. The interest on calls-in-arrears will be accounted for as and when received.
10. Income earned out of funds received to the extent pertaining to the Projects has been adjusted against preoperative expenditure pending allocation. The Company has been advised that such income does not form part of income liable to tax. Accordingly, the same has been excluded while determining provision for taxation.
11. Licensed and Installed Capacity:
- | | Licensed Capacity | Installed Capacity |
|----------------------------------|-------------------|----------------------|
| Mono Ethylene Glycol (MEG) | *60000 Tonnes | Under Implementation |
| High Density Polyethylene (HDPE) | 50000 Tonnes | Under Implementation |
| Poly Vinyl Chloride (PVC) | 100000 Tonnes | Under Implementation |
- * Based on Letter of Intent.
12. As the company has not commenced any manufacturing activity, the information required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, has been given to the extent applicable.

As per our Report of even date

For **CHATURVEDI & SHAH**
Director Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

Bombay
Dated: 16th May, 1989

For and on behalf of the Board

D.H. Ambani

Chairman

M.D. Ambani
A.D. Ambani
A.S. Dayal
Dr. R. Rajagopalan
S.A. Shroff
Y.P. Trivedi

Directors

Rohit C. Shah

Assistant Company Secretary

Bombay
Dated: 16th May, 1989

DEVTI FABRICS LIMITED

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

DIRECTORS REPORT

To The Members,
Your Directors present the Fifth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1989 (15 months)

OPERATIONS:

Your Company has incurred a loss of Rs.74.06 lakhs during the financial year under review as against the loss of Rs.123.96 lakhs last year. Your Company has curtailed avoidable expenditure and due to intensified marketing it was able to achieve better results.

DIVIDEND:

In view of the carried forward losses, your Directors have not proposed any Dividend for the Financial Year under review.

ACCOUNTING YEAR

In order to facilitate compliance with requirement of Direct Tax Laws Amendment Act 1987, the Company s accounting year has been changed to 31st March, 1989. The accounts under review have been prepared for a period of 15 months ended on 31st March, 1989.

EXPANSION/MODERNISATION SCHEME:

Your Company s modernisation programme is progressing. Out of the plan outlay of Rs.494 lakhs, the Company has spent Rs.432 lakhs upto now and renovated the Spinning Department. The modernisation would be completed during the current financial year.

DIRECTORS:

Shri Natubhai M. Sanghavi and Shri Kirti V 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.

DEPOSITS:

The Company has not accepted any deposit from the public. Hence, no information is required to be appended to this report.

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 March, 1989 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.

ANNEXURE TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES UNDER SECTION 217(2-A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT.

| Sr. No. | Name of the Employee | Age | Designation (Years) | Gross Remuneration Rs. | Qualification | Experience (Years) | Date of Joining | Least Employment held | Designation & period for which post held |
|---------|----------------------|-----|------------------------------------|------------------------|------------------------|--------------------|-----------------|------------------------------|------------------------------------------|
| 1. | Shri H.N.R. Iyengar | 59 | Chief Manager | 90,539 | B.Sc., D.T.T. | 33 | 9.7.87 | Textile Consultant | Chief Manager 1 year |
| 2. | Shri Sunil Shaw | 42 | Chief Engineer cum Factory Manager | 1,00,473 | D.E. (Elec.) 1st Class | 17 | 1.10.85 | Reliance Inds. Ltd, Sidhpur. | Chief Engineer 3 year 10 month |
| 3. | Shri M.M. Mishra | 57 | Spg. Supdt. | 96,360 | Matric | 31 | 1.10.85 | Reliance Inds. Ltd., Sidhpur | Spg. Master 3 years 9 months |

NOTES:

- All appointments are non-contractual and terminable by notice on either side.
- Remuneration includes Salary, Allowances, Contribution to Provident Fund, Superannuation Fund, Taxable value of perquisites and ex-gratia payment.
- None of the employees is related to any Director of the Company.
- Information about qualification and previous employment is based on particulars furnished by the concerned employee.
- All the employees except Mr. H.N.R Iyengar were employees of Reliance Industries Limited, the Holding Company and their services have been transferred to the Company w.e.f. 1.10.1985 together with all their past accumulated privileges.
- * Denotes for part of the year.

For and on behalf of the Board

S. Natarajan
Vinod M. Ambani

Directors

Registered Office :

3rd floor,
Maker Chambers IV,
222 Nariman Point,
Bombay 400 021.
Dated: 28th July.1989

DEVTI FABRICS LIMITED

AUDITORS' REPORT

The Members of Devti Fabrics Limited

We have audited the attached Balance Sheet of DEVTI FABRICS LIMITED as at 31st March, 1989 and the Profit & Loss Account of the Company for the period ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this 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 said Balance Sheet and Profit and Loss Account read together 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 so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1989 and
 - ii) in so far as it relates to the Profit and Loss Account of the Loss of the Company for the period ended on that date.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Partner

Bombay
Dated: 28th July, 1989.

ANNEXURERE

RE: DEVTI FABRICS LIMITED

Referred to in Paragraph 1 of our Report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that all the assets have been physically verified by the Management during the period and that no material discrepancies were noticed. On such verification in our opinion, the frequency of such physical verification is reasonable.

2. None of the fixed assets have been revalued during the period.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management during the period. In our opinion, the frequency of such verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, there were no material discrepancies noticed on physical verification of the stocks and the same have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination of stock and other records and after considering the method adopted for accounting of excise duty referred to in Note No.7 of Schedule K to the accounts. In our opinion the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken an interest-free unsecured loan from the Holding Company. It has not taken any other loan, secured or unsecured, from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same Management within the meaning of section 370(1B) of the Companies Act, 1956. The terms and conditions of the above loan are not, in our opinion, prima facie, prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 or to companies under the same Management within the meaning of section 370(1B) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, the parties have generally repaid the principal amounts as stipulated and have also been regular in the payment of interest wherever applicable.
10. In our opinion 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 with regard to purchases of stores, raw materials including components plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and aggregating during the year to Rs 50,000/- or more in respect of each party.
12. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposit from the public and consequently the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
14. The Company has no by-products and in our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap wherever significant.
15. The Company has not formally introduced an internal audit system. Its procedures, however, involve reasonable checking of its internal records.

DEVTI FABRICS LIMITED

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16. 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 have broadly reviewed the records in this connection and are of the opinion that the prescribed accounts and records have been made and maintained. However, no detailed examination of the same has been carried out.
17. According to the records of the Company, Provident Fund and Employee State Insurance dues have been regularly deposited with the appropriate authorities .
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding as on 31st March, 1989 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause(o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the service activities of the Company:
- (a) The Company has a reasonable system of recording receipts, issues and consumption of stores commensurate with its size and the nature of its business.
- (b) The Company does not have any significant allocation of material in respect of the processing activities carried out on job work basis.
- (c) The Company has a reasonable system of allocating man-hours utilised to the relative jobs commensurate with its size and nature of its business.
- (d) There is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on the issue of stores and allocation of stores and labour to relative jobs.
22. In respect of the trading activities of the Company there were no goods in damaged conditions at the end of Period, the value of which was significant.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. SHAH
Proprietor

Bombay
Dated: **28th July, 1989.**

For **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner

DEVTI FABRICS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1989

| Schedule | As at 31.3.1989 | | (Rs. in lacs) As at 31.12.1987 | | |
|--------------------------------------------------------------------------|--------------------|---------------|--------------------------------------|---------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | |
| SOURCES OF FUNDS: | | | | | |
| Shareholders' Funds | | | | | |
| Capital | 'A' | <u>21.01</u> | 21.01 | <u>21.01</u> | 21.01 |
| Loan Funds | | | | | |
| Secured Loans | 'B' | <u>556.08</u> | | 448.61 | |
| Unsecured Loans (from Holding Company) | | <u>135.00</u> | | <u>135.00</u> | |
| | | | <u>691.08</u> | | <u>583.61</u> |
| TOTAL | | | <u><u>712.09</u></u> | | <u><u>604.62</u></u> |
| APPLICATION OF FUNDS: | | | | | |
| Fixed Assets | | | | | |
| Gross Block | 'C' | <u>451.40</u> | | 384.83 | |
| Less: Depreciation | | <u>126.63</u> | | <u>70.48</u> | |
| | | | <u>324.77</u> | | <u>314.35</u> |
| Current Assets, Loans & Advances | | | | | |
| Current Assets | | | | | |
| Inventories | 'D' | <u>213.00</u> | | 158.79 | |
| Sundry Debtors | | <u>19.09</u> | | 60.83 | |
| Cash & Bank Balances | | <u>103.33</u> | | <u>17.13</u> | |
| | | <u>335.42</u> | | 236.75 | |
| Loans & Advances | 'E' | <u>28.55</u> | | 10.96 | |
| | | <u>363.97</u> | | <u>247.71</u> | |
| Less: Current Liabilities & Provisions | | | | | |
| Liabilities | 'F' | <u>172.40</u> | | 77.85 | |
| Provisions | | <u>0.92</u> | | <u>2.22</u> | |
| | | <u>173.32</u> | | <u>80.07</u> | |
| | | | <u>190.65</u> | | <u>167.64</u> |
| Miscellaneous expenditure (to the extent not written off or adjusted) | | | <u>0.12</u> | | <u>0.14</u> |
| Profit & Loss Account | | | <u>196.55</u> | | <u>122.49</u> |
| TOTAL | | | <u><u>712.09</u></u> | | <u><u>604.62</u></u> |
| Notes and Contingent Liabilities | 'K' | | | | |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

Bombay
Dated: **28th July, 1989.**

For and on behalf of the Board

S. Natarajan

Vinod M. Ambani

Directors

DEVTI FABRICS LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 1989

| | Schedule | For the period ended 31.3.1989 | | (Rs. in Lacs) | |
|-----------------------------------------------------------|----------|--------------------------------|------------------------|----------------------------------------|------------------------|
| | | Rs. | Rs. | For the period ended 31.12.1987 Rs. | Rs. |
| INCOME | | | | | |
| Sales (Net) | | 1307.23 | | 1343.81 | |
| Other Income | 'G' | 235.46 | | 43.14 | |
| Variation in stock | 'H' | <u>13.82</u> | | <u>(29.08)</u> | |
| | | | 1556.51 | | 1357.87 |
| EXPENDITURE | | | | | |
| Purchases | | 79.52 | | 51.24 | |
| Manufacturing & Other Expenses | 'I' | 1402.91 | | 1315.52 | |
| Interest | 'J' | 91.64 | | 65.99 | |
| Depreciation | | <u>56.50</u> | | <u>49.10</u> | |
| | | | 1630.57 | | 1481.85 |
| Profit/(Loss) for the period | | | (74.06) | | (123.98) |
| Add: Balance brought forward from last year Profit/(Loss) | | | <u>(122.49)</u> | | <u>1.49</u> |
| Balance carried to Balance Sheet | | | <u>(196.55)</u> | | <u>(122.49)</u> |
| Notes and Contingent Liabilities | 'K' | | | | |

As per our Report of even date

For and on behalf of the Board

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

S. Natarajan

Vinod M. Ambani

} Directors

R.J. Shah
Proprietor

D. Chaturvedi
Partner

Bombay
Dated: **28th July, 1989.**

DEVTI FABRICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET SCHEDULE 'A'

| | (Rs In lacs) | |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
| | As at 31.3.1989 Rs. | As at 31.12.1987 Rs. |
| SHARE CAPITAL | | |
| Authorised: 2,50,000 Equity Shares of Rs 10/- each | <u>25.00</u> | <u>25.00</u> |
| Issued & Subscribed: | | |
| 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'

| | (Rs in lacs) | |
|---------------------------------------------|---------------------------|----------------------------|
| | As at 31.3.1989 Rs. | As at 31.12.1987 Rs. |
| SECURED LOANS | | |
| Working Capital Loan from a Bank | 115.06 | 121.85 |
| Working Capital Term Loan from a Bank | 128.25 | 135.00 |
| Rupee Term Loan from Financial Institutions | 297.16 | 172.00 |
| Deferred Payment Liabilities | 10.11 | 14.28 |
| Interest accrued and due on above loans | 5.50 | 5.48 |
| | <u>556.08</u> | <u>448.61</u> |

NOTES:

- Working Capital Loan and Working Capital Term Loan from Bank of Baroda are secured against hypothecation of present and future stock of raw material, stocks-in-process, finished goods, book debts, movable machineries including all stock and spare parts belonging to the company at Sidhpur in the State of Gujarat save and except plant and machinery purchased under modernisation scheme from the financial institutions referred to in 2 below and are further guaranteed by Reliance Industries Ltd., the Holding Company.
- Rupee Term Loans from financial institutions are secured by an exclusive first charge on the plant and machinery purchased under the modernisation scheme.
- Deferred Payment Liabilities guaranteed by Bank of Baroda are secured against hypothecation of moveable machinery including all stock and spare parts both present and future belonging to the company at Sidhpur in the State of Gujarat save and except plant and machinery purchased under the modernisation scheme from the financial institutions referred to in 2 above and are further guaranteed by Reliance Industries Limited, the Holding Company.
- The figures of secured loans include Rs 93.61 lacs repayable within one year.

SCHEDULE 'C'

FIXED ASSETS

| Nature of Fixed Assets | GROSS BLOCK (AT COST) | | | DEPRECIATION | | NET BLOCK | |
|-------------------------------------|------------------------|------------------|-------------------|-------------------------|------------------------------|-------------------------|--------------------------|
| | As at 1.1.88 Rs. | Additions Rs. | Deductions Rs. | As at 31.3.89 Rs. | Total upto 31.3.89 Rs. | As at 31.3.89 Rs. | As at 31.12.87 Rs. |
| | Buildings | 15.93 | 1.68 | - | 17.61 | 1.48 | 16.13 |
| Railway siding | 0.38 | - | 0.38 | - | - | - | 0.34 |
| Plant & Machinery | 324.32 | 81.07 | 0.78 | 404.61 | 120.98 | 283.63 | 257.32 |
| Electric installation | 17.01 | 0.03 | - | 17.04 | 3.03 | 14.01 | 15.08 |
| Factory equipments | 2.96 | - | - | 2.96 | 0.54 | 2.42 | 2.61 |
| Furniture & Fixtures | 2.83 | 0.15 | - | 2.98 | 0.34 | 2.64 | 2.62 |
| Vehicles | 1.03 | - | - | 1.03 | 0.26 | 0.77 | 0.87 |
| Advance against Capital Expenditure | 20.37 | 5.17 | 20.37 | 5.17 | - | 5.17 | 20.37 |
| TOTAL | 384.83 | 88.10 | 21.53 | 451.40 | 126.63 | 324.77 | 314.35 |
| Previous year | 209.37 | 179.56 | 4.10 | 384.83 | 70.48 | 314.35 | |

SCHEDULE 'D'

CURRENT ASSETS

| | (Rs In lacs) | | | | B/f | (Rs In lacs) | | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------|---------------|----------------------------|---------------|-----|---------------------------|---------------|----------------------------|--|
| | As at 31.3.1989 Rs. | | As at 31.12.1987 Rs. | | | As at 31.3.1989 Rs. | | As at 31.12.1987 Rs. | |
| Inventories (Valued at cost or market value whichever is lower as certified by the Management) | | | | | | 232.09 | | 219.62 | |
| Stores spares dyes, chemicals etc. | 17.72 | 15.87 | | | | | | | |
| Raw materials | 75.44 | 36.89 | | | | | | | |
| Stock in process | 46.54 | 69.75 | | | | | | | |
| Finished goods | 71.71 | 34.34 | | | | | | | |
| Others (includes stock of discarded machinery Rs. 1.27 lacs at Book Value) | 1.59 | 1.94 | | | | | | | |
| | <u>213.00</u> | <u>158.79</u> | | | | <u>103.33</u> | <u>17.13</u> | | |
| Sundry Debtors (Unsecured considered good) | | | | | | <u>335.42</u> | <u>236.75</u> | | |
| Over six months: | 4.26 | 0.91 | | | | | | | |
| Others | 14.83 | 59.92 | | | | | | | |
| | <u>19.09</u> | <u>60.83</u> | | | | | | | |
| | C/f | <u>232.09</u> | | <u>219.62</u> | | | | | |

DEVTI FABRICS LIMITED

SCHEDULE 'E'

| | As at 31.3.1989 Rs. | (Rs In lacs) As at 31.12.1987 Rs. |
|---------------------------------------------------------------------|---------------------------|--------------------------------------------|
| LOANS & ADVANCES (Unsecured considered good) | | |
| Advances recoverable in Cash or in Kind or for value to be received | 26.50 | 8.52 |
| Deposits | 0.21 | 0.21 |
| Prepaid Expenses | 1.79 | 0.50 |
| Balance with Central Excise Authorities | 0.05 | 1.73 |
| | <u>28.55</u> | <u>10.96</u> |

SCHEDULE 'F'

| | (Rs In lacs) | | (Rs In lacs) | |
|---------------------------------------------|---------------------------|-----|----------------------------|-----|
| | As at 31.3.1989 Rs. | Rs. | As at 31.12.1987 Rs. | Rs. |
| CURRENT LIABILITIES & PROVISIONS | | | | |
| CURRENT LIABILITIES | | | | |
| Sundry deposits | - | | 0.11 | |
| Sundry Creditors | 168.52 | | 75.25 | |
| Interest accrued but not due on loans | 3.88 | | 2.49 | |
| | <u>172.40</u> | | <u>77.85</u> | |
| PROVISIONS | | | | |
| Gratuity & Superannuation funds | 0.92 | | 2.22 | |
| | <u>173.32</u> | | <u>80.07</u> | |

SCHEDULE 'G'

| | (Rs In lacs) | | (Rs In lacs) | |
|--------------------------------|------------------------------------------|-----|-------------------------------------------|-----|
| | For the period ended 31.3.1989 Rs. | Rs. | For the period ended 31.12.1987 Rs. | Rs. |
| OTHER INCOME | | | | |
| Processing charges | 216.76 | | 31.88 | |
| Profit on sale of assets (net) | 1.85 | | 0.13 | |
| Miscellaneous Income | 16.85 | | 11.13 | |
| | <u>235.46</u> | | <u>43.14</u> | |

SCHEDULE 'H'

| | (Rs In lacs) | | (Rs In lacs) | |
|-----------------------------------------|------------------------------------------|-----|-------------------------------------------|-----|
| | For the period ended 31.3.1989 Rs. | Rs. | For the period ended 31.12.1987 Rs. | Rs. |
| VARIATION IN STOCK | | | | |
| STOCK IN TRADE (at close) | | | | |
| Furnished Goods | 71.71 | | 34.34 | |
| Stock in process | 46.54 | | 69.75 | |
| Others | 0.32 | | 0.66 | |
| | <u>118.57</u> | | <u>104.75</u> | |
| STOCK IN TRADE (at commencement) | | | | |
| 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> | |
| | <u>13.82</u> | | <u>(29.08)</u> | |

SCHEDULE 'I'

| | (Rs In lacs) | | (Rs In lacs) | |
|-----------------------------------------|------------------------------------------|---------------|-------------------------------------------|---------------|
| | For the period ended 31.3.1989 Rs. | Rs. | For the period ended 31.12.1987 Rs. | Rs. |
| MANUFACTURING AND OTHER EXPENSES | | | | |
| Raw Material Consumed | | | | |
| Stock at commencement | 36.89 | | 44.91 | |
| Add: Purchases | 732.21 | | 711.62 | |
| | <u>769.10</u> | | <u>756.53</u> | |
| Less: Sales | 9.23 | | 8.45 | |
| | <u>759.87</u> | | <u>748.08</u> | |
| Less: Stock at close | 75.44 | | 36.89 | |
| | | <u>684.43</u> | | <u>711.19</u> |

MANUFACTURING EXPENSES

| | | | | |
|-----------------------------------------------|--------|---------------|--------|---------------|
| Carriage inward | 2.02 | | 2.01 | |
| Stores and spare parts | 48.30 | | 43.06 | |
| Dyes and chemicals | 14.48 | | 14.25 | |
| Electric power, fuel and water | 162.81 | | 123.15 | |
| Machinery repairs | 4.31 | | 8.41 | |
| Building repairs | 1.36 | | 0.92 | |
| Labour, processing and machinery hire charges | 31.68 | | 34.96 | |
| Excise duty | 76.72 | | 43.21 | |
| | | <u>341.68</u> | | <u>269.97</u> |

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

| | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------|--------|---------------|
| Salaries, wages and bonus | 309.62 | | 266.06 | |
| Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc. | 25.20 | | 23.25 | |
| Employees Welfare and Other Amenities | 14.92 | | 13.87 | |
| | | <u>349.74</u> | | <u>303.18</u> |

SALES & DISTRIBUTION EXPENSES

| | | | | |
|-----------------------------------------------------|------|-------------|------|--------------|
| Samples, Sales Promotion and Advertisement expenses | 0.02 | | 0.05 | |
| Brokerage and Commission | 1.48 | | 3.08 | |
| Packing expenses | 3.98 | | 3.88 | |
| Freight and forwarding charges | 0.35 | | 0.11 | |
| Octroi expenses | 2.38 | | 3.77 | |
| Sales Tax | 0.57 | | 0.47 | |
| | | <u>8.78</u> | | <u>11.36</u> |

ESTABLISHMENT EXPENSES

| | | | | |
|---------------------|------|--------------|------|--------------|
| Insurance | 3.32 | | 3.35 | |
| Rent | 6.26 | | 6.26 | |
| Rates & Taxes | 0.37 | | 0.36 | |
| Other repairs | 0.71 | | 0.70 | |
| Travelling Expenses | 0.96 | | 1.51 | |
| Payment to Auditors | 0.44 | | 0.44 | |
| Directors Fees | 0.04 | | 0.05 | |
| General expenses | 6.13 | | 7.06 | |
| Charity & Donation | 0.05 | | 0.09 | |
| | | <u>18.28</u> | | <u>19.82</u> |

| | | | | |
|--|--|----------------|--|----------------|
| | | <u>1402.91</u> | | <u>1315.52</u> |
|--|--|----------------|--|----------------|

SCHEDULE 'J'

| | (Rs In lacs) | | (Rs In lacs) | |
|-----------------|------------------------------------------|-----|-------------------------------------------|-----|
| | For the period ended 31.3.1989 Rs. | Rs. | For the period ended 31.12.1987 Rs. | Rs. |
| INTEREST | | | | |
| Fixed Loans | 68.41 | | 49.70 | |
| Others (Net) | 23.23 | | 16.29 | |
| | <u>91.64</u> | | <u>65.99</u> | |

DEVTI FABRICS LIMITED

SCHEDULE 'K'

NOTES AND CONTINGENT LIABILITIES

- During the year the Company has changed its financial year from 31st December to 31st March 1989 Accordingly the current financial year is also for a period of 15 months.
- Previous year s figures have been 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 has been made in view of losses incurred by the Company 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 Pro/its.
- Interest on other accounts (net) is arrived at after adjusting Rs 0.41 lacs being interest received/receivable (Tax at source Rs 0.0 lacs)
- Auditors Remuneration:

| | 31.3.1989 | (Rs in lacs) | 31.12.1987 |
|--------------------|-------------|--------------|------------|
| | Rs. | Rs. | Rs. |
| (a) Audit fees | 0.31 | 0.31 | 0.13 |
| (b) Tax Audit fees | 0.13 | 0.13 | 0.13 |
| | <u>0.44</u> | <u>0.44</u> | |

- The company has been accounting liability for excise duty in respect of finished products lying in factory premises as and when the same are cleared/debonded Accordingly, estimated liability amounting to Rs 0.40 lacs in respect of such items at the end of financial year has not been provided for in the accounts and hence not included in the valuation of inventory.
- 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 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 Upto last year depreciation was provided in accordance with the provisions of section 205(2)(b) of the Companies Act 1956 Had the Company continued the same practice during the current financial year depreciation and the loss for the period would have been higher by Rs 7.23 lacs.
- Contingent Liabilities:

| | 31.3.1989 | (Rs. in lacs) | 31.12.1987 |
|------------------------------------------------------------------------------------------------|--------------------------|---------------------------|------------|
| | Rs. | Rs. | Rs. |
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for | 130.72 | 211.63 | |
| Outstanding guarantees furnished by Bankers | 2.19 | 4.19 | |
| Bonds executed in favour of Excise & Customs Authorities | 3.00 | 3.00 | |
| Claims against company not acknowledged as debt | 0.61 | 1.50 | |
| 10. Licenced & Installed Capacity (As certified by the Management) | Licenced Capacity | Installed Capacity | |
| | 31.3.89 | 31.12.87 | 31.3.89 |
| Spindles | Nos. 38368 | 38368 | 36456 |
| Looms | Nos. 490 | 490 | 490 |

| | | |
|----------------------------------------------------|--------------------|----------|
| 11. Production of finished Products meant for sale | 31.3.89 | 31.12.87 |
| Blended yarn | MT 119 | 244 |
| Fabrics | Mtrs in lacs 86.89 | 78.28 |

| | | |
|-------------------------------------|-------------|-------------|
| 12. Value of imports on CIF basis | Nil | Nil |
| 13. Expenditure in foreign currency | Nil | Nil |
| | 31.3.1989 | 31.12.1987 |
| | Quantity | Quantity |
| | Rs. in lacs | Rs. in lacs |

| | | | | |
|-------------------------------|-------------------|-------|-------|--|
| 14. Quantitative information: | | | | |
| (a) Opening stock | | | | |
| i) Finished Stocks | | 34.34 | 71.93 | |
| Yarn | MT 18 | | 3 | |
| Fabrics | Mtrs in lacs 1.91 | | 4.90 | |
| ii) Stock-in-process (Yarn) | | 69.75 | 61.80 | |
| iii) Others | | 0.66 | 0.10 | |

| | | | | | |
|-----------------------------|---------------------|---------|--|-------|---------|
| (b) Closing Stock: | | | | | |
| i) Finished Stocks | | 71.71 | | 34.34 | |
| Yarn | MT 4 | | | 18 | |
| Fabrics | Mtrs in lacs 5.15 | | | 1.91 | |
| ii) Stock-in-process (Yarn) | | 46.54 | | 69.75 | |
| iii) Others | | 0.32 | | 0.66 | |
| (c) Purchases: | | | | | |
| Fabrics | Mtrs in lacs 6.62 | 79.52 | | 4.14 | 51.24 |
| (d) Sales: | | | | | |
| Yarn | MT 133 | 134.63 | | 229 | 217.61 |
| Fabrics | Mtrs. in lacs 90.27 | 1168.80 | | 85.41 | 1126.20 |
| (e) Raw material consumed: | | | | | |
| Cotton | MT - | 80.93 | | - | 60.07 |
| Fibre | MT 729 | 279.96 | | 846 | 357.00 |
| Yarn | MT 190 | 323.54 | | 165 | 294.12 |

| | | | | | |
|-----------------------------------------------------------------|-------------|------------------------|------------|------------------------|--|
| 15. Value of raw materials consumed: | | | | | |
| | 31.3.1989 | | 31.12.1987 | | |
| | Rs. in lacs | % of total consumption | Rs in lacs | % of total consumption | |
| imported | - | - | - | - | |
| Indigenous | 684.43 | 100.00 | 711.19 | 100.00 | |
| 16. Value of dyes & chemicals, stores and spare parts consumed: | | | | | |
| Imported | - | - | - | - | |
| Indigenous | 62.78 | 100.00 | 57.31 | 100.00 | |
| 17. Earning in foreign exchange | | | | | |

| | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|------------|------|--------------|
| | | | | | (Rs in lacs) |
| | 31.3.1989 | | 31.12.1987 | | |
| | Rs. | | Rs. | | |
| 18.(a) Wreak-up of expenditure incurred on employees who were employed throughout the period and were in receipt of remuneration for the period which in aggregate was not less than Rs.72 000 per annum (previous year Rs 36,000) | | | | | |
| Number of employees | 2 | | 4 | | |
| Salaries and Bonus | 1.30 | | | 2.54 | |
| Contribution to Provident Fund & Superannuation Fund | 0.32 | | | 0.60 | |
| Other Perquisites | 0.35 | | | 0.66 | |
| (b) Break-up of expenditure incurred on employees who were employed for a pan of the period and were in receipt of remuneration for any pan of the year at a rate which in aggregate was not less than Rs.6,000 per month (Previous year Rs.3,000) | | | | | |
| Number of employees | 1 | | 6 | | |
| Salaries and Bonus | 0.67 | | | 1.40 | |
| Contribution to Provident Fund a Superannuation Fund | 0.11 | | | 0.31 | |
| Other Perquisites | 0.12 | | | 0.23 | |

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

Vinod M. Ambani

Directors

Bombay
Dated: **28th July, 1989.**

TRISHNA INVESTMENTS & LEASINGS LIMITED

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

TRISHNA INVESTMENT AND LEASINGS LIMITED

DIRECTORS REPORT

To The Members,
Your Directors have pleasure in presenting the 3rd Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March 1989.

FINANCIAL RESULTS:

| | (Rs. in thousand) |
|---------------------------------|--------------------|
| Profit before tax | 8183 |
| Less: Provision for Tax | 2063 |
| Earlier years' loss written off | <u>8</u> |
| | <u>2071</u> |
| Profit carried to Balance Sheet | <u><u>6112</u></u> |

Dividend income received during the financial year amounted to Rs.8190 thousands.

DIVIDEND:

With a view to conserve the resources of the Company, the Board of Directors have not recommended any dividend for the period ended 31st March, 1989.

CHANGE IN ACCOUNTING YEAR

In order to facilitate compliance with the requirement of Direct Tax Laws Amendment Act 1987, the Company's accounting year has been changed to 31st March, 1989. The accounts under review have therefore been prepared for a period of seven months ended on 31st March, 1989.

DEPOSITS:

The Company has not accepted any deposit from the public. Hence, no information is required to be appended to this report in terms of Non-Banking Financial Companies (Reserve Bank) Directions, 1977.

PERSONNEL :

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

DIRECTORS:

As per the provisions of the Articles of Association, Shri V.T. Pai and Shri B.K. Bhandary retire by rotation and being eligible offer themselves for reappointment.

AUDITORS:

The Auditors of the Company, Messrs. Chaturvedi & Shah and Messers. Rajendra & Co. 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.

For and on behalf of the Board

Bombay
Dated: 2nd August, 1989.

| | | |
|---------------|---|-----------|
| V.T. Pai | } | Directors |
| B.K. Bhandary | | |
| F.N. Vajifdar | | |

TRISHNA INVESTMENT AND LEASINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1989

| Schedule | As at 31.3.1989 | | (Rs. in thousands) As at 31.8.1988 | |
|--------------------------------------------------------------------------|--------------------|---------------|------------------------------------------|-----------|
| | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS: | | | | |
| Shareholders' Funds | | | | |
| Capital | 'A' | 44 | | 11 |
| Reserves & Surplus | 'B' | 6112 | | - |
| Loan Funds | | | | |
| Unsecured Loan | 'C' | 467900 | | - |
| TOTAL | | 474056 | | 11 |
| APPLICATION OF FUNDS: | | | | |
| Investments | 'D' | 474571 | | - |
| Current Assets, Loans & Advances | 'E' | | | |
| Cash & Bank Balances | | 51 | | 2 |
| Loans and Advances | | 1849 | | - |
| | | 1900 | | 2 |
| Less: Current Liabilities & Provisions | 'F' | | | |
| Current Liabilities | | 356 | | 3 |
| Provisions | | 2063 | | - |
| | | 2419 | | 3 |
| Net Current Assets | | (519) | | (1) |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | 4 | | 4 |
| Profit & Loss Account | | - | | 8 |
| TOTAL | | 474056 | | 11 |
| Notes and Contingent Liabilities | 'H' | | | |

As per our Report of even date

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

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

For and on behalf of the Board

V.T. Pai
B.K. Bhandary
F.N. Vajifdar

}

Directors

Bombay
Dated: 2nd August, 1989.

TRISHNA INVESTMENT AND LEASINGS LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD 1ST SEPTEMBER, 1988 TO 31ST MARCH, 1989

| | Schedule | For the period ended 31.3.1989 | | (Rs. in thousands) For the period ended 31.8.1988 | |
|--------------------------------------------------------------------|----------|-----------------------------------|-------------|---------------------------------------------------------|------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | | |
| Dividend Income 8190 (Tax deducted at Source Rs.1849 thousands) | | | | | |
| EXPENDITURE | | | | | |
| | 'G' | | <u>7</u> | | <u>3</u> |
| Profit before tax | | | 8183 | | (3) |
| Less: Provision for taxation | | | <u>2063</u> | | <u>-</u> |
| Profit after tax | | | 6120 | | (3) |
| <i>Add/Less: Balance brought forward from last year</i> | | | <u>(8)</u> | | <u>(5)</u> |
| Balance carried to Balance Sheet | | | <u>6112</u> | | <u>(8)</u> |
| | | | | | |
| Notes and Contingent Liabilities | 'H' | | | | |

As per our Report of even date

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

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

For and on behalf of the Board

V.T. Pai
B.K. Bhandary
F.N. Vajifdar

}

Directors

Bombay
Dated: **2nd August, 1989.**

TRISHNA INVESTMENT AND LEASINGS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

| | (Rs. in thousands) | |
|--------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| SHARE CAPITAL | | |
| Authorised: | | |
| 40,000 Equity Shares of Rs 10/- each | 400 | 400 |
| 10,000 11% Non-Cumulative Redeemable Preference Shares of Rs.10/- each | 100 | 100 |
| | <u>500</u> | <u>500</u> |
| Issued & Subscribed & Paid-up | | |
| 4,400* Equity Shares of Rs.10/- each fully paid-up (Previous year 1,100 Equity Shares of Rs 10/- each) | 44 | 11 |
| * of the above, 3,400 Shares are held by Reliance Industries Limited, the holding Company. | | |
| | <u>44</u> | <u>11</u> |

SCHEDULE 'B'

| | (Rs. in thousands) | |
|-----------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| RESERVES AND SURPLUS | | |
| Profit and Loss Account | 6112 | - |
| | <u>6112</u> | <u>-</u> |

SCHEDULE 'C'

| | (Rs in thousands) | |
|------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| UNSECURED LOANS | | |
| From Holding Company | 467900 | - |
| | <u>467900</u> | <u>-</u> |

SCHEDULE 'D'

| | (Rs. in thousands) | |
|----------------------------------------------------------------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| OTHER INVESTMENTS: (QUOTED) | | |
| Investments - At Cost | 474571 | - |
| 39,00,000 Equity Shares of Rs.10/- each fully paid up of Larsen & Toubro Limited | <u>474571</u> | <u>-</u> |
| Quoted Investments - Cost | 474571 | - |
| Market Value | <u>395850</u> | <u>-</u> |

SCHEDULE 'E'

| | (Rs. in thousands) | |
|-------------------------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| Current Assets | | |
| Cash and Bank Balances: | | |
| Cash on hand | 1 | |
| Balance with a Scheduled Bank: | | |
| In Current Account | 47 | 1 |
| Loans and Advances | | |
| Tax Deducted at Source | 1849 | - |
| | <u>1900</u> | <u>2</u> |

SCHEDULE 'F'

| | (Rs in thousands) | |
|---------------------------------------------|---------------------------|---------------------------|
| | As at 31.3.1989 Rs. | As at 31.8.1988 Rs. |
| CURRENT LIABILITIES & PROVISIONS | | |
| Current Liabilities | | |
| Sundry Creditors | 350 | - |
| Other Liabilities | 6 | 3 |
| Provisions | | |
| For Taxation | 2063 | - |
| | <u>2419</u> | <u>3</u> |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'G'

| | (Rs. in thousands) | |
|-------------------------------------|------------------------------------------|------------------------------------------|
| | For the period ended 31.3.1989 Rs. | For the period ended 31.8.1988 Rs. |
| EXPENDITURE | | |
| Printing & Stationery | 1 | - |
| Directors' Sitting Fees | 1 | 1 |
| Auditors' Remuneration | | |
| Audit Fees | 5 | 1 |
| Certification and Consultation Fees | - | 1 |
| | <u>7</u> | <u>3</u> |

SCHEDULE 'H'

Notes forming part of the Balance Sheet and Profit and Loss Account for the period ended on 31st March, 1989

- During the year the Company became a public limited company by virtue of Section 43-A of the Companies Act, 1956.
- The current financial year is for a period of seven months whereas the previous year was for a period of ten months. The current year's figures are to that extent not comparable.
- Previous period figures have been regrouped and/or rearranged wherever necessary.
- (a) Employees who are employed throughout the year and were in receipt of remuneration for a period which in aggregate was not less than Rs.72,000/- per annum NIL
(b) 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/- NIL
- As the Company is not a manufacturing company, information in respect of manufacturing activities required under para 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.

As per our Report of even date

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

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

For and on behalf of the Board

V.T. Pai
B.K. Bhandary
F.N. Vajifdar

Directors

Bombay
Dated: **2nd August, 1989.**

TRISHNA INVESTMENT AND LEASINGS LIMITED

AUDITORS' REPORT

The Members of Trishna Investments and Leasings Limited.

We have audited the attached Balance Sheet of TRISHNA INVESTMENTS AND LEASINGS LIMITED as at 31st March, 1989 and the Profit & Loss Account of the Company for the period from 1st September, 1988 to 31st March, 1989 annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this 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 said Balance Sheet and Profit and Loss Account read together 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 so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1989 and
 - ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the period ended on that date.
3. The Company has received an interest free loan from the holding company. According to the information and explanations given to us, and in our opinion, the terms and conditions of the above loan are not prima-facie prejudicial to the interest of the Company.
4. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
5. The Company has not given any loans or advances in the nature of loans during the period.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 during the period under review.
7. Since the paid up capital of the Company is less than Rs.25 lacs and as it has not commenced any trading or manufacturing activity, internal audit is not required statutorily.
8. In our opinion, the provisions of the Provident Fund Act and other relevant Acts including Employees State Insurance Act, 1948 are not applicable to the Company.
9. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Excise Duty and Customs Duty were outstanding as at 31st March, 1989 for a period of more than six months from the date they became payable.
10. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account.
11. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
14. The Company has not dealt or traded in Shares, Securities, Debentures and other Investments The Company's investments are held in its own name.

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

D. CHATURVEDI
Partner

R. J. SHAH
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

D. CHATURVEDI
Partner

R. J. SHAH
Proprietor

Bombay
Dated: **2nd August, 1989.**

Bombay
Dated: **2nd August, 1989.**

ANNEXURE

RE: TRISHNA INVESTMENTS AND LEASINGS LIMITED
Referred to in Paragraph 1 of our Report of even date

1. As the Company had no Fixed Assets during the period, clauses 4(A) (i) and (ii) of the said Order are not applicable.
2. Since the Company has not commenced any manufacturing and/or trading activity, items (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv) and (xvi) of clause A of paragraph 4 of the aforesaid Order are not applicable.