
Reliance Industries Limited

Annual Report 1989-90



Reliance Industries Limited

SIXTEENTH
ANNUAL REPORT

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Board of Directors

Dhirubhai H Ambani
Chairman & Managing Director

Ramniklal H. Ambani
Joint Managing Director

Natvarlal H. Ambani
Executive Director

Mukesh D. Ambani
Executive Director

Jayantilal R. Shah

Mansingh L. Bhakta

T. Ramesh U. Pal

S. S. Betrabet
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

U.V. Rao

Secretary

Vinod M Ambani

Auditors

Rajendra & Co. and Chaturvedi & Shah

Solicitors

Kanga & Co and Dave & Co.

Bankers

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

Registered Office

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

Sixteenth annual report 1989-90

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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.

REGISTRARS & TRANSFER AGENTS

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

		1989-90	1988-89 (9 months)
		Rs.	Rs.
SALES		1840.66	1112.45
OTHER INCOME		15.64	7.88
	(A)	1856.30	1120.33
Manufacturing and other expenses	(B)	1432.10	862.58
Gross Profit (A – B)	(C)	424.20	257.75
Interest		171.73	91.58
Depreciation		161.97	86.80
	(D)	333.70	178.38
Net Profit (C – D)	(E)	90.50	79.37
WHAT THE COMPANY OWNED			
Fixed Assets			
Gross Block		1998.79	1871.76
Less: Depreciation (Cumulative)		529.78	368.98
Net Block		1469.01	1502.78
Investment		58.05	58.50
Current Assets		1026.26	849.46
		2553.32	2410.74
WHAT THE COMPANY OWED			
Long Term Funds		595.89	579.44
Medium/Short Term Funds		219.64	195.11
Current Liabilities and Provisions		650.81	564.88
		1466.34	1339.43
NET WORTH OF THE COMPANY			
Equity Share Capital		152.12	152.11
Preference Share Capital		5.80	5.80
Reserves & Surplus		929.06	913.40
		1086.98	1071.31

Highlights

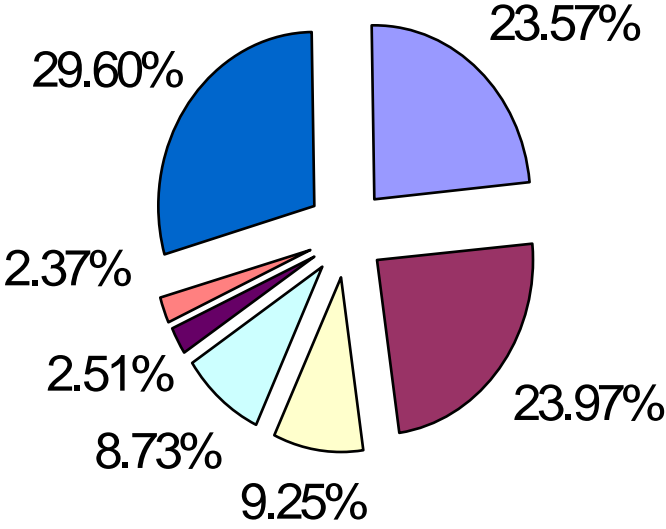


(Rs. in crores)

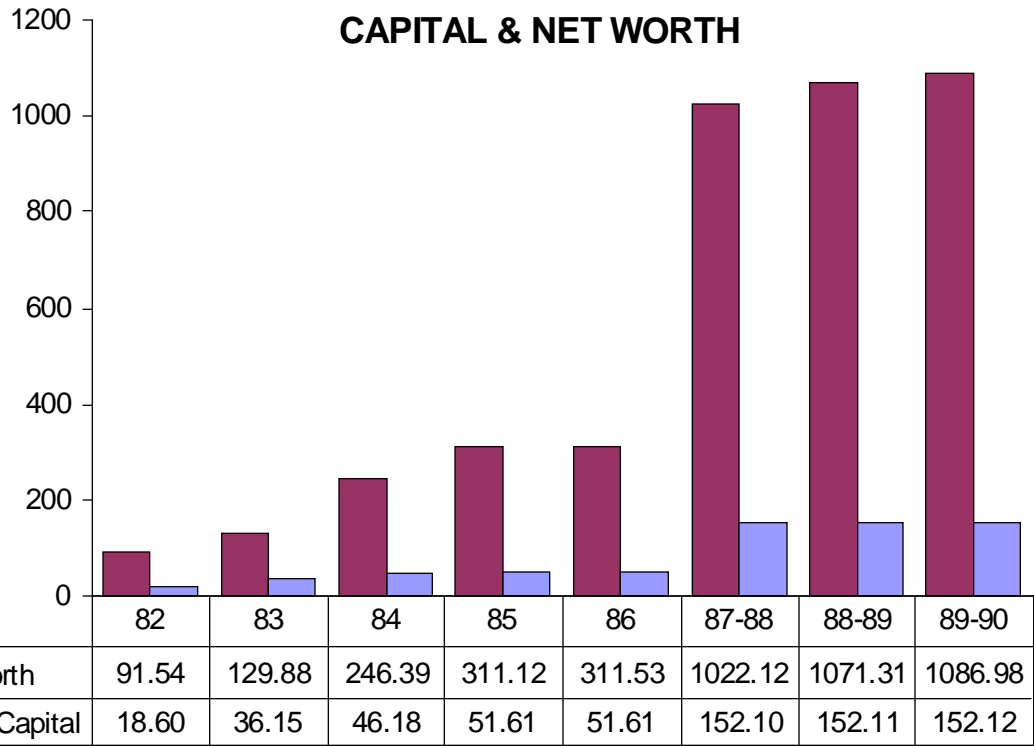
1987-88 (18 months)	1986	1985	1984	1983	1982	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1770.74	905.48	733.14	622.01	520.35	421.03	
7.45	5.73	4.94	7.11	4.68	2.51	
1778.19	911.21	738.08	629.12	525.03	423.54	
1495.27	781.82	604.83	511.23	433.61	361.28	
282.92	129.39	133.25	117.89	91.42	62.26	
110.74	54.24	24.45	22.61	21.52	18.93	
91.41	60.98	37.46	34.18	31.38	14.17	
202.15	115.22	61.91	56.79	52.90	33.10	
80.77	14.17	71.34	61.10	38.52	29.16	
1862.66	1137.55	735.68	530.93	394.88	356.71	
278.58	188.09	128.88	104.65	73.42	42.10	
1584.08	949.46	606.80	426.28	321.46	314.61	
1.25	0.37	37.30	0.17	0.12	0.12	
607.83	1052.83	402.10	235.41	215.19	191.53	
2193.16	2002.66	1046.20	661.86	536.77	506.26	
609.82	546.12	515.16	276.96	239.99	260.60	
103.83	143.78	81.90	44.83	35.46	22.85	
457.39	1001.23	138.02	93.68	131.44	131.27	
1171.04	1691.13	735.08	415.47	406.89	414.72	
152.10	51.61	51.61	46.18	36.15	18.60	
5.80	5.80	5.80	5.80	5.80	5.80	
864.22	254.12	253.71	194.41	87.93	67.14	
1022.12	311.53	311.12	246.39	129.88	91.54	

DISTRIBUTION OF INCOME 1989-90

- Manufacturing & other expenses
- Excise Duty
- Interest
- Depreciation
- Dividend
- Retained earnings
- Purchases & Raw Materials

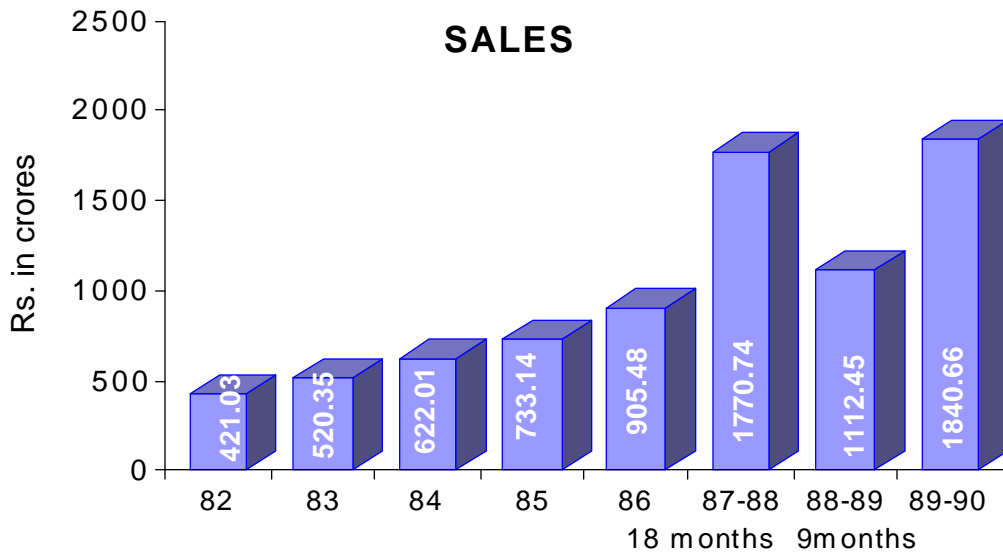


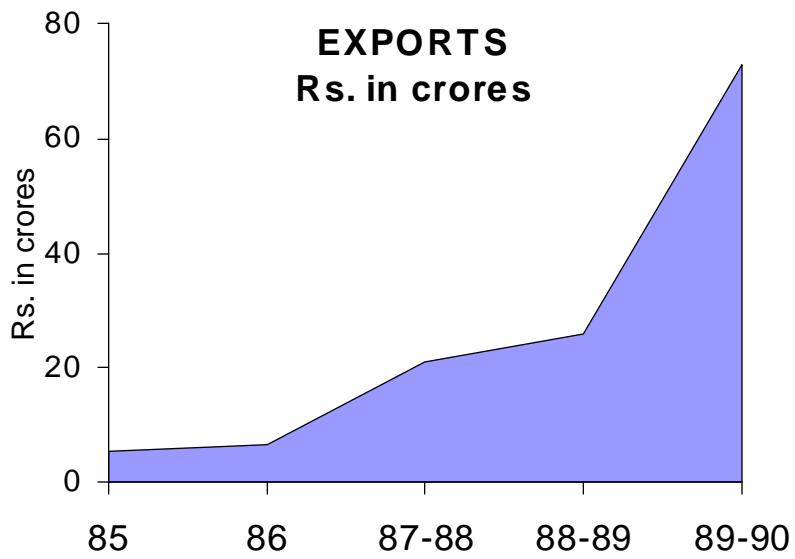
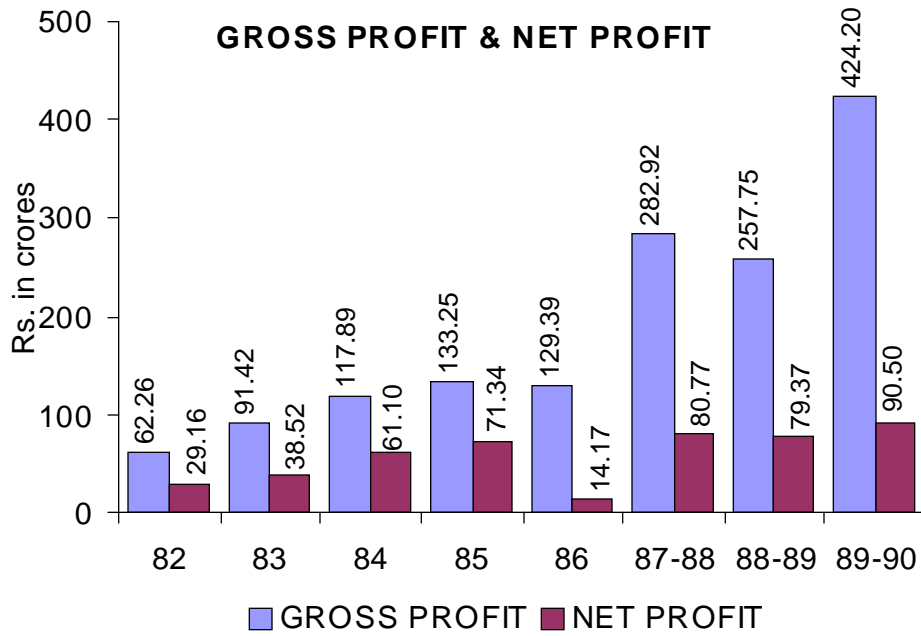
CAPITAL & NET WORTH



Net Worth	91.54	129.88	246.39	311.12	311.53	1022.12	1071.31	1086.98
Equity Capital	18.60	36.15	46.18	51.61	51.61	152.10	152.11	152.12

SALES





DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 16th Annual Report together with the audited Statement of Accounts for the Financial Year ended 31st March, 1990.

FINANCIAL RESULTS

	(Rs in crores)	
	1989-90 (12 months)	1988-89 (9 months)
Gross Profit before interest and Depreciation	424.20	257.75
Less: Interest	171.73	91.58
Depreciation	161.97	86.80
Profit for the year	90.50	79.37
Less: Withdrawal of backward area incentives under 1979 package scheme of incentives availed of in prior years	28.36	
Less: Transferred from General Reserve	28.36	
Add: Balance in Profit & Loss A/c	19.36	11.25
Excess provision written back	—	16.03
Investment Allowance Reserve written back	2.90	—
Available for Appropriation	<u>112.76</u>	<u>106.65</u>
Appropriations:		
a. Investment Allowance Reserve	10.00	30.00
b. Taxation Reserve	10.00	—
c. Debenture Redemption Reserve	8.00	6.00
d. General Reserve	8.00	5.00
e. Recommended dividend (subject to deduction of tax)		
(i) On 11% Cumulative Redeemable Preference Shares	0.03	0.03
(ii) On 15% Cumulative Redeemable Preference Shares	0.83	0.62
(iii) On Equity Shares	45.64	45.64
Balance Carried to Balance Sheet	30.26	19.36
	<u>112.76</u>	<u>106.65</u>

DIVIDENDS

Your Directors have recommended the following dividends to be paid (subject to deduction of tax at source) for the financial year ended 31st March, 1990, if approved by the Shareholders at the ensuing Annual General Meeting.

ON PREFERENCE SHARES

(Rs in Crores)

- (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 0.83

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) 0.86
- 45.64
- 46.50

YEAR IN RETROSPECT

Overall Performance of the Company during the year was satisfactory. The sales and other income during the financial year under review rose to Rs.1356 crores (approx.) as compared to Rs.1120 crores (approx.) in the previous year, registering an increase of about 24% on an annualised basis. The gross profit (after interest charges) was Rs.252.47 crores against Rs.166.17 crores for the previous period.

The net profit of Rs.90.50 Crores has been arrived at after providing Rs.44.01 Crores towards expenses and losses incurred due to floods at the Patalganga Plant in July, 1989. The break-up of this aggregate in respect of inventories, after adjusting the value of damaged stocks sold or consumed and those remaining unsold, a net loss of Rs.32.37 Crores has been charged to various heads in the profit and loss account; in

respect of plant and machinery, the costs of repairing/reconditioning at d related expenses aggregating to Rs.11.64 Crores has been charged to various heads in the Profit and Loss account.

The Company contributed as much as Rs.698.39 Crores to the exchequer in the form of various taxes.

FIBRE DIVISION

i. Polyester Staple Fibre (PSF)

The Polyester Staple Fibre industry is facing excess capacity; nevertheless, your Company optimised its capacity utilisation during the year. A substantial portion of the PSF production is being exported to developed countries where it has received favourable response in terms of market acceptance. The Company also proposes to take up manufacture of a wider variety of speciality fibres in the near future.

ii. Polyester Filament Yarn (PFY)

Production and sales registered an improved trend over the previous year inspite of the damage to the plant, machinery and inventories due to flash floods. The margins in the Polyester Industry will be under pressure owing to:

- increase in Excise Duty on Polyester yarn;
- introduction of Excise Duty on PTA;
- increase in Custom Duty on MEG; and
- reduction in Import Duty on Polyester yarn.

The Company is maintaining its market leadership through upgradation of technology, modernisation and changes in product mix.

FIBRE INTERMEDIATES DIVISION

Purified Terephthalic Acid (PTA)

PTA is basically used for the manufacture of PSF and PFY. The Company is a leading manufacturer of both these items. A large portion of the product is being used for captive consumption. Through the Company's efforts, customer awareness has considerably increased for production of Polyester through the PTA route. This has substantially improved the market for PTA.

In January, 1990, based on a report by the Cost Accounting Branch (CAB) of the Ministry of Finance, the Company was advised by the Ministry of Chemicals and Petrochemicals to reduce its PTA price from Rs. 32,625/- per tonne to Rs. 24,550/- per tonne i.e. a reduction of Rs.8,075/- per tonne. The Company has been making representations to the concerned authorities to fix a fair price for the sale of PTA as well as for the cost of production of Paraxylene, an important raw material for the manufacture of PTA. The Company is hopeful that these arbitrary decisions would be corrected.

Further, by the Finance Act, 1990, an excise duty of 15 % ad valorem per tonne was imposed on PTA. The arbitrary reduction in the price and the imposition of excise duty on PTA will have a substantial impact on this Division.

DETERGENT & DETERGENT INTERMEDIATE DIVISION

Linear Alkyl Benzene (LAB)

LAB is an important raw material used by synthetic detergents manufacturers. The total consumption of all types of detergents and washing soaps is growing at a good pace every year which is bound to reflect on the demand for LAB.

Production and sales increased substantially during the year. Sales in terms of value and volume registered handsome gains.

The Directors are hopeful of improving this trend.

TEXTILE DIVISION

The Company manufactures sophisticated, fashionable and high value fabrics. These are marketed under the brand name "Vimal", through a large number of outlets all over India.

Currently the Company is planning a major thrust to export these fabrics to various countries in the world including USA and EEC. The Company hopes to be one of the largest exporters of synthetic fabrics in the years to come.

PROJECTS

I. Minimum Economic Scale (MES)

In terms of the policy announced by the Government, the Company has received necessary approvals for effecting substantial expansion under the MES of Production. After this expansion, the annual capacity of Purified Terephthalic Acid (PTA) would increase from 1,00,000

tonnes to 2,00,000 tonnes: of Polyester Staple Fibre (PSF) 45,000 tonnes to 60,000 tonnes; of Linear Alkyl Benzene 60,000 tonnes to 80,000 tonnes. The expansion of PTA plant under MES is being taken up.

II. Broad Banding of Polyester Staple Fibre Plant

The Company has received the approval under the broad banding scheme for the manufacture of Polyester Filament Yarn under the description Polyester Staple Fibre/Polyester Filament Yarn within the licensed capacity of Polyester Staple Fibre. The Company proposes to install appropriate spinning machines with a view to achieve maximum utilization of manufacturing facilities and providing flexibility of production.

III. LAB Front-End Project

The Company is using imported N-Paraffin as a raw material for manufacturing LAB. It is proposed to acquire certain additional machineries to enable the Company to manufacture LAB from Kerosene with N-Paraffin as intermediate raw material. This backward integration project would lead to substantial savings of foreign exchange estimated at Rs.46 Crores per annum.

IV. Joint Sector Project

The Company has entered into a Memorandum of Understanding (MOU) with the West Bengal Industrial Development Corporation for setting up a joint sector project for the manufacture of 15,000 tons of Polyester Filament Yarn (PFY). This project will make ready-to-use Polyester Yarns available to more than 3700 existing powerlooms in the State and further encourage setting up of additional powerlooms in the State. This will also promote downstream units in small and medium sectors. On the implementation of this project, the cumulative direct and indirect employment that would be generated would benefit over 2 lakhs people in the State.

V. Modernisation Of Polyester Division

As part of the continuous process of upgradation and infusion of latest technology, the Company has drawn up modernisation plans. The implementation of these plans will improve profitability, reduce wastage, increase proportion of high grade products, increase in output.

VI. Gas Cracker Project

The Cracker Project for the manufacture of Ethylene, Propylene, Butadiene and other products is proposed to be located at Hazira, Gujarat. The project is based on utilisation of Natural Gas Liquids to the extent of one million tonnes per annum from the Gas Processing Complex of ONGC at Hazira. In addition, Naphtha will be used as a supplementary feedstock. The project has been appraised by the Financial Institutions.

EXPORTS

During 1989 90, the Company exported its products to leading customers in the sophisticated markets of USA, EEC. The Company's exports have grown at a tremendous pace over the last five years, from Rs.5.64 Crores in 1985 to Rs.72.75 Crores in 1989-90 representing a massive growth of 1190%. Exports for the current year also are expected to register a substantial increase. The Directors have great pleasure in informing you that the Company has been a pioneer in exporting PSF and LAB in substantial quantities to developed countries. The Company has also pioneered in supplying of PSF in large quantities to exporters under intermediate advance licence scheme and of LAB to manufacturer exporters of detergents. These fall under the category of deemed exports.

ESTABLISHMENT OF OVERSEAS SUBSIDIARY

The Company proposes to establish a wholly owned subsidiary to step up the Company's exports. The Directors are pleased to inform you that the Company has received various approvals required from the Government authorities for establishing a wholly owned subsidiary in the United Kingdom. The main objects of this venture inter alia, would be the promotion of exports of the Company's products.

ENERGY TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts along with the report of the Board of Directors of Messrs Devi Fabrics Limited, Reliance Petrochemicals Limited and Trishna Investments and Leasings Limited and the respective Auditors Report thereon for the year ended 31st March, 1990, are annexed.

FIXED DEPOSITS

Deposits of Rs.1.42 crores which became due for repayment on or before 31st March, 1990 were not claimed by 2272 depositors as on that date. Of these, deposits amounting to Rs.0.50 crores of 701 depositors have since been repaid/renewed.

DEBENTURES

The funds raised by the issues of debentures have been utilised for the approved objects.

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 to the Directors' Report in the full Balance Sheet and Profit and Loss Account.

DIRECTORS

The Industrial Credit & Investment Corporation of India Limited have nominated Shri S.S. Betrabet in place of their nominee Director, Shri V.V. Divecha.

Shri U.V. Rao was appointed as an Additional Director during the year and holds office up to the date of the ensuing Annual General Meeting. He is not offering himself for election as Director at the ensuing Annual General Meeting.

Shri K. Gopal Rao has resigned as a Director of the Company on health grounds. Shri Gopal Rao has been associated with the Company right from the inception and has rendered invaluable services during its growth years.

The Board of Directors wish to place on record their grateful appreciation for the immense contribution made by the aforesaid Directors during their tenure as Directors of the Company.

AUDITORS & AUDITORS' REPORT

Messrs. Rajendra & Co. and Messrs. Chaturvedi & Shah, Joint 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, 16(c) and 17 referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comment.

ACKNOWLEDGEMENT

Yours Directors would like to express their grateful appreciation to the 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 to the devoted services of the executives, staff and workers of the Company for its success.

For and on behalf of the Board of Directors

Dhirubhai H. Ambani

Chairman & Managing Director

Bombay 400 021

Dated 27th July, 1990

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES TAKEN

Some of the important measures taken in the year 1989-90 are given below.

Modification of existing fuel gas burners for maximizing fuel gas utilisation in the plant. Operation of process air compressor at lower discharge pressure.

Distillation columns operation optimised by bringing down reflux ratios.

Burning of excess H₂ gas in hot oil heater.

Use of compression heat for drying instruments air.

Conversion of oil fired steam boilers to natural gas fired system.

(b) ADDITIONAL INVESTMENTS AND PROPOSALS BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY

(i) Cooling water recovery system is proposed

(ii) Use of variable fan pitch blades and intermittent operation of some fin fans.

(iii) Excess fuel gas from one plant in the complex proposed to be used as fuel in the other plant.

(iv) Conversion of thermopacs to natural gas system.

(v) Hot water to be produced by waste flash steam.

IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND ON THE COST OF PRODUCTION OF GOODS

There is a continuous and systematic effort to optimise energy consumption and cost at all the plants through evaluation of performance and modernisation and upgradation of equipments, practices and instrumentation,. Energy budgeting and auditing is being taken up at all the plants.

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy:

PART 'A'

1. Power and Fuel Consumption	April, '89 to March, '90 (12 Months)	July, '88 to March, '89 (9 Months)
a. Purchased Units (Lakhs)	3017.46	2761.29
Total Amount (Rs. Lakhs)	4315.52	3652.98
Rate/Unit Rs.	1.42	1.32
b. Own Generation		
i. Through Diesel		
Generator Units (Lakhs)	417.73	347.21
Unit per Ltr. of Diesel	3.56	3.41
Cost/Unit Rs.	1.33	1.33
ii. Through Steam		
Turbine/Generator Units	Nil	Nil
Units per Ltr. of Fuel		
Oil/Gas	Nil	Nil
Cost/Unit Rs.	Nil	Nil
2. Coal		
Qnty. (Tonnes)10050	16609	
Total Cost (Rs. in Lakhs)	108.11	151.64
Avg. Rate per M.T.(Rs.)	1075.70	913.00
3. Furnace Oil		
Qnty. (K. Ltrs.)	165915	134418
Total Amount (Rs. in Lakhs)	5720.38	4287.93
Avg. rate per Ltr. (Rs.)	3.19	3.19
4. Others:		
Gas		
Qnty. (1000M ³)	14760.00	—
Total Cost (Rs. in Lakhs)	271.39	—
Rate/Unit per 1000M ³ (Rs.)	1838.71	—

PART 'B'

CONSUMPTION PER UNIT OF-PRODUCTION

	FABRICS		PFY		PSF		PTA		LAB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Electricity (kwh)	1009	1027	1440	1290	600	890	436	290	505	527
Furnace Oil (Ltrs.)	83.5	292.4	200	250	220	310	80	90	474	488
Coal (Kgs.)	190.4	399.8	—	—	—	—	—	—	—	—
Gas (M ³)	249	—	—	—	—	—	—	—	—	—

NOTE: The above figures indicate only the direct consumption and exclude consumption of power and fuel in the supporting utilities.

FORM 'B'

B. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. SPECIFIC AREAS IN WHICH R&D IS BEING CARRIED OUT BY THE COMPANY

Research work is being carried out in Polyester Filament Yarn, Polyester Staple Fibre and Petrochemical Processes. The emphasis has been on product development, process modification for better yield and quality, optimization of process parameters, energy conservation, cost reduction etc.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

a) PRODUCT DEVELOPMENT/IMPROVEMENT

- i. POY suitable for draw twisting and draw warping process.
- ii. 1.0 Denier optically bright fibre.
- iii. 1.2 Denier optically bright fibre for Open end spinning.

b) IMPORT SUBSTITUTION

- i. Development of indigenous radial quench unit for low denier spinning machines.
- ii. Development of local vendors for electrical and electronic components.

3. FUTURE PLAN OF ACTION

Projects are proposed for the following:

- i. Evaluation of new types of slurry pumps for polymerisation plant.
- ii. Modification of finisher spray condenser system.
- iii. Evaluation of suitable polymer additive for producing bright POY material in batch polymerisation system.
- iv. Development of POY suitable for high speed draw texturing, warping and draw twisting.
- v. Development of Super High tenacity fibre for use as a sewing thread.
- vi. Development of spin finish for POY, SDY and Staple Fibre.

4. EXPENDITURE ON R&D

(Rs. in Lakhs)

A. Capital	105.95
B. Recurring	883.01
C. Total	988.96
D. Total R&D expenditure as a percentage of total turnover	0.56%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made towards technology absorption, adaptation and innovation, and benefits derived as a result thereof:

1. Higher recovery of Paraxylene on sustained basis.
2. Optimisation of raw Naphtha utilisation based on different C8 precursor availability.
3. To develop desorbent manufacture.
4. To develop uses for by-products generated in the manufacturing process.
5. To improve yield and recovery of catalyst.

Information regarding imported technology

PRODUCT	TECHNOLOGY FROM (a)	YEAR OF IMPORT (b)	STATUS OF IMPLEMENTATION (c)
Polyester filament	Du Pont (USA)	1982	TECHNOLOGY ABSORBED
Polyester Staple Fibre	Du Pont (USA)	1985	TECHNOLOGY ABSORBED
Purified Terephthalic Acid	ICI (UK)	1986	TECHNOLOGY ABSORBED
Paraxylene	UOP (USA)	1985-86	TECHNOLOGY ABSORBED
Linear Alkyl Benzene	UOP (USA)	1985	TECHNOLOGY ABSORBED

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|-------------------------------|
| i) Activities relating to exports, initiatives taken to increase exports. development of new export market for products and services and export plans | Mentioned in the main report. |
| ii) Total foreign exchange used and earned | Rs. in Crores |
| a. Total foreign exchange used | 239.69 |
| b. Total foreign exchange earned | 72.75 |

We wish to state that the Year's performance reflects savings in foreign exchange amounting to Rs.630 crores, through products manufactured by the Company.

For and on behalf of the Board of Directors

Dhirubhai H. Ambani
Chairman & Managing Director

AUDITORS REPORT

To the Members of Reliance Industries Limited

We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March 1990 and the Profit and Loss Account of the Company for the year 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 As stated in note No 16(c) and note No 17 of Schedule N to the accounts, as a result of the unprecedented floods at the Patalganga complex, and the fire at Byculia Godown, some of the books of account and other records of the Company were substantially damaged/destroyed The Company has recompiled the records to the extent possible which have been relied upon by us.
 - (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) For the reasons explained in Note No 12 of Schedule N to the accounts no provision for taxation has been made for the year.
 - (iii) 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 other 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 1990; and
 - (b) in so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

for **RAJENDRA & CO.**
Chartered Accountants
R.J. SHAH
Proprietor
Bombay
Dated: **27th July 1990**

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. However in respect of records of fixed assets of the Patalganga complex the same were damaged due to floods at Patalganga; as stated above the same have been recompiled to whatever extent possible on the basis of available information. According to the information and explanations given to us most of the Fixed Assets have been physically verified by the management during the year The comparison of the results of such verification with the book records in case of the assets lying at Patalganga complex is in progress. According to the information and explanations given to us in case of the other assets of the Company no material discrepancies were noticed on physical verification as compared to the book records. In our opinion the frequency of such verification is reasonable having regard to the size of the company and the nature of its assets.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us the stock of stores spare parts raw materials and finished goods have been physically verified by the management at reasonable intervals during the year In our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
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 of raw materials and finished goods having regard to the size of the operations of the Company and the same have been properly dealt with in the Books of Account We are informed that in respect of stores and spares. the reconciliation of the recompiled records with those of the physical verification is in progress.
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.10 of Schedule 'N' to the accounts, in our opinion, the valuation of stocks is fair and proper, 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, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956 or from companies under the same management within the meaning of sub section (1B) 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 are not, prima facie, prejudicial to the interests 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 explanations 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 its size 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.
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, 1990 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 year. Therefore, no provisions 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: **27th July 1990**

for **CHATURVEDI & SHAH**
Chartered Accountants
D. CHATURVEDI
Partner

BALANCE SHEET AS AT 31st MARCH, 1990

(Rs. in crores)

	Schedule	As at		As at	
		31st March, 1990	31st March, 1989	31st March, 1989	31st March, 1989
		Rs.	Rs.	Rs.	Rs.
SOURCE OF FUNDS:					
Shareholders' Funds					
Capital	'A'	157.92		157.91	
Reserves and Surplus	'B'	929.06		913.40	
			1,086.98		1,071.31
Loan Funds					
Secured Loans	'C'	903.59		881.48	
Unsecured Loans	'D'	212.74		170.86	
			1,116.33		1,052.34
TOTAL			2,203.31		2,123.65
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block		1,998.79		1,871.76	
Less Depreciation		529.78		368.98	
Net Block	'E'		1,469.01		1,502.78
Investments	'F'		58.05		58.50
Current Assets, Loans & Advances					
Current Assets					
Inventories	'G'	377.56		361.39	
Sundry Debtors		304.90		305.66	
Cash and Bank Balances		16.53		9.93	
		698.99		676.98	
Loans and Advances	'H'	327.27		172.48	
		1,026.26		849.46	
Less: Current Liabilities and Provisions					
Current Liabilities					
Current Liabilities	'I'	301.14		238.11	
Provisions		48.87		48.98	
		350.01		287.09	
			676.25		562.37
TOTAL			2,203.31		2,123.65

Notes and Contingent Liabilities 'N'

As per our Report of even date		For and on behalf of the Board		
For RAJENDRA & CO.	For CHATURVEDI & SHAH	D.H. Ambani		Chairman & Managing Director
Chartered Accountants	Chartered Accountants	R.H. Ambani		Joint Managing Director
R.J. Shah	D. Chaturvedi	J.R. Shah	}	Directors
Proprietor	Partner	T. Ramesh U. Pai		
		M.L. Bhakta		
		B.D. Shah		
		S.S. Betrabet		
		N.H. Ambani	}	Executive Directors
		M.D. Ambani		
		A.D. Ambani		
		N.R. Meswani		
		V.M. Ambani		Secretary

Bombay
Dated: 27th July, 1990

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

 (Rs. in crores)
 As at
 (6 months)

	Schedule	As at (12 months)		As at (6 months)	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales		1,840.66		1,112.45	
Other Income	'J'	15.64		7.88	
Variation in Stock	'K'	3.32		49.27	
			1,859.62		1,169.60
EXPENDITURE					
Purchases		20.94		14.21	
Manufacturing and Other Expenses	'L'	1,414.48		897.64	
Interest	'M'	171.73		91.58	
Depreciation		161.97		86.80	
			1,769.12		1,090.23
Profit for the year			90.50		79.37
<i>Less:</i> Withdrawal of backward area incentives under 1979 Package Scheme of incentives availed of in prior years		28.36		—	
Less Transferred from General Reserve		28.36		—	
			—		—
<i>Add:</i> Balance brought forward from last year			90.50		79.37
			19.36		11.25
			109.86		90.62
<i>Add:</i> (i) Excess Provision in past written back on account of					
a) Doubtful Debts and Advances		—		0.85	
b) Net exchange difference on repayment of loans and deferred payment liabilities		—		15.18	
			—		16.03
(ii) Investment Allowance (Utilised) Reserve written back			2.90		—
Amount Available for Appropriations			112.76		106.65
APPROPRIATIONS					
Taxation Reserve		10.00		—	
Investment Allowance Reserve		10.00		30.00	
Debenture Redemption Reserve		8.00		6.00	
General Reserve		8.00		5.00	
Proposed Dividend (subject to tax)					
Preference Shares		0.86		0.65	
Equity Shares		45.64		45.64	
			82.50		87.29
Balance carried to Balance Sheet			30.26		19.36
Notes and Contingent Liabilities	'N'				

As per our Report of even date		For and on behalf of the Board		
For RAJENDRA & CO. Chartered Accountants	For CHATURVEDI & SHAH Chartered Accountants	D.H. Ambani		Chairman & Managing Director
		R.H. Ambani		Joint Managing Director
R.J. Shah Proprietor	D. Chaturvedi Partner	J.R. Shah	}	Directors
		T. Ramesh U. Pai		
		M.L. Bhakta		
		B.D. Shah		
		S.S. Betrabet		
		N.H. Ambani	}	Executive Directors
		M.D. Ambani		
		A.D. Ambani		
		N.R. Meswani		
		V.M. Ambani		Secretary

 Bombay
 Dated: 27th July, 1990

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

		As at		(Rs in crores)	
		31st March, 1990		As at	
		Rs.	Rs.	31st March, 1989	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 Directors	—		—	
	by others	0.02		0.03	
		<u>152.12</u>		<u>152.11</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>157.92</u>		<u>157.91</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'

		As at		(Rs in crores)	
		31st March, 1990		As at	
		Rs.	Rs.	31st March, 1989	Rs.
RESERVES & SURPLUS					
Debenture Redemption Reserve					
	As per last Balance Sheet	10.25		4.25	
	Acid:- Transferred from Profit & Loss Account	8.00		6.00	
		<u>18.25</u>		<u>10.25</u>	
Share Premium Account					
	As per last Balance Sheet	673.29		673.29	
	Less:- Calls unpaid - by Directors	—		—	
	by others	0.12		0.14	
		<u>673.17</u>		<u>673.15</u>	
Investment Allowance Reserve					
	As per last Balance Sheet	30.00		—	
	Less:- Utilised for purchase of machinery during the year transferred to Investment Allowance (Utilised) Reserve	30.00		—	
		<u>—</u>		<u>—</u>	
	Add:- Transferred from Profit & Loss Account	10.00		30.00	
		<u>10.00</u>		<u>30.00</u>	
	C/f	701.42		713.40	

		As at		(Rs in crores)	
		31st March, 1990		As at	
		Rs.	Rs.	31st March, 1989	Rs.
Investment Allowance (Utilised) Reserve					
	As per last Balance Sheet	113.80		113.80	
	Add: Transferred from Investment Allowance Reserve	30.00		—	
		<u>143.80</u>		<u>113.80</u>	
	Less: Transferred to Profit and Loss Account to the extent not required	2.90		—	
		<u>140.90</u>		<u>113.80</u>	
Taxation Reserve					
	As per last Balance Sheet	10.00		10.00	
	Add Transferred from Profit and Loss Account	10.00		—	
		<u>20.00</u>		<u>10.00</u>	
General Reserve					
	As per last Balance Sheet	56.84		51.84	
	Less Transferred to Profit and Loss Account	28.36		—	
		<u>28.48</u>		<u>51.84</u>	
	Add: Amount transferred from Profit & Loss Account	8.00		5.00	
		<u>36.48</u>		<u>56.84</u>	
Profit & Loss Account					
		<u>30.26</u>		<u>19.36</u>	
		<u>929.06</u>		<u>913.40</u>	

SCHEDULE 'C'

		As at		(Rs in crores)	
		31st March, 1990		As at	
		Rs.	Rs.	31st March, 1989	Rs.
SECURED LOANS					
A) DEBENTURES:					
i)	13 5% Convertible Secured Debentures of Rs.150 each fully paid (Series 'E')	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.25,500) held by Directors				
ii)	15% Non-convertible Secured Debentures of Rs.100 each fully paid. (series 'F')	270.00		270.00	
	Less Bought back (Net of re-issue)	3.33		4.78	
		<u>266.67*</u>		<u>265.22</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	80.00		80.00	
		<u>400.00</u>		<u>398.55</u>	
B) TERM LOANS					
1. From Banks					
a)	Foreign Currency Loans	59.14		65.76	
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	
c)	Rupee Loans	0.37		0.75	
		<u>59.51</u>		<u>74.36</u>	
2. From Financial Institutions					
a)	Foreign Currency Loans	95.53		103.49	
b)	Rupee Loans	19.16		0.16	
		<u>114.69</u>		<u>103.65</u>	
3. From Others:					
	Housing Development Finance Corporation Ltd.	4.11		1.46	
		<u>178.31</u>		<u>179.47</u>	
C) WORKING CAPITAL LOANS					
	From Banks	300.80		277.79	
D) WORKING CAPITAL TERM LOANS					
	From Banks	24.48		—	
E) BRIDGE LOANS					
	From Financial Institutions	—		24.25	
E) DEFERRED PAYMENT LIABILITIES					
	To Foreign Machinery Suppliers (Guaranteed by Banks and Financial Institutions)	—		1.42	
		<u>903.59</u>		<u>881.48</u>	

SCHEDULE 'C' (Contd.)

NOTES:

Of the above

1. (a) Debentures referred in A(ii). Term Loans referred in B save and except B(i)(a) to the extent of Rs 17.53 crores and B(3) 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 secured by legal mortgage in English form on the properties situated at Naroda. District Ahmedabad in the state of Gujarat and by deposits of title deeds on the properties situated at Patalganga. District Raigad in the state of Maharashtra and are to be secured by hypothecation on the moveable properties situated at Patalganga. District Raigad in the state of Maharashtra These Debentures are redeemable 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) 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 buyback 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 reissue at par such bought back Debentures
- (d) The Company received request for buy teach of Debentures after the end of the financial year of an aggregate nominal value of Rs 2.44 crores till date (Since paid Rs 1.63 crores)
4. (i) Term Loan referred in B(1)(a) to the extent of Rs 9.80 crores are secured exclusively by hypothecation of specific items of plant and machinery situated at Naroda and Patalganga.
- (ii) Term Loans referred in B(1)(a) to the extent of Rs 773 crores is secured by guarantee issued by one of the Bankers of the Company against hypothecation of all moveable assets both present and future situated at Naroda and Patalganga.

5. Term Loans referred in B(2)(a) secured against the Fixed Assets referred to para (i)(a) above. exclude Rs 6.50 crores availed for M.E.G. project which is being implemented by Reliance Petrochemicals Limited and is accordingly transferred and therefore excluded.
6. Term Loans referred in B(3) are secured/to be secured by mortgage by deposit of title deeds of specified residential quarters situated at Parvel and Mohapada, District Raigad in the state of Maharashtra.
7. The charges created on the Debentures and Term Loans referred to in A and B 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.9.80 crores, and B(3).
8. (i) 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.
- (ii) Working Capital Term Loan from Banks referred to in 'D' are to be 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., of the company and are also to be secured by a second charge on the immovable assets of the company both situated at Naroda and Patalganga.
9. Secured Loans include Rs.46 57 crores repayable within one year excluding monies payable on surrender of debentures under buy-back scheme as mentioned in 3(b) above.

SCHEDULE 'D'

	As at		As at	
	31st March, 1990	Rs.	31st March, 1989	Rs.
UNSECURED LOANS				
Fixed Deposits				
(including Cash Certificates of Rs.9 33 crores)		176.02		165.69
Short Term Loans from:				
i) Financial Institutions	3.00		5.00	
ii) Banks	16.00		—	
iii) Deferred payment liabilities to indigenous machinery suppliers	0.14		0.17	
		19.14		5.17
Interest free Loans under Sales-tax deferral 1983 scheme		17.58		—
		212.74*		170.86

* Includes Rs 35.81 crores repayable within one year

SCHEDULE 'E'

FIXED ASSETS

(Rs in Crores)

Nature of Fixed Assets	GROSS BLOCK (AT COST)			As at 31.3.90	DEPRECIATION	NET BLOCK	
	As at 1.4.89	Additions	Deductions			As at 31.3.90	As at 31.3.90
	Rs.	Rs.	Rs.	Rs.	Total upto 31.3.90	Rs.	Rs.
Goodwill	1.23	—	—	1.23	—	1.23	1.23
Leasehold Land	4.83	0.02	—	4.85	—	4.85	4.83
Freehold Land	0.11	—	—	0.11	—	0.11	0.11
Buildings	90.47	8.69	0.11	99.05	10.53	88.52	82.17
Plant & Machinery	1,557.75	164.38	3.34	1,718.79	505.57	1,213.22	1,207.23
Electric Installation	37.80	8.68	0.01	46.47	6.90	39.57	32.84
Factory Equipments	6.78	0.24	—	7.02	1.81	5.21	5.33
Furniture & Fixtures	13.53	5.34	0.02	23.85	4.28	19.57	15.30
Vehicles	2.78	1.68	0.24	4.22	0.69	3.53	2.26
Capital Expenditure pending allocation and Advance against Capital Expenditure							
	151.48	79.72	138.00	93.20	—	93.20	151.48
	1,871.76	268.75	141.72	1,998.79	529.78	1,469.01	1,502.78
Previous Year	1,862.66	204.48	195.38	1,871.76	368.98	1,502.78	

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 includes (i) under construction Rs 5 12 Crores (ii) Cost of ownership premises in Co-operative Housing Societies Rs 1.11 Crores.
- (c) Plant and Machinery includes Rs 30 66 Crores under installation.
- (d) Electric installation includes Rs 8.69 Crores under installation.
- (e) Furniture & fixtures includes Rs. 0.16 Crore being work-in-progress.
- (f) Capital Expenditure pending allocation consist of:
 - i) Rs. 37.04 Crores on account of advance against capital expenditure (Previous year Rs 11.22 Crores)
 - ii) Rs 20 60 Crores on account of preoperative expenses (Previous year Rs 136.91 Crores) as per Note No 21 of Schedule 'N' and
 - iii) Rs. 35 56 Crores on account of cost of construction materials at site (Previous year Rs 3.35 Crores)

SCHEDULE 'F'

INVESTMENTS (At Cost)	As at		(Rs in crores)	
	31st March, 1990	Rs.	As at	31st March, 1989
	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 Cooperative Society Ltd. of Rs 100 each fully paid up (Rs 16 500) (Previous year Rs 16.500)	—	—	—	—
225 Shares of Crimpers Industrial Co operative Society Ltd. of Rs 100 each Rs.25 per share paid up (Rs 5,625) (Previous year Rs 5.625)	—	—	—	—
20 Shares of The Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd. of Rs 200 each. fully paid up (Rs 4,000) (Previous year Rs 4.000)	—	—	—	—
IN SUBSIDIARY COMPANIES				
Unquoted Wholly owned				
210070 Equity Shares of Devti Fabrics Ltd. of Rs 10 each. fully paid up	0.21	—	0.21	—
4400 Equity Shares of Trishna Investments and Leasings Ltd. of Rs 10 each fully paid up (Rs 44000) (Previous year Rs. 34000)	—	—	—	—
	0.21	—	0.21	—
Quoted:				
57600000 Equity Shares of Reliance Petrochemicals Ltd. of Rs 10 each fully paid up	57.60	—	57.60	57.81
OTHER INVESTMENTS				
Quoted				
7530 Equity Shares of Housing Development and Finance Corporation Ltd. of Rs 100 each fully paid up	0.08	—	0.08	—
5622 Equity Shares of The Industrial Credit and Investment Corporation of India Ltd of Rs.100 each fully paid up	0.06	—	0.05	0.13
	—	0.14	—	—
Unquoted				
49800 Equity Shares of Hindustan Oil Exploration Co Ltd. Rs.10 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 DEBENTURES - Quoted				
624 Fully Convertible Debentures of Industrial Credit & Investment Corporation of India Ltd. of Rs 650 each. fully paid up	—	—	—	0.04
IN BONDS - Unquoted				
5000 12% HDFC Corporate Bonds of Rs. 1000 each fully paid up	—	—	0.50	—
	58.05	—	58.50	—

AGGREGATE VALUE OF	As at		(Rs in crores)	
	31st March, 1990	As at	31st March, 1989	As at
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	57.78	164.58	57.73	270.96
Unquoted Investments	0.27	—	0.77	—

SCHEDULE 'G'

CURRENT ASSETS	As at		(Rs in crores)	
	31st March, 1990	As at	31st March, 1989	As at
	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.	98.88	—	68.45	—
Raw materials	62.19	—	68.43	—
Stock-in-transit	8.04	—	9.50	—
Stock-in-process	89.75	—	60.07	—
Finished goods	117.15	—	143.32	—
Others (includes decommissioned machinery of Rs. 0 04 crore at written down value)	1.55	—	11.62	—
	—	377.56	—	361.39
SUNDRY DEBTORS (Unsecured)				
Over six Months:				
Considered good	30.80	—	24.81	—
Considered doubtful	4.66	—	2.92	—
	35.46	—	27.73	—
Less: Provision for doubtful debts	4.66	—	2.92	—
	30.80	—	24.81	—
Others considered good	274.10*	—	280.85	—
	—	304.90	—	305.66
CASH AND BANK BALANCES				
Cash on hand	0.42	—	0.56	—
Balance with Scheduled Banks In Current Accounts	15.85	—	8.65	—
In Fixed Deposit Accounts includes Rs.0.01 crore lodged with Central Excise Authorities)	0.26	—	0.71	—
Balance in Current Account with Barclays Bank PLC U.K. (Rs.13 336) (Maximum balance during the year Rs.0.03 crore)	—	—	0.01	—
	—	16.53	—	9.93
	—	698.99	—	676.98

* includes Rs.1.75 crores due from Devti Fabrics Ltd. (subsidiary company) and Rs.111.52 crores on account of Bills of Exchange

SCHEDULE 'H'

LOANS AND ADVANCES UNSECURED - (CONSIDERED GOOD UNLESS STATED OTHERWISE)	As at		(Rs in crores)	
	31st March, 1990	As at	31st March, 1989	As at
	Rs.	Rs.	Rs.	Rs.
Loans to subsidiary companies				
i) Devti Fabrics Limited (Maximum debit balance at any time during the financial year Rs.3.87 crores) (Refer Note No.15)	1.75	—	1.35	—
ii) Trishna Investments and Leasings Ltd. (Maximum debit balance at any time during the financial year Rs 148.29 crores) (Refer Note No 15)	148.29	—	46.79	—
iii) Reliance Petrochemicals Limited (Maximum debit balance at any time during the financial year Rs.50 00 crores)	50.00	—	50.00	—
	—	200.04	—	98.14
Advances recoverable in cash or in kind or for value to be received				
Deposits	75.23*	—	41.59	—
Prepaid expenses	24.65	—	21.90	—
Balance with Customs, Central Excise Authorities etc.	22.59	—	8.79	—
	4.76	—	2.06	—
	—	327.27	—	172.48

* Includes
(i) Rs 0.18 crore from Officers (Previous year Rs.0.23 crore) Maximum balance at any time during the year Rs.0.23 crore (Previous year Rs.0.23 crore).
(ii) Rs.0 19 crore as contribution towards Equity Share Capital in Reliance Capital and Finance Trust Ltd. The Company has agreed to subscribe to 1800000 shares of Rs 10 each of the said company which have since been allotted.

* Excludes Rs 0 03 crore considered doubtful and provided for.

SCHEDULE 'I'

CURRENT LIABILITIES AND PROVISIONS	As at		(Rs in crores)	
	31st March, 1990	Rs.	31st March, 1989	Rs.
CURRENT LIABILITIES				
Sundry Creditors	245.48*		184.08	
Sundry Deposits	2.73		3.09	
Unclaimed Dividends	3.50		1.12	
Interest accrued but not due on loans	49.15		49.53	
Excess Share and Debenture Application monies refundable	0.28		0.29	
		301.14		238.11
includes for Capital Expenditure Rs 63.12 crores Fixed Deposits matured but unclaimed Rs 1.19 crores and Acceptance of Rs 110.19 crores				
PROVISIONS				
Gratuity and Superannuation	0.37		0.69	
Provision for Taxation	2.00		2.00	
Proposed Dividend	46.50		46.29	
		48.87		48.98
		350.01		287.09

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

OTHER INCOME	1989-1990		(Rs In Crores)	
	(12 months)	Rs.	1988-1989	(9 months)
incentives assistance and drawbacks on Exports receivable	3.78		1.38	
Processing charges	1.85		1.35	
Dividend (Gross)				
On other investments (Includes Rs 3.00 crores from subsidiary company)				
Tax at source Rs 0.70 crore	3.02		0.01	
Miscellaneous Income	6.99		5.13	
Profit on Sale of Investments	—		0.01	
	15.64		7.88	

SCHEDULE 'K'

VARIATION IN STOCK	As at		(Rs in crores)	
	1989-1990	Rs.	1988-1989	Rs.
STOCK-IN-TRADE (at close)				
Finished goods	117.15		143.32	
Stock in process	89.75		60.07	
Others	1.51		1.70	
		208.41		205.09
STOCK-IN-TRADE (at commencement)				
Finished goods	143.32		100.28	
Stock in process 60.07			50.70	
Other	1.70		4.84	
		205.09		155.82
		3.32		49.27

SCHEDULE 'L'

VARIATION IN STOCK	As at		(Rs in crores)	
	1989-1990	Rs.	1988-1989	Rs.
RAW MATERIALS CONSUMED				
Stock at commencement	68.43		59.01	
Add: Purchases (including material transferred out of Trial run production)	525.61		346.33	
	594.04		405.34	
Less: Stock at close	62.19		68.43	
		531.85		336.91
MANUFACTURING EXPENSES				
Carriage Inward	5.34		5.25	
Stores & spare parts	33.79		14.73	
Dyes & Chemicals	52.95		28.66	
Electric Power fuel and water	105.47		74.69	
Machinery repairs	9.93		2.76	
Building repairs	1.82		0.74	
Labour, Processing and machinery hire charges	14.96		8.85	
Excise Duty	445.02		278.91	
Lease Rent	24.24		11.65	
		693.52		426.24
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages & Bonus	31.37		22.50	
Contribution to Provident Fund Gratuity Fund Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	3.94		2.23	
Employees Welfare and other amenities	8.56		4.88	
		43.87		29.61

SALES & DISTRIBUTION EXPENSES

Samples, Sales Promotion and Advertisement Expenses	11.87		8.70	
Brokerage and Commission	19.30		11.73	
Export Expenses	0.44		0.12	
Packing Expenses	24.84		17.85	
Warehousing Charges	2.81		1.28	
Freight and forwarding charges	14.30		5.09	
Octroi Expenses	2.25		1.71	
Sales Tax	19.73		21.16	
		95.54		67.64

ESTABLISHMENT EXPENSES

Insurance	9.38		2.95	
Rent	0.80		1.12	
Rates and taxes	0.12		0.03	
Other repairs	3.45		1.55	
Travelling expenses (including Rs.0 16 crore for Directors)	2.60		1.26	
Payment to Auditors	0.29		0.20	
Directors fees (Rs.20000) (Previous year Rs. 17,000)	—		—	
General Expenses	30.63		24.75	
Provision for doubtful recoveries	1.75		—	
Charity & Donation	0.61		0.32	
Loss on sale of Assets (Net)	0.07		5.06	
		49.70		37.24
		1414.48		897.64

SCHEDULE 'M'

INTEREST	1989-1990		(Rs. in crores)	
	(12 months)	Rs.	1988-1989	(9 months)
Debentures	60.42		27.17	
Fixed Loans	45.39		17.50	
Others (Net)	65.92		46.91	
		171.73		91.58

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The current financial year is for a period of twelve months as against nine months in the previous financial year. The figures of the previous financial year to that extent are, therefore, not comparable.
 2. The previous financial year's figures have been regrouped wherever necessary.
 3. 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.
 4. The Company has continued to account the following items on 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) Interest on letters of credit outstanding, (v) Insurance and other claims (vi) Disposal of sundry items other than usable waste of POY/PSF.
 5. Sales is inclusive of Rs.10.61 crores and Rs.23.01 crores being the recovery of Sales Tax and Excise Duty respectively.
 6. Interest - Others(Net)' is arrived at after deducting Rs 1.21 crores (Tax at source Rs 0.05 crore) being interest received/receivable.
 7. Income and Expenditure amounting to Rs 0.86 crore and Rs.2.22 crores respectively relating to the previous years have been suitably accounted for in respective heads.
- | | | (Rs. in crores) | |
|---|--|-----------------|-----------|
| | | 1989-1990 | 1988-1989 |
| | | Rs. | Rs. |
| 8. (i) Auditors' Remuneration: | | | |
| (a) Audit Fees | | 0.17 | 0.12 |
| (b) Tax Audit Fees | | 0.07 | 0.05 |
| (c) For Certification and Consultation in finance and Tax matters | | 0.04 | 0.02 |
| (d) Out-of-pocket expenses | | 0.01 | 0.01 |
| | | 0.29 | 0.20 |
| (ii) Cost Auditor | | | |
| Audit Fees (Rs. Nil) (Previous year Rs.35,000) | | — | — |
9. (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.
 - (b) Managing Directors' and Executive Directors' remuneration:

		(Rs in crores)	
		1989-1990	1988-1989
		Rs.	Rs.
i) Salaries		0.07	0.03
ii) Contribution to Provident Fund and Superannuation Fund		0.02	0.01
iii) Provision for Gratuity (as per actuarial Valuation) (Rs 47,200) (Previous year Rs.22,300)		—	—
iv) Perquisites		0.03	0.02
10. The Company has been accounting liability for Excise Duty in respect of finished products lying in factory/bonded premises as and when they are cleared/debonded Accordingly, estimated liability amounting to Rs 29.39 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.
 11. (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 increased liability of Rs.80 60 crores on account of fluctuations in the rates of exchange at the year end with regard to outstanding balances of foreign currency loans.
 - (c) During the year, the Company has capitalised payments made on account of fluctuations in the rates of exchange on repayment of loans and deferred payment liabilities and the cost of rollover charges on forward contracts to respective fixed assets and depreciation thereon has accordingly been provided for in the accounts.
 12. (a) The Income-tax assessments of the Company have been completed upto Assessment Year 1987-88. Total tax demands raised by the Income Tax Department upto the said assessment years are Rs.18.56 crores, which are disputed The Company is advised that the Taxation Reserve created in past of Rs.10 crores, however, would be adequate enough to meet the liabilities, if any
 - (b) In terms of provisions of Section 115 J of the Income tax Act, 1961, and other relevant provisions of law the Company has, based on legal advice, prepared separate Profit and Loss Accounts of different Units, on the same lines as were followed last year. On the basis of such accounts, there is no liability for taxation, and hence no provision for taxation is considered necessary However, as a measure of abundant caution, an amount of Rs.10 00 crores has been transferred from Profit and Loss Account to the Taxation Reserve.
13. Guidelines dated 14th January, 1987 of the Government India require Companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has been advised that this notification is not applicable to Debentures issued before the date of the said notification. In respect of Debentures issued subsequent to the date of the said notification, the Company, has transferred Rs. 8.00 crores during the financial year to the Debenture Redemption Reserve.
 14. 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 utilisation of respective eligible assets.
 15. The Company has an investment of Rs.0.21 crore and Rs.44,000 in the Share Capitals of Devti Fabrics Limited, and Trishna investments & Leasings Ltd., wholly owned subsidiary companies. Loans to these subsidiary companies of Rs.1.75 crores and Rs.148.29 crores respectively, receivables on account of sale of goods, of Rs. 1.75 crores from Devti Fabrics Limited and guarantees to Banks and Financial Institutions of Rs.6.00 crores aggregate to Rs.157.79 crores. The losses of these companies exceed their paid up capital and reserves on 31st March, 1990. In view of the long term involvement of the Company in both the said companies, no provision has been made in the accounts for the probable loss that may arise.
 16. Due to the unprecedented floods at the Patalganga Complex of the Company on 24th July, 1989.
 - (a) Inventories having a total estimated value of Rs.85.03 crores were damaged or destroyed. After taking credit for the value of the damaged stocks which were either sold or consumed, and, considering provision made against stocks remaining unsold, as at 31st March, 1990, a net loss of Rs.32.37 crores has been charged to previous heads in the profit and loss account.
 - (b) Plant and Machinery were damaged and had to be repaired and reconditioned. The cost of such repairs and other incidental expenses (including the cost of periodic shut down for overhauling and change of catalyst for which separate costs cannot be ascertained) aggregating to Rs.11.64 crores has been charged to various heads in the profit and loss account.
 - (c) Books of Accounts and other records have been substantially damaged. Records, recompiled to the extent possible, have been considered while preparing the accounts.
 17. Fire at Byculla godown premises on 12th May, 1990 has destroyed books of accounts and records of the Company which included records of the current financial year. On the basis of available information records have been recompiled to the extent possible and the same have been considered while preparing the accounts.
 18. 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 made a payment of Rs.1.00 crores during the year to the Excise Authorities, Ahmedabad, for proceedings relating to 1983 which is disputed and accordingly not provided for.
 20. (a) The Company has received show cause notice from customs authorities alleging import of PTA plant of higher capacity and consequently have claimed Rs.174.03 crores by way of differential customs duty. The Company is disputing the demand. 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) With regard to the show cause notice received from the customs authorities demanding differential duty/penalty of Rs.119.64 crores, the Company successfully challenged the said notice in adjudication proceedings before the Collector of Customs. The customs department has preferred an appeal to the Customs, Excise and Gold Control Appellate Tribunal against which the Company has filed a writ petition in the Honourable High Court at Delhi. The Company is advised that there would be no liability on this account and accordingly no provision has been made in respect thereof in the accounts.

21. Pre-operative expenses in respect of Projects upto 31st March, 1990 to be capitalised

	(Rs in Crores)		
	1989-1990	Upto 31st March 1989	Total upto 31st March 1990
Raw material consumed (during trial run)	—	24.21	24.21
Carriage inward	—	1.44	1.44
Consumption of stores, chemicals and Catalysts	—	0.24	0.24
Electric power, fuel and water	—	10.10	10.10
Labour charges	—	0.26	0.26
Excise duty	—	0.05	0.05
Salaries Wages and Bonus	—	1.60	1.60
Employees welfare and other amenities	—	0.78	0.78
Insurance	0.66	0.93	1.59
Rent	—	0.49	0.49
Rates and taxes (Rs 42967)	—	—	—
Other repairs	—	0.13	0.13
Travelling Expenses	0.06	0.63	0.69
General expenses	13.40	26.52	39.92
Debentures issue expenses	—	9.96	9.96
Interest	—	—	—
Debentures	—	66.71	66.71
Fixed loans	—	21.80	21.80
Others (Net)	2.85	7.88	10.73
	16.97	173.73	190.70
Less: Sales/transfer/stock at end of Trial run	—	35.98	35.98
Miscellaneous income	—	0.84	0.84
	16.97	136.91	153.88
Transferred/Capitalised by allocating to Building, Plant and machinery	—	—	133.28
	—	—	20.60

The above items not forming part of profit and loss account

22. CONTINGENT LIABILITIES

	(Rs in Crores)	
	As at 31st March 1990 Rs.	As at 31st March 1989 Rs.
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	89.10	46.75
(b) Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit opened by Bankers	304.59	140.46
(c) Bonds executed in favour of Excise and Custom Authorities	19.28	75.08
(d) Uncalled liability on partly paid shares (Rs 16,875) (Previous year Rs 16,875)	—	—
(e) Claims against the company/disputed liabilities not acknowledged as debts including Rs 3.57 crores for excise duty (Previous year Rs 4.17 crores)	7.78	6.29
(f) Export bills discounted against irrevocable Letters of Credit	0.01	1.43
(g) Indemnities towards export obligations against capital goods import	0.67	0.62
(h) Guarantee to Banks and Financial Institutions against credit facilities extended to subsidiary companies	6.00	6.00
(i) Import Duty on Raw Materials/Chemicals & catalysts imported under Advance Licences against fulfilment of export obligations	62.29	7.23

23. LICENCED AND INSTALLED CAPACITY

	Unit	Licensed Capacity		Installed Capacity	
		1989-1990	1988-1989	1989-1990	1988-1989
(a) Polyester Filament Yarn/Polyester Chips	M.T.	32,300 A	32,300	25,125 ++	25,125 ++
(b) Polyester Staple fibre/Polyester Chips	M.T.	60,000 @	45,000	45,000	45,000
(c) Man-made Fibre Spun Yarn on Worsted System (Spindles)	Nos.	20,000	20,000	12,494	12,494
(d) Man-made Fabrics (Looms)	Nos.	450	450	450	450
(d) Man-made Fabrics (Knitting M/c)	Nos.	22	22	20	20
(e) Purified Terephthalic Acid	M.T.	200,000 @	100,000	100,000	100,000
(f) Linear Alkyl Benzene	M.T.	80,000 @	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	320,000	—	—
(i) Propylene	M.T.	155,000	155,000	—	—
(j) Butadiene & Other C4s	M.T.	98,000	98,000	—	—
(k) Acrylic Fibre	M.T.	20,000	20,000	—	—
(l) Polypropylene	M.T.	100,000 *	100,000 *	—	—
(m) Styrene	M.T.	80,000 *	—	—	—
(n) Polystyrene	M.T.	40,000 *	—	—	—
(o) Styrene Butadiene Rubber	M.T.	80,000 *	—	—	—
(p) Linear low Density Polyethylene	M.T.	100,000 *	—	—	—
(q) Acrylonitrile	M.T.	70,000	—	—	—
(r) Butyl Rubber	M.T.	25,000 *	—	—	—
(s) Export Oriented Unit					
(i) Para-xylene	M.T.	270,000 *	—	—	—
(ii) Purified Terephthalic Acid	M.T.	200,000 *	—	—	—

* On the basis of Letter of Intent received

++ Based on average Denier of 40

@ Approved under MES Installed Capacity based on Certificate of the Management

A Subject to automatic re-endorsement of capacity Further 15,000 tonnes p.a. has been approved under applicable broad-banding scheme.

24. PRODUCTION OF FINISHED PRODUCTS MEANT FOR SALE

	Unit	1989-1990	1988-1989
Yarn (Polyester & Blended etc)	M.T.	61,189	42,541
Polyester Chips	M.T.	5,239	4,149
Fabrics	Mtrs. In lacs	492.03	365.87
Polyester Staple fibre	M.T.	53,120	27,374
P.T.A	M.T.	39,306	32,881
L.A.B	M.T.	48,394	28,413
Paraxylene	M.T.	10,402	—
By-Products	M.T.	31,456	3,201

25. VALUE OF IMPORTS ON C I F BASIS IN RESPECT OF:

	1989-1990	1988-1989
	Rs.	Rs.
(a) Raw Materials	147.43	115.85
(b) Dyes and Chemicals, Catalysts, Stores and Spare parts	43.29	20.32
(c) Capital goods	0.03	5.64

26. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF

	1989-1990 Rs.	(Rs. in crores) 1988-1989 Rs.
interest on foreign currency loans	23.88	17.16
Interest on Debentures held by Non-residents on repatriation basis (Gross)	2.26	8.63
Other matters (including commitment charges (Rs nil) on foreign currency loans - Previous year Rs. 15625)	13.24	6.90
Technical know-how & Engineering Fees	9.56	26.14

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

	Unit	1989-1990		1988-1989	
		Quantity	Rs. in crores	Quantity	Rs. in crores
(a) Opening Stock					
i) Finished Stocks			143.32		100.28
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
(b) Closing Stock:					
i) Finished Stocks			117.15		143.32
Yarn	M.T.	3,524		4,675	
Fabrics	Mtrs. in lacs	64.15		85.70	
Polyester Staple Fibre	M.T.	8,410		5,362	
Polyester Chips	M.T.	1,234		3,408	
LAB	M.T.	4,414		6,009	
Paraxylene	M.T.	1,595		—	
ii) Stock in process			89.75		60.07
iii) Others			1.51		1.70
(c) Purchases			20.94		14.21
Yarn	M.T.	1,013		590	
Fabrics	Mtrs in lacs	1.50		3.92	
Fibre	M.T.	41		—	
Others		—		—	
(d) Sales					
Yarn (Polyester & Blended)	M.T.	63,566	1,019.90	42,556	621.76
Fabrics	Mtrs in lacs	507.59	230.73	367.68	161.80
Polyester Staple Fibre	M.T.	50,288	238.24	25,697	128.57
Polyester Chips	M.T.	7,463	36.49	2,222	11.15
P T A	M.T.	44,146	130.34	31,199	103.90
L.A.B.	M.T.	49,895	129.85	27,215	69.77
Paraxylene	M.T.	8,807	18.51	—	—
Others		—	36.60	—	15.50
			1,840.66		1,112.45
(e) Raw Material consumed					
Naptha	M.T.	178,523	78.31	—	—
Paraxylene (including own production during trial run)	M.T.	4,677	13.50	67,968	121.41
P.T.A.	M.T.	25,017	42.79	3.13	0.40
M.E.G.	M.T.	41,705	140.20	26,613	95.32
Fibre	M.T.	1,774	17.21	1,926	13.28
Yarn	M.T.	5,986	120.69	2,414	43.27
Fabrics (Grey)	Mtrs in lacs	126.05	18.25	89.81	13.68
N. Paraffin	M.T.	44,368	57.97	23,527	24.68
Benzene	M.T./K.L.	18,719	15.33	11,096	7.63
Others		—	27.60	—	18.00
			531.85		337.67
Less - Difference in Stock of Useable Waste			—		0.76
Excluding during trial run			531.85		336.91

28. VALUE OF RAW MATERIALS CONSUMED

	1989-1990		1988-1989	
	Rs. in crores	% of total Consumption	Rs. in crores	% of total Consumption
Imported (including import duty Rs 129 10 crores)	342.29	64.36	221.93	65.87
Indigenous	189.56	35.64	114.98	34.13
	531.85	100.00	336.91	100.00

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

	1989-1990		1988-1989	
	Rs. in crores	% of total Consumption	Rs. in crores	% of total Consumption
Imported	41.77	48.16	21.30	49.08
Indigenous	44.97	51.84	22.09	50.92
	<u>86.74</u>	<u>100.00</u>	<u>43.39</u>	<u>100.00</u>

30. EARNINGS IN FOREIGN EXCHANGE

	1989-1990		(Rs. In crores)	
	Rs.	Rs.	1988-1989	Rs.
Export of goods on FOB basis		72.75		26.14

31. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	1989-1990		(Rs. In crores)	
	Rs.	Rs.	1988-1989	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				
– Final dividend	22,152		23,237	
(b) Number of Equity Shares held by them				
– Final dividend	12,997,292		15,529,421	
(c) (i) Amount of dividend paid (Gross) Tax at source Rs 0.59 crore (Previous year Rs.0 32 crore)		3.90		1.96
– Final dividend				
(ii) Year to which dividend relates		Final Div. 1988-89		final Div.1987-88

	1989-1990		(Rs. in Crores)	
	Rs.	Rs.	1988-1989	Rs.
32. (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				
(i) Number of employees	568		436	
(ii) Salaries and Bonus		4.29		2.09
(iii) Contribution to Provident Fund & Superannuation Fund		0.81		0.46
(iv) Other Perquisites		1.36		1.01
(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				
(i) Number of employees	93		60	
(ii) Salaries and Bonus		0.37		0.17
(iii) Contribution to Provident Fund & Superannuation Fund		0.07		0.04
(iv) Other Perquisites		0.11		0.09

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

R.J. Shah
 Proprietor

D. Chaturvedi
 Partner

For **CHATURVEDI & SHAH**
 Chartered Accountants

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

J.R. Shah
T. Ramesh U. Pai
M.L. Bhakta
B.D. Shah
S.S. Betrabet

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

V.M. Ambani

Chairman & Managing Director
 Joint Managing Director

Directors

Executive Directors

Secretary

Bombay
 Dated: **27th July, 1990**

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN TF1E 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, 1990	31st March, 1990	31st March, 1990
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	44,000 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%	100%
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 1990	(Rs.100.89 lacs)	Rs. Nil	(Rs.760.77 lacs)
ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	(Rs.74.06 lacs)	Rs.313.33 lacs	Rs.47.29 lacs
(b) Dealt with in holding company s accounts:			
i) For the financial year ended 31st March, 1990	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
B.D. Shah
S.S. Betrabet

Directors

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

Executive Directors

V.M. Ambani

Secretary

Bombay
Dated: 27th July, 1990

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 present the Second Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1990.

1. FINANCIAL RESULTS

During the year under review, your Company has been implementing the construction of the Petrochemicals Projects in Hazira. As on 31st March, 1990, your Company has incurred an expenditure of Rs.532.35 Crores.

A significant event of this year was the announcement of Minimum Economic Capacities by the Government of India' to which your Company responded by taking steps to enhance the project capacities in the case of MEG from 60.000 TPA to 100 000 TPA and of HDPE. from 50,000 TPA to 100.000 TPA, there being no change in the capacity of PVC at 100 000 TPA. The project costs were further updated to provide for additional investments in construction of a Jetty and setting up of a captive gas-based Power Plant.

The Financial Institutions, led by ICICI, have approved the additional project costs as well as the incremental means of finance.

In view of the said increase in project costs during the year under review, the Company's funds were entirely indentified with the revised costs. Therefore, unlike the previous year, no Profit and Loss Account for the year 198990 has been prepared, there being no Revenue operations. A statement of net pre-operative expenditure has been presented, in accordance with the prescribed accounting guidelines on the subject.

In the absence of a revenue profit during the year, your Directors do not propose payment of any Dividend for the year under review.

2. PROGRESS OF IMPLEMENTATION OF PROJECTS:

As you are aware, your Company is setting up the projects at Hazira where your Company has been allotted around 275 Hectares of land. The entire land filling work and piling work have been completed.

Your Company has also completed the engineering for the common utility systems for the three projects. These utility systems would be commissioned during the last quarter of 1990.

Your Directors had stated in the first Directors' Report for the period upto 31st March, 1989, that barring unforeseen circumstances the projects would be commissioned in the second half of 1990. However in order to instal capacities based on the revised Government policy of Minimum Economic Size it became necessary to instal additional facilities to cater to the larger capacities. Additionally construction of a captive gas based power plant for assured power supply and construction of a jetty for handling Ethylene and other products have compelled your Company to re-schedule commissioning of the three projects in phases.

Your Directors are pleased to inform you that inspite of having to instal additional facilities for the enhanced capacities and the requirement of constructing a Captive Power Plant and a Jetty, your Company has been successful in containing the time overrun to only a few months beyond the original schedule.

This has become possible due to the dedicated and intensive efforts put in by an about 10,000strong workforce which is engaged at Hazira, along with the active support and guidance of the foreign collaborators.

As per the revised schedule, the plant for manufacture of MEG would be commissioned in the first quarter of 1991 and for achieving this target, your Company has been able to deploy most of the equipment at site, as of the date of this report and is all set to mechanically complete the MEG plant by end of 1990.

Simultaneously, most of the engineering in respect of the PVC and HDPE plants has been completed and erection of all necessary equipments has also commenced. Your Directors expect that, barring unforeseen circumstances, the plants for manufacture of HDPE and PVC would be mechanically completed in the first quarter of 1991.

Your Company has also recruited most of the plant personnel required for operations and maintenance. Intensive training is imparted to all the technical personnel. In order to ensure dedicated work force, your Company has provided housing for the labour as well as for the permanent staff at Surat.

Your Company has commenced taking effective steps for implementing the project for manufacture of Caustic Soda and Chlorine.

3. 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.

4. PERSONNEL:

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

5. DIRECTORS:

The Industrial Credit and Investment Corporation of India Limited (ICICI) has nominated Shri C. Chandrasekhar as their Nominee Director on the Board of Directors of your Company. Shri C. Chandrasekhar joined the Board of your Company on 27th March, 1990.

In terms of the provisions of Section 255 of the Companies Act, 1956' read with Article 155 of the Articles of Association of the Company, Shri K.K. Pai and Dr. R. Rajagopalan retire by rotation and. being eligible, offer themselves for re-appointment.

Shri Suresh A. Shroff, a Director of the Company, resigned from the Board. Your Directors wish to place on record their sense of appreciation of the guidance provided by Shri Suresh A. Shroff.

6. AUDITORS & THEIR REPORT:

Messrs Chaturvedi & Shah and Messrs Rajendra & Co.. 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 re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

7. 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 this 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. Additionally, in designing and engineering of all three process plants, energy optimisation schemes and pollution control features have been incorporated.

B. TECHNOLOGY ABSORPTION:

Arrangements have been made with licensors to provide technology for the manufacture of products under the Projects. Collaboration Agreements have been entered into with M/s. B.F. Goodrich Co. (USA) for PVC, M/s. Lummus Crest BV (Netherlands) for MEG and M/s. Du Pont Canada Inc. (Canada) for HDPE. The Technology agreements include provision for training, which will assist the Company in absorption of the technology from the respective licensors. The technology agreements also provide for exchange of information on improvements in technology for manufacture of MEG, HDPE and PVC.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Crores)	
	As at	As at
	31.03.1990	31.03.1989
1. Earnings in Foreign Currency:		
Miscellaneous income (Previous Year Rs. 16,753)	0.00	0.00
2. Expenditure in Foreign Currency		
a. Interest on foreign currency loans	4.31	0.00
b. Interest on Debentures held by Non Residents on repatriation basis (Gross)	2.25	0.00
c. Technical know-how & Engineering Fees	47.35	3.91
d. Other matters [including commitment charges Rs 1.75 crores (Previous Year Rs Nil) on foreign currency loans]	13.77	0.16

It would be pertinent to note that the products to be manufactured by your Company are import substitution products. which would save for the Country. Foreign Exchange of the equivalent of around Rs 400 crores per annum (at current international prices) when the plants operate at full rated capacity.

8. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation of the 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 rendered by the Executives and Staff of the holding Company (Reliance Industries Limited) and also the Executives and Staff of the Company.

For and on behalf of the Board of Directors

Dhirubhai H. Ambani
Chairman

Bombay:

Dated: 30th June, 1990

AUDITORS' REPORT

To

The Members of Reliance Petrochemicals Limited

We have audited the attached Balance Sheet of RELIANCE PETROCHEMICALS LIMITED as at 31st March, 1990. The Company has not carried out any revenue operations during the year and has therefore, not prepared a Profit and Loss Account for the year ended on that date.

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 referred to in this report is in agreement with the books of account.
 - (d) (i) As mentioned in note No.5, interest on unpaid calls continues to be accounted for as and when received.
(ii) As stated in Note No.4, funds deployed through Scheduled Banks under their Portfolio Management Schemes have been shown as part of Bank Balances and Income earned therefrom has been shown as "Other Income".
(iii) 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 read together with the notes thereon gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view of the state of affairs of the Company as at 31st March, 1990.

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

Bombay
Dated: 30th June, 1990.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

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. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has not taken any loan, secured or unsecured, (except for an interest free loan from the holding company), 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.

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. In respect of loans and advances in the nature of loans given by the Company, they are generally repaying the principal amount as stipulated and are also regular in the payment of interest, wherever applicable.
6. In our opinion and according to the information and explanations given to us, there are internal control procedures (commensurate with the size of the Company and the nature of its business) with regard to the purchases of components, plant and machinery, equipment and other assets.
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 sale 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 its size and the nature of its business.
10. The Company has been regularly depositing the Provident Fund and Employees' State insurance dues with the appropriate authorities.
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, 1990 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 (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
14. Since, 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 not applicable.

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

Bombay
Dated: 30th June, 1990.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

BALANCE SHEET AS AT 31st MARCH, 1990

(Rs. in crores)

	Schedule	As at		As at	
		31st March, 1990 Rs.	Rs.	31st March, 1989 Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	'A'	87.23		86.47	
Reserves and Surplus	'B'	0.52		0.48	
			87.75		86.95
Loan Funds					
Secured Loans	'C'	670.78		632.03	
Unsecured Loans	'D'	50.00		50.00	
			720.78		682.03
TOTAL			808.53		768.98
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	'E'	30.15		23.01	
Less: Depreciation		9.63		0.85	
Net Block		20.52		22.16	
Capital Work in Progress		418.56		128.04	
Net Pre-operative Expenditure on implementation of Projects pending allocation	'F'	93.27		35.27	
			532.35		185.47
Investments					
Current Assets, Loans and Advances	'G'		143.19		224.49
Interest accrued on Investments		0.03		7.06	
Cash and Bank Balances	'H'	131.60		379.45	
Loans and Advances	'I'	77.79		22.48	
		209.42		408.99	
<i>Less:</i>					
Current Liabilities and Provisions					
Current Liabilities	'J'	75.34		44.50	
Provisions	'K'	1.12		5.50	
		76.46		50.00	
Net Current Assets			132.96		358.99
Miscellaneous Expenditure (to the extent not written off or adjusted)			0.03		003
Preliminary Expenses					
TOTAL			808.53		768.98
Notes and Contingent Liabilities	'L'				

As per our report of even date.

 For **Chaturvedi & Shah**
Chartered Accountants

 For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

 Bombay
Dated 30th June, 1990.

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

Chairman

M.D. Ambani
A.D. Ambani
A.S. Dayal
K.K. Pai
Y.P. Trivedi
C. Chandrasekhar

Directors

J.S. Bakshi
President (Commercial)

Duleep Singh
President (Hazira Site)

P.M. Rao
Dy. Company Secretary

 Bombay
Dated 30th June, 1990.

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 1990**

(Rs in crores)

SCHEDULE 'A'

	As at 31-03-1990		As at 31-03-1989	
	Rs.	Rs.	Rs.	Rs.
SHARE CAPITAL				
Authorised:				
10,00,00,000 Equity Shares of Rs.10 each		100.00		100.00
Issued and Subscribed:				
8,72,70,000 Equity Shares of Rs.10 each fully Called-up		87.27		87.27
Less: Calls unpaid - by others		0.04		0.80
		87.23		86.47
Of the above Equity Shares:				
(i) 5,76,00,000 Shares are held by Reliance Industries Ltd., the holding Company.				
(ii) 2,96,70,000 Shares were allotted at par on first conversion of Debentures				

SCHEDULE 'B'

	As at 31-03-1990		As at 31-03-1989	
	Rs.	Rs.	Rs.	Rs.
RESERVES AND SURPLUS				
General Reserve				
As per last Balance Sheet		0.25		0.00
Add: Transfer from Profit & Loss Account		0.00		0.25
		0.25		0.25
Profit and Loss Account				
As per last Balance Sheet		0.23		0.00
Add: Profit for the year		0.00		0.23
Excess provision of earlier year written back		0.04		0.00
		0.27		0.23
		0.52		0.48

SCHEDULE 'C'

	As at 31-03-1990		As at 31-03-1989	
	Rs.	Rs.	Rs.	Rs.
SECURED LOANS				
A. Debentures:				
12.5% Secured Fully Convertible Debentures of Rs.200/- each fully called up		593.40		593.40
Less: Converted		29.67		29.67
		563.73		563.73
Less: Calls unpaid -by others		0.78		15.18
		562.95		548.55
B. Loan from a Bank		0.00		37.50
C. Term Loans				
(i) From Banks in Foreign Currencies		8.04		9.16
(ii) From Financial Institutions in Foreign Currencies		99.79		36.82
		107.83		45.98
		670.78		632.03

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 residual charge on all or any of the immovable and/or movable 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 such residual mortgage and charge shall rank subservient and subordinate to the mortgages created for item C(ii) above and future mortgages/charges as may hereafter be created by the Company in favour of 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 28th October, 1992 and after 27th October, 1993 but before 26th October, 1995 respectively.

- (i) The Term Loan referred to in O(i) above represents foreign currency loan availed by Reliance Industries Ltd., the holding Company for implementation of Mono Ethylene Glycol Project. Subject to necessary approvals, the Company has taken over the said loan which is secured against the fixed assets of Reliance Industries Ltd.
- (ii) The Term Loans referred to in C(ii) above are secured by
 - hypothecation of movable assets and
 - mortgage on all the immovable assets of the company both present and future.
- Debentures include Rs 0.05 crores held by Directors. (Previous Year Rs.0.66 crores).
- Secured loans include Rs 2.91 crores repayable within a period of one year. (Previous Year Rs.39 16 crores)

SCHEDULE 'D'

	As at	
	31-03-1990	31-03-1989
UNSECURED LOANS	Rs.	Rs.
From Reliance Industries Ltd., holding Company	50.00	50.00
	50.00	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'

Nature of Assets	(Rs. in crores)						
	Gross Block (at cost)			Depreciation		Net Block	
	As at 01.04.1989	Additions	As at 31.03.1990	Up to 31.03.1990	As at 31.03.1990	As at 31.03.1989	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1. Leasehold Land	0.63	2.19	2.82	0.00	2.82	0.63	
2. Buildings	3.92	1.54	5.46	0.10	5.36	3.91	
3. Plant and Machinery	18.11	0.00	18.11	9.42	8.69	17.28	
4. Furniture, Fixtures and Other Equipments	0.23	2.80	3.03	0.08	2.95	0.22	
5. Vehicles	0.12	0.61	0.73	0.03	0.70	0.12	
Total	23.01	7.14	30.15	9.63	20.52	22.16	
Previous Year	0.00	23.01	23.01	0.85	22.16	0.00	
Capital Work-in-Progress					418.56	128.04	

NOTES:

- No amortization has been made in respect of Lease Premium paid for the lease hold land since the grant of lease is for a long period.
- Leasehold Land includes Rs.1.64 Crores (Previous Year Rs. nil) in respect of which necessary documents are yet to be executed.
- Capital Work in Progress includes.
 - Rs.95.62 crores on account of Advances against Capital Expenditure (Previous Year Rs. 111.93 crores)
 - Rs.36.35 crores in respect of construction materials in stock.
- Depreciation has been provided as under:
 - in respect of Plant and Machinery given on lease, 95% of the cost has been amortized over the primary lease period of two years.
 - in respect of other assets, on straight line method at the rates prescribed by Schedule XIV to the Companies Act, 1956.
- Buildings include shares in co-operative housing societies of the face value of Rs.750 (Previous Year Rs.250).

SCHEDULE 'F'

Net Pre-operative Expenditure on implementation of Projects pending allocation

	Rs.	Rs.	Rs.	Rs.
Amount Brought forward		35.27		0.00
Establishment and Other Expenses				
Payment to and Provision for employees				
Salary, Wages and Bonus		1.42		0.25
Contribution to Provident fund and other funds		0.27		0.04
Staff Welfare expenses		0.29		0.05
			1.98	0.34
			37.25	0.34

B/F	37.25	0.73	0.34
Service Charges	0.00	0.73	
Insurance (previous year Rs.3189)	0.01	0.00	
Rent	1.11	0.63	
Rates and Taxes (Rs.18,188)	0.00	0.01	
Telephones	0.62	0.05	
Travelling Expenses	1.74	0.39	
Auditors' Remuneration	0.04	0.02	
Directors Fees [(Rs.26,000 (Previous year Rs.21200))	0.00	0.00	
Printing and Stationery	0.54	0.02	
Advertisement	0.27	0.01	
Debenture Issue Expenses	0.00	17.60	
Commitment Charges	1.88	0.41	
Power	0.32	0.00	
Registrar and transfer agent fees	3.17	0.00	
General Expenses	2.50	1.41	
Excess provision of earlier year written off (Rs.1529)	0.00	0.00	

Interest			
On Debentures	70.18	25.32	
On Fixed Loans	12.48	3.74	
On others [Rs.2248 (Previous year Rs. Nil)]	0.00	0.00	
	82.66	29.06	
Depreciation	8.78	0.02	
	140.89	50.70	
Less: Income			
Interest (Tax Deducted at Source)	16.73	12.63	
Rs.0.04 Crores (Previous Year Rs. Nil)			
Profit on Sale of Investments	4.86	2.79	
Lease Income	10.43	0.00	
Other Income	15.60	0.01	
	47.62	15.43	
	93.27	35.27	

SCHEDULE 'G'	As at	(Rs in crores)	As at
INVESTMENTS (At Cost)	31-03-1990		31-03-1989
	Rs.	Rs.	Rs.
Other Investments			
Government Securities			
Quoted			
11.5% Government of India Loan 2008 (Old Series)	0.00	39.48	
Unquoted			
Indira Vikas Patra	0.20	0.20	
Other Investments (Unquoted)			
106123950 Units (Previous Year 127566550 units) of Unit Trust of India (1964 Scheme)	142.99	184.81	
	143.19	224.49	
	143.19	224.49	

1. During the year the Company also purchased:	Rs.
(i) 182012870 units of Unit Trust of India (1964 Scheme)	246.58
(ii) 11.5% Government of India Loan 2015	88.68
(iii) 11% Government of India Loan 2002	48.25
(iv) 11.5% Government of India Loan 2008	48.65
(v) 94t IDBI Bonds 1999	13.00

2. Aggregate value of	Cost	Market	Cost	Market
	Rs.	Rs.	Rs.	Rs.
Quoted Investments	0.00	0.00	39.48	39.48
Unquoted Investments	143.19	—	185.01	—

3. The above investments are held by the Bankers of the Company in their name, wherever applicable in a fiduciary capacity.

SCHEDULE 'H'	As at	(Rs in crores)
Cash and Bank Balances	31-03-1990	As at
	Rs.	31-03-1989
	Rs.	Rs.
Cash on hand (Previous year Rs.31,466)	0.02	0.00
Balance with scheduled Banks		
i) In Current Accounts	3.62	69.10
ii) In Fixed Deposit Accounts	2.96	310.35
iii) In Portfolio Management Schemes (Refer Note No.4 of Schedule 'L')	125.00	0.00
	131.58	379.45
	131.60	379.45

SCHEDULE 'I'	As at	As at
LOANS AND ADVANCES (Unsecured, except otherwise stated, considered good)	31.03.1990	31.03.1989
	Rs.	Rs.
Advances recoverable in cash or in kind or for value to be received	4.16*	5.07*
Bills of Exchange	30.11	0.00
Interest Accrued on Fixed Deposits	3.48	0.00
Advance payment of Income-tax	2.27	1.25
Deposit with Custom	0.51	0.00
Other Deposits (Secured Rs.1.62 Crores (Previous year Rs.nil))	37.26	16.16
	77.79	22.48

* include Rs.0.04 crores (Previous year Rs.0.01 crores) due from officers of the Company. (Maximum Balance due at any time during the year: Rs.0.06 Crores) (Previous year Rs.0.01 Crores)

SCHEDULE 'J'	As at	As at
CURRENT LIABILITIES	31.03.1990	31.03.1989
	Rs.	Rs.
Acceptances	25.74	0.00
Sundry creditors	22.06	2.41
Interest Accrued out not due on loans	26.27	29.77
Unclaimed Dividend	0.11	0.00
Other Liabilities	1.16	12.32
	75.34	44.50

SCHEDULE 'K'	As at	As at
PROVISIONS	31.03.1990	31.03.1989
	Rs.	Rs.
Gratuity, Superannuation and Provident Funds	0.18	0.02
Provision for Taxation	0.94	0.94
Proposed Dividend	0.00	4.54
	1.12	5.50

SCHEDULE 'L' (Rs. in crores)

NOTES AND CONTINGENT LIABILITIES

- Figures are shown in crores d rupees in accordance with the approval from the Company Law Board, Western Region, Bombay. Figures less than Rs.50,000 have been shown at actuals in brackets. The Previous period's figures have been regrouped/recast wherever necessary.
- During the year under review, as a result of increase in project cost as explained in the Directors' Report, the company's funds were entirely identified with the activities conducted by the company for setting up the project on hand. There being no revenue operations, a Profit and Loss Account for the year has not been prepared and instead the net expenditure has been shown in the schedule of "Net Pre-operative Expenditure on implementation of Projects pending allocation" (Schedule 'F'). The figures for the previous period to the extent not adjusted against pie-operative expenditure and not shown in Schedule 'F' are as follows:

Income:	
Sales	0.01
Other income	11.20

11.21

Expenditure:	(Rs. in crores)	
Purchases	0.01	
Establishment and other expenses	0.58	
Interest	3.83	
Depreciation	0.83	
		5.25
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
3. Income arising out of deployment of funds available with the company has been reduced from the Pre-operative Expenditure pending allocation. The company has been advised that such income does not form a part of the income liable to tax and hence no provision for taxation has been made.		
4. During the year under review, the Company has placed sums aggregating to Rs. 125 crores (previous year Rs. Nil) with Scheduled banks under Portfolio Management Schemes. These sums have been shown under 'Balances with Scheduled Banks'. The Company has been given to understand by concerned banks that the said sums have been deployed by the banks in the undermentioned securities, as on 31st March, 1990.		
Units of Unit Trust of India (1964 Scheme)	38.00	
Government of India securities	62.00	
Bills of Exchange	25.00	
TOTAL	125.00	
Income earned on the said sums aggregating to Rs. 12.96 crores (previous year Rs. Nil) has been included in 'Other Income'		
5. Interest on unpaid calls is accounted as and when received.	As at 31.03.1990	As at 31.03.1989
6. Contingent Liabilities:		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on 31st March, 1990.	683.56	202.66
b. Outstanding guarantees furnished and letters of credit opened by bankers	57.48	0.00
c. Bonds executed in favour of Customs Authority	12.17	0.00
7. Auditors Remuneration:		
a. Audit Fees	0.02	0.02
b. For Tax Audit (including Rs. 0.01 crore for earlier period)	0.02	0.00
c. For certification matters (included under the head Deben- ture Issue Expenses)	0.00	0.04
	0.04	0.06
8. Expenditure in Foreign Currency:		
a. Interest on Debentures held by Non-residents on repatriation basis (gross)	0.42	0.00
b. Technical know-how & Engineering Fees	47.35	3.91
c. Other matters	12.02	0.16

		(Rs. in crores)	
		As at	As at
		31.03.1990	31.03.1989
		Rs.	Rs.
9. Earnings in Foreign Currency:			
Miscellaneous Income (Previous Year Rs. 16,753)		0.00	0.00
10. 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. 0.72 lacs per annum.			
i. Number of Employees		40	—
ii. Salaries and Bonus		0.40	0.00
iii. Contribution to Provident & other Funds		0.07	0.00
iv. Other Perquisites		0.07	0.00
b. Break-up of expenditure incurred on employees who were employed for part of the year and were in receipt of remuneration for any part of the year which in aggregate was not less than Rs. 6000 per month			
i. Number of Employees		137	38
ii. Salaries and Bonus		0.65	0.15
iii. Contribution to Provident & other Funds		0.12	0.03
iv. Other Perquisites		0.07	0.03
11. Licenced and Installed Capacity:			
	Licensed Capacity (M.T)	Installed Capacity (M.T)	
	1989-90	1988-89	1989-90
	1989-90	1988-89	1988-89
Mono Ethylene Glycol (MEG)	100000 *	60000 *	Under Implementation
Higher Ethylene Glycols (HEG)	5000 *	5000 *	Under Implementation
High Density Polyethylene (HDPE)	100000 +	50000	Under Implementation
Poly Vinyl Chloride (PVC)	100000	100000	Under Implementation
Chlorine	66000 *	66000 *	Under Implementation
Caustic Soda (By-Product)	78000 *	78000 *	Under Implementation
Hydrogen (By-Product)	1950 *	1950 *	Under Implementation
* Based on letter of Intent.			
+ Includes 50000 M.T. 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.			
13. Remittance in foreign currency on account of dividend			
Number of Non-resident shareholders		12074	—
Amount of dividend		0.05	0.00
Year to which dividend relates		1988-89	—
14. Quantitative information in respect of:			
a. Purchases	M.T.	Rs.	M.T.
b. Sales	—	0.00	5 0.01
15. Value of Imports on CIF Basis in respect of:			
a. Capital goods		27.82	0.00
b. Samples		0.08	0.00

As per our report of even date.
For **Chaturvedi & Shah**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

R.J. Shah
Proprietor

Bombay
Dated 30th June, 1990.

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

Chairman

M.D. Ambani
A.D. Ambani
A.S. Dayal
K.K. Pai
Y.P. Trivedi
C. Chandrasekhar

Directors

J.S. Bakshi
President (Commercial)

Duleep Singh
President (Hazira Site)

P.M. Rao
Dy. Company Secretary

Bombay
Dated 30th June, 1990.

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 Sixth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1990

OPERATIONS:

Your Company has incurred a loss of Rs.100 lacs during the year under review as against the previous loss of Rs.74.06 lacs for the period of 15 months. The loss is mainly due to the weaving activity attributed to the existing looms.

The Company's spinning unit is doing well and the modernisation of the spinning unit is now complete, after having incurred a capital expenditure of Rs.126 lacs. The Company is hopeful of better performance in the coming year.

DIVIDEND:

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Shri S. Natarajan and Shri Vinod M. Ambani retire by rotation and are eligible 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.

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

The particulars as prescribed under Sub-section (e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure-A which forms part of the Directors' Report.

PERSONNEL:

Information as per Section 217(2) 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, 1990 is given in Annexure B.

APPRECIATION:

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

For and on behalf of the Board

Registered Office:

3rd floor,
Maker Chambers IV,
222, Nariman Point,
Bombay 400 021.
Dated: 23rd July, 1990.

S. Natarajan

Vinod M. Ambani

Directors

ANNEXURE 'A' TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Energy Conservation Measures taken:

- 01 Group drive Motor of Higher H.P. has been replaced by lower H.P. Motor, thereby reducing the consumption of electrical energy.
- 02 Modification was done under distribution system so that requirement of electrical pump motor was reduced which has resulted in reducing electrical power consumption.

(b) Additional Investments and proposals being implemented for reduction of consumption of energy:

A study is being made to find the measures to further reduce the consumption of energy.

(c) Impact of Measures (a) and (b) for reduction of energy Consumption and consequent impact on the cost of production of goods:

Reduction of electrical energy and electrical power. The cost is reduced by Rs.90,000 approximately.

FORM - A

Form for disclosure of particulars with respect to conservation of Energy Part - A

A. POWER & FUEL CONSUMPTION:

Description	Current Year		Previous Year	
	01.04.89 to 31.03.90 (12 months)		01.01.88 to 31.03.89 (15 months)	
01 ELECTRICITY				
a) Purchased				
Units	7827093		9897280	
Total Amount	11312090		14066369	
Rate/Unit	1.45		1.42	
b) Own Generation				
i) Thru Diesel Generator:				
Unit	2420		81990	
Units per Ltr. of diesel-oil				
Cost/unit	2.4		2.4	
ii) Thru Steam				
Turbine/Generator:				
Units	—		—	
Unit per Ltr of fuel oil gas				
Cost/unit	—		—	
02 COAL				
Quantity (tonnes)	1780		2145	
Total Cost	1984594		2095515	
Average rate	1114.94		976.93	
03 FURNACE OIL				
Quantity (Kilo Ltrs.)	—		—	
Total Amount	—		—	
Average rate	—		—	
04 OTHERS/INTERNAL GENERATION				
Quantity	—		—	
Total Cost	—		—	
Rate/Unit	—		—	

Part - B

B. CONSUMPTION PER UNIT OF PRODUCTION:

	YARN (per Kg.)		FABRICS (per metre)	
	Current Year	Previous Year	Current Year	Previous Year
	Electricity:			
Units	5.27	5.34	0.41	0.42
Furnace Oil	—	—	—	—
Coal*	—	—	—	—
Others	—	—	—	—

* Coal is used for steaming and heating the yarn for the purpose of sizing. It has no link with the production.

FORM - B

(form for disclosure of particulars with respect to Technology Absorption)
The Company has no specific Research and Development Department, hence information to be given in Form-B are not relevant for the Company. However, the Company has a quality control department to check the quality of the products manufactured.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to exports - Company is making a study to explore the foreign market for export of Company's products:
- ii) Foreign Exchange used and earned: Nil

AUDITORS' REPORT

To
The Members of Devti Fabrics Limited

We have audited the attached Balance Sheet of DEVTI FABRICS LIMITED as at 31st March, 1990 and the Profit and Loss Account of the Company for the year 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 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 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, 1990; and
 - ii) in so far as it relates to the Profit and Loss Account of the Loss of the Company for the year ended on that date.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. SHAH
Proprietor

Bombay
Dated: **23rd July, 1990.**

For **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner

2. None of the fixed assets have been revalued during the year.
3. According to the information and explanation given to us, the stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management during the year. 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.5 of Schedule K, to the accounts, 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 interests 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 or 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.

ANNEXURE

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 most of the assets have been physically verified by the Management during the year and that no material discrepancies were noticed on such verification. In our opinion, the frequency of such physical verification is reasonable having regard to the size of the company and the nature of its assets.

-
15. In our opinion the company has an internal audit system commensurate with its size 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 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, 1990 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 the 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 the year, the value of which was significant.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Partner

Bombay
Dated: **23rd July, 1990.**

DEVTI FABRICS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1990

(Rs. in lacs)

	Schedule	As at 31.3.1990		As at 31.3.1989	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'	<u>21.01</u>		<u>21.01</u>	
			21.01		21.01
Loan Funds					
Secured Loans	'B'	<u>492.43</u>		556.08	
Unsecured Loans (from Holding Company)		<u>175.00</u>		<u>135.00</u>	
			<u>667.43</u>		<u>691.08</u>
TOTAL			<u>688.44</u>		<u>712.09</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	'C'	<u>571.32</u>		451.40	
Less: Depreciation		<u>176.75</u>		<u>126.63</u>	
			<u>394.57</u>		<u>324.77</u>
Current Assets Loans & Advances					
Current Assets	'D'				
Inventories		<u>127.13</u>		213.00	
Sundry Debtors		<u>1.05</u>		19.09	
Cash & Bank Balances		<u>8.42</u>		<u>103.33</u>	
		<u>136.60</u>		<u>335.42</u>	
Loans & Advances	'E'	<u>112.52</u>		<u>28.55</u>	
		<u>249.12</u>		<u>363.97</u>	
Less: Current Liabilities & Provisions	'F'				
Liabilities		<u>251.59</u>		172.40	
Provisions		<u>1.20</u>		<u>0.92</u>	
		<u>252.79</u>		<u>173.32</u>	
			<u>(3.67)</u>		<u>190.65</u>
Miscellaneous expenditure (to the extent not written off or adjusted)			<u>0.10</u>		<u>0.12</u>
Profit & Loss Account			<u>297.44</u>		<u>196.55</u>
TOTAL			<u>688.44</u>		<u>712.09</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

R.J. Shah
Proprietor

D. Chaturvedi
Partner

Vinod M. Ambani

Directors

Bombay
Dated: 23rd July, 1990.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

	Schedule	1989-90 (12 months)		(Rs. in lacs) 1988-89 (15 months)	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Net)		1217.30		1307.23	
Other income	'G'	232.57		235.46	
Variation in stock	'H'	<u>(68.35)</u>		<u>13.82</u>	
			1381.52		1556.51
 EXPENDITURE					
Purchases		164.12		79.52	
Manufacturing & Other Expenses	'I'	1197.43		1402.91	
Interest	'J'	70.39		91.64	
Depreciation		<u>50.47</u>		<u>56.50</u>	
			1432.41		1630.57
Profit/(Loss) for the period			(100.89)		(74.06)
<i>Add:</i> Balance brought forward from last year Profit/(Loss)			(196.55)		(122.49)
Balance carried to Balance Sheet			<u>(297.44)</u>		<u>(196.55)</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: 23rd July, 1990.

DEVTI FABRICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET SCHEDULE 'A'

	(Rs. in lacs)	
	As at 31.3.1990 Rs.	As at 31.3.1989 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 shares are held by Reliance Industries Limited, the Holding Company)	<u>21.01</u>	<u>21.01</u>

SCHEDULE 'B'

	(Rs. in lacs)	
	As at 31.3.1990 Rs.	As at 31.3.1989 Rs.
SECURED LOANS		
Working Capital Loan from a Bank	120.82	115.06
Working Capital Term Loan from a Bank	113.92	128.25
Rupee Term Loan from Financial Institutions	251.48	297.16
Deferred Payment Liabilities	6.21	10.11
Interest accrued and due	—	5.50
	<u>492.43</u>	<u>556.08</u>

NOTES:

- Working Capital Loan and Working Capital Term Loan from Bank are secured against hypothecation of present and future stock of raw materials, stock-in-process, finished goods, book debts, moveable 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 the 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.85 32 lacs repayable within one year.

SCHEDULE 'C'

FIXED ASSETS

Nature of Fixed Assets	(Rs in lacs)						
	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	As at 1.4.89 Rs.	Additions Rs.	Deductions Rs.	As at 31.3.90 Rs.	Total upto 31.3.90 Rs.	As at 31.3.90 Rs.	As at 31.3.89 Rs.
Buildings	17.61	8.09	—	25.70	2.34	23.36	16.13
Plant & Machinery	404.61	111.86	0.67	515.80	169.39	346.41	283.63
Electric Installation	17.04	191	—	18.95	3.62	15.33	14.01
Factory equipments	2.96	—	—	2.96	0.69	2.27	2.42
Furniture & Fixtures	2.98	1.14	—	4.12	0.50	3.62	2.64
Vehicles	1.03	—	0.30	0.73	0.21	0.52	0.77
Advance against Capital Expenditure	5.17	3.06	5.17	3.06	—	3.06	5.17
TOTAL	451.40	126.06	6.14	571.32	176.75	394.57	324.77
Previous year	384.83	88.10	21.53	451.40	126.63	324.77	

SCHEDULE 'D'

	(Rs in lacs)		(Rs in lacs)	
	As at 31-03-1990 Rs.	As at 31-03-1989 Rs.	As at 31-03-1990 Rs.	As at 31-03-1989 Rs.
CURRENT ASSETS				
Inventories (Valued at cost or market value whichever is lower as certified by the Management)				
Stores, spares, dyes, chemicals etc.	17.61	17.72		
Raw materials	58.03	75.44		
Stock-in-process	29.56	46.54		
Finished goods	19.56	71.71		
Others (includes stock of discarded machinery Rs.1.27 lacs at Book Value)	2.37	1.59		
	<u>127.13</u>	<u>213.00</u>		
Sundry Debtors				
Over six months: Considered Good	—	4.26		
Considered Doubtful	0.36	—		
Others Considered Good	1.05	14.83		
	<u>1.41</u>	<u>19.09</u>		
Less: Provision for doubtful debts	0.36	—		
	<u>1.05</u>	<u>19.09</u>		
Cash & Bank Balances				
Cash on Hand			2.24	0.72
Balances with Scheduled Banks				
In Current Accounts			6.00	102.43
In Fixed Deposit Accounts (Lodged with Central Excise Authorities)			0.18	0.18
			<u>8.42</u>	<u>103.33</u>
			<u>136.60</u>	<u>335.42</u>
C/f	128.18	232.09		

SCHEDULE 'E'

	As at		(Rs. in lacs)	
	31.3.1990		As at 31.3.1989	
	Rs.	Rs.	Rs.	Rs.
LOANS & ADVANCES (Unsecured considered good)				
Bill of Exchange	83.25			
Advances recoverable in Cash or in Kind or for value to be received	24.93		26.50	
Deposits	0.21		0.21	
Prepaid Expenses	3.07		1.79	
Balance with Central Excise Authorities	1.06		0.05	
	<u>112.52</u>		<u>28.55</u>	

SCHEDULE 'F'

	As at		(Rs in lacs)	
	31-03-1990		As at 31-03-1989	
	Rs.	Rs.	Rs.	Rs.
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors	248.78		168.52	
Interest accrued but not due on loans	2.81		3.88	
		251.59		172.40
PROVISIONS				
Gratuity & Superannuation funds		1.20		0.92
		<u>252.79</u>		<u>173.32</u>

SCHEDULE 'G'

	1989-90		(Rs. in lacs)	
	(12 months)		1988-89	
	Rs.	Rs.	(15 months)	Rs.
OTHER INCOME				
Processing charges	220.71		216.76	
Profit on sale of assets (net)	1.79		1.85	
Miscellaneous income	10.07		16.85	
	<u>232.57</u>		<u>235.46</u>	

SCHEDULE 'H'

	1989-90		(Rs. in lacs)	
	(12 months)		1988-89	
	Rs.	Rs.	Rs.	Rs.
VARIATION IN STOCK				
STOCK IN TRADE (at close)				
Finished Goods	19.56		71.71	
Stock-in-process	29.56		46.54	
Others	1.10		0.32	
		50.22		118.57
STOCK IN TRADE (at commencement)				
Finished 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>
		<u>(68.35)</u>		<u>13.82</u>

SCHEDULE 'I'

	1989-90		(Rs. in lacs)	
	(12 months)		1988-89	
	Rs.	Rs.	Rs.	Rs.
MANUFACTURING AND OTHER EXPENSES				
Raw Material Consumed				
Stock at commencement	75.44		36.89	
Add: Purchases	555.26		732.21	
	<u>630.70</u>		<u>769.10</u>	
Less: Sales	1.07		9.23	
	<u>629.63</u>		<u>759.87</u>	
Less: Stock at close	58.03		75.44	
		571.60		684.43
MANUFACTURING EXPENSES				
Carriage inward	1.16		2.02	
Stores and spare parts	43.67		48.30	
Dyes and chemicals	13.60		14.48	
Electric power, fuel and water	132.97		162.81	
Machinery repairs	9.53		4.31	
Building repairs	2.14		1.36	
Labour, processing and machinery hire charges	24.81		31.68	
Excise duty	87.43		76.72	
		315.31		341.68
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, wages and bonus	250.15		309.62	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	23.56		25.20	
Employees Welfare and Other Amenities	12.23		14.92	
		285.94		349.74
SALES & DISTRIBUTION EXPENSES				
Samples, Sales Promotion and Advertisement expenses	0.02		0.02	
Brokerage and Commission	1.42		1.48	
Packing expenses	2.62		3.98	
Freight and forwarding charges	1.23		0.35	
Octroi expenses	1.42		2.38	
Sales Tax	0.19		0.57	
		6.90		8.78
ESTABLISHMENT EXPENSES				
Insurance	3.76		3.32	
Rent	5.02		6.26	
Rates & Taxes	0.75		0.37	
Other repairs	0.34		0.71	
Travelling Expenses	0.68		0.96	
Payment to Auditors	0.35		0.44	
Directors' fees	0.02		0.04	
Provision for Doubtful Debts	0.36		—	
General expenses	6.40		6.13	
Charity & Donation	—		0.05	
		17.68		18.28
		<u>1197.43</u>		<u>1402.91</u>
SCHEDULE 'J'				
INTEREST				
fixed Loans	52.44		68.41	
Others (Net)	17.95		23.23	
		<u>70.39</u>		<u>91.64</u>

DEVTI FABRICS LIMITED

SCHEDULE 'K'

NOTES AND CONTINGENT LIABILITIES

- Figures of the previous year have been regrouped, wherever necessary to confirm to this year's figures.
- The current financial year is for period of 12 months as against 15 months in the previous financial year. The figures of the previous financial year are therefore not comparable.
- Interest on other accounts (net) is arrived at after adjusting Rs.0.89 lacs being interest received/receivable (Tax at source Rs.0.08 lace).
- Auditors' Remuneration:

	(Rs. in lacs)	
	31.3.1990	31.3.1989
	Rs.	Rs.
(a) Audit fees	0.25	0.31
(b) Tax Audit fees	0.10	0.13
	<u>0.35</u>	<u>0.44</u>

- The company has been accounting inability 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.0.10 Lacs in respect of such products at the end of 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 the loss of the current financial year
- Depreciation on assets has been provided on straight-line method for the financial year in accordance with the method and at the rates prescribed by Schedule XIV to the Companies Act, 1956.
- Contingent Liabilities:

	(Rs. in lacs)	
	31.3.1990	31.3.1989
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	0.06	130.72
Guarantees given by Bank of Baroda for DPG Scheme	0.90	2.19
Bonds executed in favour of Excise 8 Customs Authorities	3.00	3.00
Claims against the company not acknowledged as debts	1.01	0.61

8. Licenced & Installed Capacity (As certified by the Management)	Licenced Capacity		Installed Capacity	
	31.3.90	31.3.89	31.3.90	31.3.89
Spindles	Nos. 38368	38368	37536	36456
Looms	Nos. 490	490	490	490
		<u>31.3.90</u>		<u>31.3.89</u>

9. Production of finished Products meant for sale				
Blended yarn	M.T.	97	119	
Fabrics	Mtrs. in lacs	64.42	86.89	
10. Value of imports on CIF basis		Nil	Nil	
11. Expenditure in foreign currency		Nil	Nil	

12. Quantitative information:	31.3.1990		31.3.1989	
	Quantity	Rs. in lacs	Quantity	Rs. in lacs

(a) Opening stock				
i) Finished Stocks		71.71	34.34	
Yarn	M.T.	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	

(b) Closing Stock:						
i) Finished Stocks			19.56		71.71	
Yarn	M.T.	3		4		
Fabrics	Mtrs in lacs	1.06		5.15		
ii) Stock-in-process (Yarn)			29.56		46.54	
iii) Others			1.10		0.32	
(c) Purchases						
Fabrics	Mtrs. in lacs	12.13	164.12	6.62	79.52	
(d) Sales:						
Yarn	M.T.	98	113.17	133	134.63	
Fabrics	Mtrs. in lacs	80.64	1076.83	90.27	1168.80	
(e) Raw material consumed:						
Cotton	M.T.	234	53.19	318	80.93	
Fibre		259	198.98	729	279.96	
Yarn	M.T.	170	319.43	190	323.54	

13. Value of raw material consumed:	31.3.1990		31.3.1989	
	Rs. in lacs	% of total	Rs in lacs	% of total
Imported	—	—	—	—
Indigenous	571.60	100.00	684.43	100.00

14. Value of dyes & chemicals, stores and spare parts consumed:	31.3.1990		31.3.1989	
	Rs. in lacs	% of total	Rs in lacs	% of total
Imported	—	—	—	—
Indigenous	57.27	100.00	62.78	100.00

15. Earning in foreign exchange	31.3.1990		31.3.1989	
	RS.	Rs.	RS.	Rs.

16.(a) Break-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				
Number of employees	3	2		
Salaries and Bonus	1.63		1.30	
Contribution to Provident Fund & Superannuation Fund	0.39		0.32	
Other Perquisites	0.35		0.35	

(b) Break-up of expenditure incurred on employees who were employed for a part of the period 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				
Number of employees	1			
Salaries and Bonus	—		0.67	
Contribution to Provident Fund & Superannuation Fund	—		0.11	
Other Perquisites	—		0.12	

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

Bombay
Dated: 23rd July, 1990.

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

For and on behalf of the Board

S. Natarajan

Vinod M. Ambani

Directors

TRISHNA INVESTMENTS & LEASINGS LIMITED

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

DIRECTORS REPORT

To the Members.

Your Directors present the 4th Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March. 1990.

FINANCIAL RESULTS:

The Company during the year under review has incurred a loss of Rs.821.89 lacs as against the previous years' profit of Rs.61.20 lacs.

During the year 1988, your Company had acquired 39,00,000 Equity Shares of Rs.10/- each of M/s. Larsen & Toubro Limited. As the acquisition of the said shares was the subject matter of dispute in the Appeal pending before the Hon'ble Supreme Court with a view to show the Company's complete bonafides in the matter and put to an end to the entire controversy and the campaign of calumny and unseemly virulent attack on the Company and Financial Institutions the Company sold back the said 39,00,000 equity shares alongwith accretions to the Financial Institutions incurring a loss of Rs.1021.36 lacs in the process. Dividend income received during the financial year amounted to Rs.35.10 lacs.

INVESTMENTS:

During the year, the Company has acquired shares/debentures of various companies resulting in a net increase in its investments of Rs.10224.31 lacs.

DIVIDEND:

In view of the loss, the Board of Directors have not recommended any dividend for the period ended 31st March. 1990.

Bombay
Dated: 25th April, 1990

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(2 A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

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

Being an investment company, there are no particulars furnished in this report as required by Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption. There was no foreign exchange earnings or outgo during the year.

DIRECTORS:

As per the provisions of the Articles of Association, Shri F.N. Vazifdar and Shri R.P. Mehta, Directors of the Company 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 re-appointment if made, would be within the prescribed limits under Section 224(1) of the Companies Act. 1956.

For and on behalf of the Board

F.N. Vazifdar
V.T. Pai
B.K. Bhandary } *Directors*

AUDITORS' REPORT

To
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, 1990 and also the Profit & Loss Account for the year 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 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 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, 1990 and
 - ii) in so far as it relates to the Profit and Loss Account of the Loss of the Company for the year ended on that date.

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

O. CHATURVEDI
Partner

R.J. SHAH
Proprietor

Bombay
Dated: **25th April, 1990.**

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. The Company has not taken any other loans secured or unsecured from companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or from Companies under the same management as defined by subsection (1B) of Section 370 of the Companies Act, 1956.
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 year.
6. 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 year 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, 1990 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 maintained proper records of transactions and contracts in respect of trading in shares and debentures and timely entries have been made therein. All the shares and debentures are held by the Company in its own name or have been lodged for transfer.

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

O. CHATURVEDI
Partner

R.J. SHAH
Proprietor

Bombay
Dated: **25th April, 1990.**

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 year, 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 the clause A of paragraph 4 of the aforesaid Order are also not applicable.

TRISHNA INVESTMENT AND LEASINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1990

	Schedule	1989-90 (12 months)		(Rs. in thousands) 1988-89 (7 months)	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'		44		44
Reserves & Surplus	'B'		—		6112
Loan Funds					
Unsecured Loan	'C'		1498475		467900
TOTAL			1498519		474056
APPLICATION OF FUNDS:					
Investments	'D'		1497002		474571
Current Assets, Loans & Advances					
Debtors	'E'	107749		—	
Cash & Bank Balances		2146		51	
Loans and Advances		14677		1849	
		124572		1900	
Less: Current Liabilities & Provisions	'F'				
Current Liabilities		197073		356	
Provisions		2063		2063	
		199136		2419	
Net Current Assets			(74564)		(519)
Miscellaneous Expenditure (to the extent not written off or adjusted)			4		4
Profit & Loss Account			76077		—
TOTAL			1498519		474056
Notes and Contingent Liabilities	'H'				

As per our Report of even date

For and on behalf of the Board

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

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

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

Directors

Bombay
Dated: **25th April, 1990.**

TRISHNA INVESTMENT AND LEASINGS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

	Schedule	1989-90 (12 months)		(Rs. in thousands) 1988-89 (7 months)	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Dividend Income (Tax deducted at Source Rs.815 thousand, Previous year Rs.1849 thousands)			3510		8190
Interest received on securities (Tax deducted at Source Rs.772 thousand)			18263		—
Commission			752		—
EXPENDITURE					
Establishment & Other Expenses	'G'		3334		7
Loss on sale of Investment (Net)			<u>101380</u>		<u>—</u>
Profit before tax			(82189)		8183
Less: Provision for taxation			<u>—</u>		<u>2063</u>
Profit after tax			(82189)		6120
<i>Add/Less: Balance brought forward from last year</i>			<u>6112</u>		<u>(8)</u>
Balance carried to Balance Sheet			<u>(76077)</u>		<u>6112</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

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



Directors

Bombay
Dated: **25th April, 1990.**

TRISHNA INVESTMENT AND LEASINGS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

	(Rs. in thousands)	
	As at	As at
	31.3.1990	31.8.1989
	Rs.	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
	500	500
Issued & Subscribed & Paid-up		
4,400 Equity Shares of Rs.10/- each fully paid-up (Previous year 4,400 Equity Shares of Rs.10/ each)	44	44
All the above Shares are held by Reliance Industries Limited, the holding Company.	44	44

SCHEDULE 'B'

	(Rs. in thousands)	
	As at	As at
	31.03.1990	31.03.1989
	Rs.	Rs.
RESERVES AND SURPLUS		
Profit and Loss Account	—	6112
	—	6112

SCHEDULE 'C'

	(Rs. in thousands)	
	As at	As at
	31.03.1990	31.8.1989
	Rs.	Rs.
UNSECURED LOANS		
From Holding Company	1482900	467900
Short Term Loan from Bank	15575	—
	1498475	467900

SCHEDULE 'D'

	(Rs. in thousands)	
	As at	As at
	31.03.1990	31.03.1989
	Rs.	Rs.
OTHER INVESTMENTS: (QUOTED)		
Investment - At Cost		
13320355 Equity Shares of Larsen & Toubro Limited of Rs.10/- each fully paid up' (Previous year 3900000 Equity Shares of Rs.10/- each)	1336788	474571
175 Equity Shares of The Bombay Burmah Trading Corporation Ltd. of Rs.100/- each fully paid up	100	—
38857 Debentures Series III of Larsen & Toubro Limited of Rs.65/- each fully paid up	3225	—
1321778 Debentures Series IV of Larsen & Toubro Limited of 360185 Rs.300/- each partly paid up Rs.75/- per Debenture & 961593 of Rs.290/- each partly paid up Rs.72.50 per Debenture	131966	—
8744 Debentures Part B of Reliance Petrochemicals Ltd. of Rs 40/- each fully paid up	352	—
192474 Debentures Part C of Reliance Petrochemicals Ltd. of Rs 150/- each fully paid up	24571	—
	1497002	474571
Quoted Investment - Book Value	1497002	474571
Market Value	1238786	395850

SCHEDULE 'E'

	(Rs. in thousands)	
	As at	As at
	31.3.1990	31.8.1989
	Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets:		
Sundry Debtors	107749	—
Cash and Bank Balances:		
Cash on hand	4	4
Balance with a Scheduled Bank.		
In Current Account	2142	47
Loans and Advances		
Advance recoverable	10989	—
Advance payment of Tax	3688	1849
	124572	1900

SCHEDULE 'F'

	(Rs. in thousands)	
	As at	As at
	31.03.1990	31.03.1989
	Rs.	Rs.
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	196080	350
Other Liabilities	993	6
PROVISIONS		
For Taxation	2063	2063
	199136	2419

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'G'

	(Rs. in thousands)	
	1989-90	1988-89
	(12 months)	(7 months)
	Rs.	Rs.
EXPENDITURE		
Administrative Expenses	6	1
Finance Charges	1326	—
Commission	27	—
Directors Sitting Fees	—	1
Auditors Remuneration:		
Audit Fees	10	5
Legal & Professional Charges	1965	—
	3334	7

SCHEDULE 'H'

Notes forming part of the Balance Sheet and Profit and Loss Account for the year ended on 31st March, 1990

- The current financial year is for period of twelve months whereas the previous year was for a period of seven months. The current year's figures are to that extent not comparable.
- Previous period figures have been regrouped and/or rearranged wherever necessary.
- The acquisition of certain shares of Larsen & Toubro Limited by the Company was challenged in some legal proceedings. The matter was decided by the Honourable Bombay High Court in favour of the Company. While these matters were pending before the Honourable Supreme Court, the Company, with a view to put an end to the litigations agreed to sell the shares alongwith the accretions thereto to Financial Institutions. This transaction resulted in a loss of Rs. 1021.36 lacs to the Company.

4. CONTINGENT LIABILITIES

- | | (Rs. in lacs) |
|---|---------------|
| Guarantees given on behalf of others | 6420.00 |
| 5. (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 | Rs. NIL |
| (b) Employees who are 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. | NIL |
| 6. As the Company is not a manufacturing company, information in respect of manufacturing activities required under pares 3 and 4 of Schedule VI of the Companies Act, 1956 is not given. | |

As per our Report of even date

For and on behalf of the Board

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

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

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

Directors

Bombay
Dated: 25th April, 1990.