
Reliance Industries Limited

Annual Report 1990-91



Reliance Industries Limited

SEVENTEENTH
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

Mansingh L. Bhakta

T. Ramesh U. Pai

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

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.**

*Seventeenth
annual report
1990-91*

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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, Bhata P.O.,
Surat - Hazira Road,
Dist. Surat, Gujarat State.
Trishna Investments and Leasings Limited
Maker Chambers IV,
222, Nariman Point, Bombay 400 021.
Reliance Europe Limited
Devonshire House, 146, Bishopsgate
London EC2M 4JX

REGISTRARS & TRANSFER AGENTS

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

	1990-91	1989-90
	Rs.	Rs.
SALES	2098.34	1840.86
OTHER INCOME	6.55	15.64
(A)	2104.89	1856.30
Manufacturing and other expenses (B)	1617.87	1432.10
Gross Profit (A – B) (C)	487.02	424.20
Interest	187.05	171.73
Depreciation	174.42	161.97
(D)	361.47	333.70
Net Profit (C – D) (E)	125.55	90.50
WHAT THE COMPANY OWNED		
Fixed Assets		
Gross Block	2186.42	1998.79
Less: Depreciation (Cumulative)	703.85	529.78
Net Block	1482.57	1469.01
Investment	69.53	58.05
Current Assets	1160.22	1026.26
	2712.32	2553.32
WHAT THE COMPANY OWED		
Long Term Funds	708.96	595.89
Medium/Short Term Funds	131.26	219.50
Current Liabilities and Provisions	718.65	650.95
	1558.87	1466.34
NET WORTH OF THE COMPANY		
Equity Share Capital	152.12	152.12
Preference Share Capital	5.60	5.80
Reserves & Surplus	995.53	929.06
	1153.45	1086.98

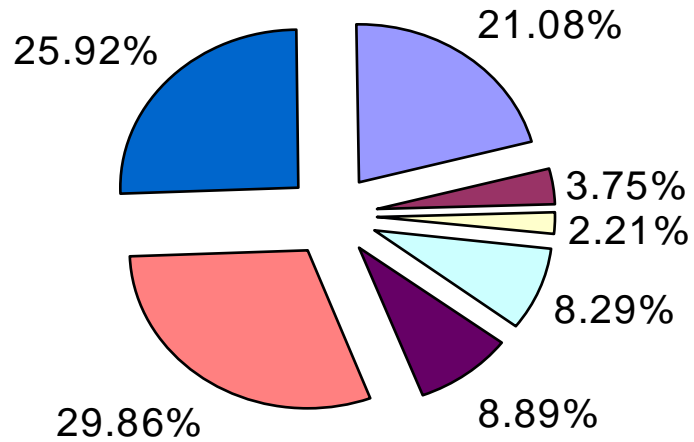
Highlights



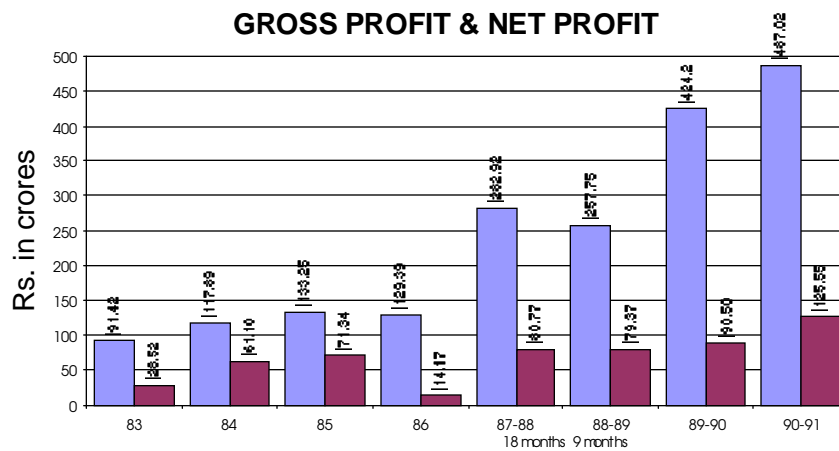
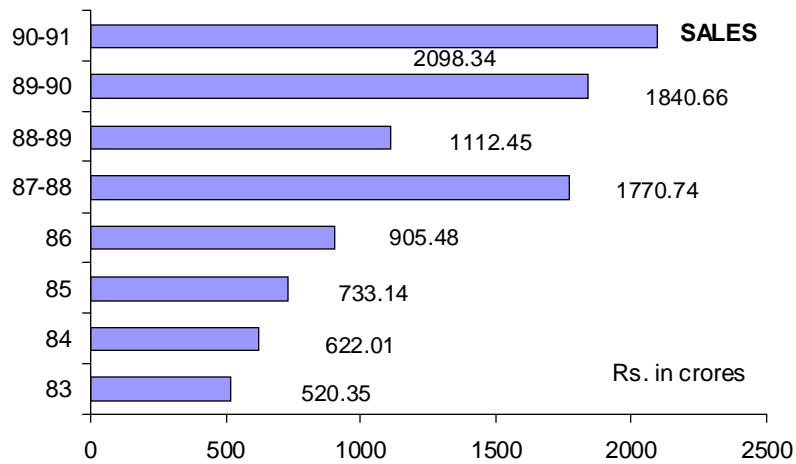
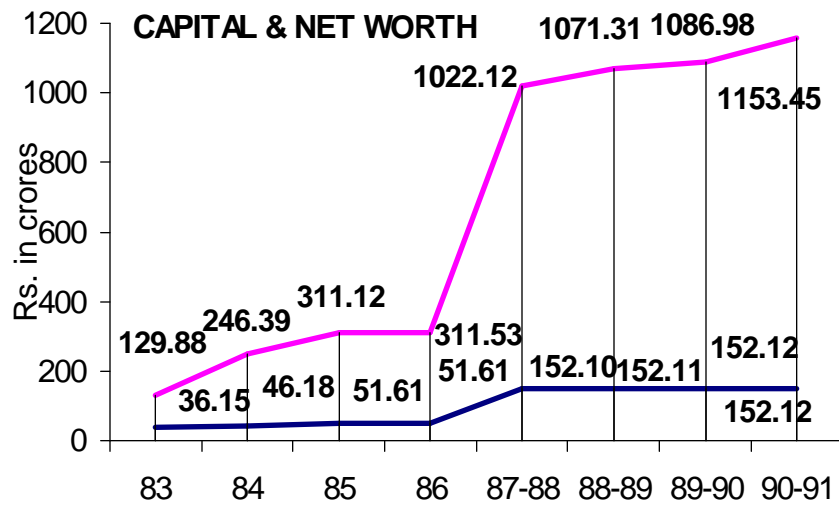
(Rs. in crores)

1989-80 (9 months)	1987-88 (18 months)	1986	1985	1984	1983
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1112.45	1770.74	905.48	733.14	622.01	520.35
7.88	7.45	5.73	4.94	7.11	4.68
1120.33	1778.19	911.21	738.08	629.12	525.03
862.58	1495.27	781.82	604.83	511.23	433.61
257.75	282.92	129.39	133.25	117.89	91.42
91.58	110.74	54.24	24.45	22.61	21.52
86.80	91.41	60.98	37.46	34.18	31.38
178.38	202.15	115.22	61.91	56.79	52.90
79.37	80.77	14.17	71.34	61.10	38.52
1871.76	1862.66	1137.55	735.68	530.93	394.88
368.98	278.58	188.09	128.88	104.65	73.42
1502.78	1584.08	949.46	606.80	426.28	321.46
58.50	1.25	0.37	37.30	0.17	0.12
849.46	607.83	1052.83	402.10	235.41	215.19
2410.74	2193.16	2002.66	1046.20	661.86	536.77
579.44	609.82	546.12	515.16	276.96	239.99
195.11	103.83	143.78	81.90	44.83	35.46
564.88	457.39	1001.23	138.02	93.68	131.44
1339.43	1171.04	1691.13	735.08	415.47	406.89
152.11	152.10	51.61	51.61	46.18	36.15
5.80	5.80	5.80	5.80	5.80	5.80
913.40	864.22	254.12	253.71	194.41	87.93
1071.31	1022.12	311.53	311.12	246.39	129.88

DISTRIBUTION OF INCOME 1990-91



- PURCHASES & RAW MATERIALS CONSUMED Rs.443.72 crores
- RETAINED EARNINGS Rs.79.05 crores
- DIVIDEND Rs. 46.5 crores
- DEPRECIATION Rs. 174.42 crores
- INTEREST Rs.187.05 crores
- EXCISE DUTY Rs. 628.51crores
- MANUFACTURING & OTHER EXPENSES Rs.545.64 crores



DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 17th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1991.

FINANCIAL RESULTS	(Rs. in crores)	
	<u>1990-91</u>	<u>1989-90</u>
Gross Profit before Interest and Depreciation	487.02	424.20
Less: Interest	187.05	171.73
Depreciation	174.42	161.97
Profit for the year	125.55	90.50
Less: Tax Liability for prior year	12.58	—
Add: Balance in Profit & Loss Account	30.26	19.36
Taxation Reserve written back	10.00	—
Investment Allowance Reserve written back	—	2.90
Available for Appropriation	<u>153.23</u>	<u>112.76</u>
Appropriations:		
a. Investment Allowance Reserve	50.00	10.00
b. Taxation Reserve	—	10.00
c. Debenture Redemption Reserve	16.00	8.00
d. General Reserve	13.00	8.00
e. Recommended dividend (subject to deduction of tax) on equity and preference shares.	46.50	46.50
Balance carried forward to Balance Sheet	27.73	30.26
	<u>153.23</u>	<u>112.76</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, 1991, 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.	<u>0.83</u>
	0.86

ON EQUITY SHARES

Dividend of Rs. 3.00 per Share on the Equity Shares of Rs.10 each fully paid up (pro-rata dividend wherever applicable)	45.64
	<u>46.50</u>

YEAR IN RETROSPECT

The overall performance of the Company during the year was satisfactory. The sales and other income during the financial year under review, rose to Rs.2105 crores (approx.) as compared to Rs.1856 crores (approx.) in the previous year, an increase of about 13%. The gross profit (after interest charges) was Rs. 299.97 crores against Rs.252.47 crores for the previous year, reflecting a growth of 18%.

The Company contributed nearly Rs. 826 crores to the national exchequer in the form of various taxes.

FIBRE DIVISION

i. Polyester Staple Fibre (PSF)

The Polyester Staple Fibre industry continues to face poor capacity

utilisation. The Industry has been operating at about 50% of installed capacity during the year. However, your Company's plant operated at nearly 100% of licensed capacity during the year. This was possible primarily due to the excellent product quality, as well as the introduction of several new products during the year. The Company's product not only maintained its leadership in India but also gained international acceptance.

ii. Polyester Filament Yarn (PFY)

The margins in the Polyester Filament Yarn industry continue to be under pressure on account of steep increase in Excise Duty levied in December, 1990 by a hefty Rs. 18 per Kg., leading to a lack of demand. This increase in Excise Duty makes PFY one of the highest excisable products in the country. The Industry has represented on several occasions for rationalisation of duty structure keeping in mind the growth trends and future capacity build-up. The Company is preparing itself to face stiff competition in the years ahead by launching a vigorous export drive by upgrading the quality of its products and by improving productivity, using innovative techniques.

FIBRE INTERMEDIATES DIVISION

Purified Terephthalic Acid (PTA)

The sales of PTA registered an increase of nearly 34% during the year. PTA is gaining increased acceptance in all polyester markets and the number of customers producing polyester through the PTA route have increased; a trend followed internationally by all major producers of polyesters. The Government of India during the year levied a Gulf surcharge on feed-stock for the production of PTA which led to an increase in costs. However, the Company was not able to increase its fair selling price although several representations were made to the Government to this effect. This led to pressure on margins on PTA.

DETERGENT INTERMEDIATES DIVISION

Linear Alkyl Benzene (LAB)

The sale of LAB registered a good growth of nearly 44% during the year. This was possible due to vigorous export drive which the Company undertook during the year. Export turnover rose from Rs.0.04 crores to nearly Rs.22 crores, a growth of 550%. The Company competed in the international market with leading European producers to establish its quality and position among leading customers in Europe.

TEXTILE DIVISION

The Company continues to aggressively market its fabrics under the "VIMAL" brand name in India. The Division is now gearing up to be a major exporter of synthetic fabrics to world's major markets such as Gulf, U.S.A. E.E.C. etc.

PROJECTS

I. Minimum Economic Scale (MES)

The Company is implementing the expansion of capacities of various projects under the Minimum Economic Scale (MES) announced by the Government of India. During the current financial year the capacity of the PTA plant will be increased from 1,00,000 to 2,00,000 TPA. The first stage of its expansion has already been completed. The capacity of the LAB plant is being increased from the present 60,000 to 80,000 TPA.

II. Broad Banding of Polyester Staple Fibre Plant

The Company has taken advantage of expanding the capacity of its Polyester Staple Fibre (PSF) from 45,000 to 60,000 TPA under the Minimum Economic Scale. However, considering the poor capacity utilisation in the Staple Fibre industry, the Company is taking advantage of Broad Banding Policy of the Government of India and will manufacture 15,000 TPA of Polyester Filament Yarn (PFY). This programme is likely to be completed in the current financial year.

III. LAB Front-End Project

The Company has been using imported N-Paraffin as a raw material for the manufacture of Linear Alkyl Benzene (LAB). The Company is planning to manufacture N-Paraffin from Kerosene under the Front-End Project during the current financial year. On commissioning, the Company would effect a saving of foreign exchange estimated at Rs.100 crores per annum.

IV. Joint Sector Project

As mentioned in the last year's Report, the Company entered into a Memorandum of Understanding with the West Bengal Industrial Development Corporation Limited (WBIDC) for setting up a Joint Sector Project for the manufacture of 15,000 tonnes per annum of Polyester Filament Yarn (PFY). The Company entered into a Joint Sector Agreement in December, 1990 for setting up a Joint Sector Company under the name Reliance Bengal Industries Limited to implement the project. Steps have been taken to amend the Letter of Intent to increase the capacity from 15,000 tonnes per annum of PFY to the minimum economic size of 25,000 tonnes per annum and also for transfer of the Letter of Intent in the name of the Joint Sector Company. The composite application for CG/FC has been submitted to the Government of India. The project has currently been estimated to cost around Rs. 300 crores.

V. Cracker Project

The Cracker Project for the manufacture of Ethylene, Propylene, Butadiene and other products to be located at Hazira (Gujarat) has been appraised by the Financial Institutions in 1990. To part finance the Rupee requirements of this project, the Company will shortly be approaching the Shareholders with a Rights Issue which has already been approved by them at the Extra Ordinary General Meeting held last year. The Cracker project will be the single largest in the Private Sector.

EXPORTS

The Company continued its export drive throughout the year. Your company's Polyester Staple Fibre and Linear Alkyl Benzene gained world acceptance during the year. The Company also sold its product to Du Pont under the prestigious DACRON brand name. Reliance is the first company outside the Du Pont Group to have accomplished this. World leaders in the detergent industry such as Proctor & Gamble, Unilever and Henkel Chemicals are now Company's major customers. Your Company continued to supply both these products in the domestic market under Advance Intermediate Licensing Scheme which helped the country to earn higher value addition. Your Company has identified Polyester Filament Yarn as the new thrust area for exports, apart from Synthetic Fabrics of all types. The Company is examining several projects in its current areas of business which will substantially enhance its manufactured exports during the coming years.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with 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.

OVERSEAS SUBSIDIARY

The Company has incorporated its wholly owned subsidiary namely Reliance Europe Limited with Registered Office in London. It has recently started its operations. The Company in the years to come will help to promote exports of your Company's products as well as trade in products not manufactured by your Company.

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. Reliance Petrochemicals Limited, Devti Fabrics Limited, Trishna Investments and Leasings Limited and Reliance Europe Limited and the respective Auditors' Report thereon for the year ended 31st March, 1991, are annexed.

FIXED DEPOSITS

Deposits of Rs. 1.35 crores due for repayment on or before 31st March, 1991 were not claimed by 2255 depositors as on that date. Of these, deposits amounting to Rs. 0.73 crores of 1220 depositors have since been repaid / renewed.

DEBENTURES

The funds raised through 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, as amended, 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

Shri M.D. Ambani resigned from the post of Executive Director in July, 1991. He however, continues as a Director. The Board wishes to place on record their sincere appreciation for the services rendered to the Company during his tenure as Executive Director.

Shri J.R. Shah has resigned from the Board and his resignation will take effect from 30th September, 1991. The Board wishes to place on record its sincere appreciation for the valuable guidance and wise counsel given by Shri Shah during his long tenure as a Director of the Company.

Shri T.R.U. Pai, Shri M.D. Ambani and Shri A.D. Ambani retire by rotation and being eligible offer themselves for re-election.

AUDITORS & AUDITORS' REPORT

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

The note to the Accounts No. 3 referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comment.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation to the assistance and cooperation 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: 13th September, 1991

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 1990-91 are given below:
- i) Utilization of excess fuel gas for captive consumption.
 - ii) Replacement of metallic fin-fan coolers by FRP fans in process and cooling towers.
 - iii) Re-arranging Air Compressors and thereby centralising at one location has reduced the consumption of electrical energy by reducing operation and time losses.
 - iv) Trimming of oversized impellers in centrifugal pumps, thereby reducing power consumption.
 - v) Installation of Air Pre-heater to conserve energy from fuel gases.
- b) ADDITIONAL INVESTMENTS AND PROPOSALS BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY.
- i) Steam recovery of boilers blowdowns.
 - ii) Integration in DOW system to avoid unnecessary heating/cooling to maintain desired temperature.
 - iii) Optimization of insulation thickness of piping system.
 - iv) Automation of air supply to waste cut-down basket.

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 in evaluation of performances, modernisation and upgradation of equipments, technical methods and precise instrumentation. These steps have enabled to optimise energy consumption at all the Plants. These efforts are combined with the systems of budgeting and energy audits.

FORM 'A'

Form for disclosure of particulars with respect to Conservation of Energy:

PART - A

		April 90 to March 1991	April 89 to March 1990
Power and Fuel consumption.			
1. Electricity			
a) Purchased Units (lacs)		3183.94	3017.46
Total Amount (Rs in lacs)		5052.55	4315.52
Rate/Unit (Rs.)		1.59	1.42
b) Own Generation			
i) Through Diesel Generator			
Units (lacs):		483.26	417.73
Unit per Ltr. of Diesel		3.52	3.56
Cost/Unit (Rs.)		1.43	1.33
ii) Through Steam Turbine/Generator: Units(lacs)		Nil	Nil
Unit per Ltr. of fuel oil/gas			
Cost/Unit (Rs.)			
2. Coal			
Quantity (tonnes)		9756.00	10050.00
Total cost (Rs. in lacs)		119.37	108.11
Average Rate per MT (Rs.)		1223.55	1075.70
3. Furnace Oil			
Quantity (K. Ltrs)		166661.00	165915.00
Total Amount (Rs. in lacs)		5850.60	5720.38
Average Rate per Ltr. (Rs.)		3.51	3.19
4. Others			
GAS			
Quantity (1000M ³)		16671.00	14760.00
Total Cost (Rs. in lacs)		319.00	271.39
Rate/Unit per 1000 M ³ (Rs.)		1915.00	1838.71
5. L D O			
Quantity (K. Ltrs.)		214.00	240.00
Total Cost (Rs. in lacs)		7.92	7.55
Rate/Unit per K. Ltr. (Rs.)		3.69	3.15

* Increase due to increase in prices, tariffs and Gulf Surcharge.

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)	980	1009	1370	1440	610	600	381	436	435	505
Furnace Oil (Ltrs)	48.3	83.5	105	200	107	220	417	80	347	474
Coal (Kgs)	145.7	190.4	—	—	—	—	—	—	—	—
Gas (M ³)	277	249	—	—	—	—	—	—	—	—
LSHS (MT)	4.3	—	139	—	133	—	—	—	—	—

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 RESEARCH AND DEVELOPMENT (R&D) IS BEING CARRIED OUT BY THE COMPANY.

Research work is being carried out in Polyester Staple Fibre, Polyester Filament Yarn and Petrochemical Processes. The stress has been on process modification, production development for better yield and quality, optimisation of process parameters, energy conservation, cost reduction and also import substitution.

Special attention for consistency in the shade and in quality with attractive patterns in fabrics produced have been achieved through series of laboratory trials coupled with process control measures. Resist and discharge type of prints developed to cater to special customers.

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

- a) Product Development/improvement:
- 1.0 denier fibre and commercial production of the same.
 - 1.2 Super High Tenacity for Serving threads.
 - 11.4 denier with coarser D.P.F and better tensiles.
 - Development of Fancy Fabrics in multiple blends.
 - Product Development:** 80/34 Trilobal bright POY Yarn and 86/34 Semi-dull POY yarn.
 - Product improvement:** Commercial production of 0.05% T102 Bright 1.5 Trilobal fibre.
 - Development of high speed process for the production of 235/34 semi-dull POY yarn.

b) IMPORT SUBSTITUTION

- Development of indigenous spin finish components and spinnerette mould release agents.
- Development of indigenous cromper spares, draw roll, Annealer Rails in PSF section.

Considerable savings effected in PFY section to the extent of Rs. 56 lacs.

3. FUTURE PLAN OF ACTION

Projects are proposed for the following:

- Production of fancy fabrics by single bath dyeing in multiple blends.
- Introduction of continuous polyester filter for POY yarns suitable for very high speed texturing.
- Modification of Radial quench units for better air sealing.
- Development of coarser trilobal fibre/and speciality fibre for sanitary napkins.
- Indigenisation of DS-3 Spinfinish.
- Reduction in the consumption of finish and soft water at drawing stages for reduction of DEG in polymer.
- Improved Glycolysis filtration for accurate 'G' monomer injection.

4. EXPENDITURE ON R&D

(Rs. in lacs)

a) Capital	—
b) Recurring	77.13
c) Total	77.13
d) Total R&D expenditure as a percentage of total turnover.	0.04%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- To develop uses of by products generation in the manufacturing process.
- To improve yield and recovery of catalysts.
- Indigenise DS-3 spin finish.
- Indigenise various spares and consumables.

INFORMATION REGARDING IMPORTED TECHNOLOGY

PRODUCT	TECHNOLOGY FROM (a)	YEAR OF IMPORT (b)	STATUS OF IMPLEMENTATION (c)
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 plan. | Detailed information in main report. Rs. in Crs. |
| ii) Total foreign exchange used and earned: | |
| a) Total foreign exchange earned. | 55.95 |
| b) Total savings in Foreign Exchange through products manufactured by the Company and deemed exports. | 714.22 |
| | 770.17 |
| c) Total foreign exchange used | 248.29 |

AUDITORS' REPORT

To the Members of Reliance Industries Limited

We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March, 1991 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.
 - (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.3 of Schedule N to the Accounts, the items of income and expenditure mentioned therein continue to be accounted for on cash basis.
 - (ii) The Company has accounted for export incentives on cash basis which in the past were accounted for on accrual basis resulting in an understatement of profit for the year by Rs.85 lacs.
 - (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, 1991; 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,

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

Dated: **28th June, 1991**

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 except in respect of certain items of furniture and fixtures. In respect of the records of the assets of the Patalganga complex, the same were recompiled on the basis of available information. According to the information and explanations given to us, most of the Fixed Assets were physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the available 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. In respect of stores and spares, the discrepancies noticed on such verification have been appropriately dealt with in the accounts.
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.9 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 purchase 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. According to the information and explanations given 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 1991 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 of the Company which form an insignificant part of its operations 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,

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

Dated: **28th June, 1991**

BALANCE SHEET AS AT 31st MARCH, 1991

	Schedule	As at 31st March, 1991		(Rs. in crores) As at 31st March, 1990	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'	157.92		157.92	
Reserves and Surplus	'B'	<u>995.53</u>		<u>929.06</u>	
			1,153.45		1,086.98
Loan Funds					
Secured Loans	'C'	939.13		903.59	
Unsecured Loans	'D'	<u>162.39</u>		<u>212.60</u>	
			1,101.52		1,116.19
			<u>2,254.97</u>		<u>2,203.17</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block		2,186.42		1,998.79	
Less: Depreciation		<u>703.85</u>		<u>529.78</u>	
Net Block	'E'		1,482.57		1,469.01
Investments					
	'F'		69.53		58.05
Current Assets, Loans and Advances					
Current Assets					
Inventories	'G'	411.51		377.56	
Sundry Debtors		327.31		304.90	
Cash and Bank Balances		<u>40.40</u>		<u>16.53</u>	
			779.26		698.99
Loans and Advances	'H'	<u>380.96</u>		<u>327.27</u>	
		1,160.22		1,026.26	
Less: Current Liabilities and Provisions					
Current Liabilities					
Current Liabilities	'I'	410.04		301.28	
Provisions		<u>47.31</u>		<u>48.87</u>	
		457.35		350.15	
			702.87		676.11
TOTAL		<u>2,254.97</u>		<u>2,203.17</u>	
Notes and Contingent Liabilities	'N'				

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

R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

For and on behalf of the Board
D.H. Ambani
Chairman & Managing Director

J.R. Shah
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: **28th June, 1991.**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1991,

(Rs. in crores)

	Schedule	As at		As at	
		31st March, 1991	31st March, 1990	31st March, 1990	31st March, 1990
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales		2,098.34		1,840.66	
Other Income	'J'	6.55		15.64	
Variation in Stock	'K'	32.69		3.32	
			2,137.58		1,859.62
EXPENDITURE					
Purchases		57.69		20.94	
Manufacturing and Other Expenses	'L'	1,592.87		1,414.48	
Interest	'M'	187.05		171.73	
Depreciation		174.42		161.97	
			2,012.03		1,769.12
Profit for the year			125.55		90.50
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	
Less: Tax liability of prior years		12.58		—	
Less: Taxation Reserve written back		10.00		—	
			2.58		—
			122.97		90.50
Add: Balance brought forward from last year			30.26		19.36
			153.23		109.86
Add: Investment Allowance (Utilised) Reserve written back			—		2.90
Amount Available For Appropriations:			153.23		112.76
APPROPRIATIONS					
Taxation Reserve		—		10.00	
Investment Allowance Reserve		50.00		10.00	
Debenture Redemption Reserve		16.00		8.00	
General Reserve		13.00		8.00	
Proposed Dividend (subject to tax):					
Preference Shares		0.86		0.86	
Equity Shares		45.64		45.64	
			125.50		82.50
Balance carried to Balance Sheet			27.73		30.26
Notes and Contingent Liabilities	'N'				

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

For **CHATURVEDI & SHAH**
 Chartered Accountants

R.J. Shah
 Proprietor

D. Chaturvedi
 Partner

Bombay
 Dated: **28th June, 1991.**

For and on behalf of the Board
D.H. Ambani
 Chairman & Managing Director

J.R. Shah
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

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL	As at 31st March, 1991		(Rs. in crores) As at 31st March, 1990	
	Rs.	Rs.	Rs.	Rs.
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: Equity				
15,21,46,493 Equity Shares of Rs.10 each		<u>152.15</u>		<u>152.15</u>
Subscribed: Equity				
15,20,97,285 Equity Shares of Rs.10 each fully paid up (Previous year 15,21,46,493 Equity Shares of Rs.10 each fully called up-152.14 Crores)	152.10		152.14	
Less: Calls unpaid	—		0.02	
Add: Shares forfeited (Amount originally paid up on 49,208 Equity Shares)	0.02		—	
		<u>152.12</u>		<u>152.12</u>
Issued & Subscribed: Preference				
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>157.92</u>

Of the above Equity Shares:

- 1,56,78,440 Shares were allotted as fully paid-up Bonus Shares by capitalisation of Share Premium and Reserves
 - 60,62,000 Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payments being received in cash.
 - 9,44,78,433 Shares were allotted as fully paid-up Shares on conversion/surrender of Debentures.
 - 13,24,000 Shares were issued on conversion of Term Loans
 - 4,453 Shares (including 1,660 Shares by way of Bonus Shares by Capitalisation of Share Premium and Reserves) are reserved for allotment to some of the Shareholders/purported transferees of shares of erstwhile The Sidhpur Mills Company Limited.
- The Company will be required to issue and allot additional 18,667 Equity Shares of Rs.10 each at a premium of Rs.15/- per share to the shareholders of erstwhile The Sidhpur Mills Company Limited as Right Shares, if the Court so decides.

SCHEDULE 'B'

(Rs. in crores)

RESERVES & SURPLUS

	As at 31st March, 1991 Rs.		As at 31st March, 1990 Rs.	
Debenture Redemption Reserve				
As per last Balance Sheet	18.25		10.25	
Add: Transferred from Profit & Loss Account	16.0		8.00	
		34.25		18.25
Share Premium Account				
As per last Balance Sheet	673.17		673.29	
Less: Calls unpaid - by others	—		0.12	
	673.17		673.17	
Add: Received during the year (Rs.47,075)	—		—	
		673.17		673.17
Investment Allowance Reserve				
As per last Balance Sheet	10.00		30.00	
Add: Transferred from Profit & Loss Account	50.00		10.00	
	60.00		40.00	
Less: Utilised for purchase of machinery during the year transferred to Investment Allowance (Utilised) Reserve	10.00		30.00	
		50.00		1 0.00
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	149.90		113.80	
Add: Transferred from Investment Allowance Reserve	10.00		30.00	
	150.90		143.80	
Less: Transferred to Profit and Loss Account to the extent not required	—		2.90	
		150.90		140.90
Taxation Reserve				
As per last Balance Sheet	20.00		10.00	
Add: Transferred from Profit and Loss Account	—		10.00	
Less: Transferred to Profit and Loss Account	10.00		—	
		10.00		20.00
General Reserve				
As per last Balance Sheet	36.48		56.84	
Less: Transferred to Profit and Loss Account	—		28.36	
	36.48		28.48	
Add: Amount transferred from Profit & Loss Account	13.00		8.00	
		49.48		36.48
Profit & Loss Account		27.73		30.26
		995.53		929.06

SCHEDULE 'C'

(Rs. in crores)

SECURED LOANS

A) DEBENTURES:

- i) 13.5% Convertible Secured Debentures of Rs.150 each fully paid (Series 'E')
Less: Converted

As at		As at	
31st	March, 1991	31st	March, 1990
Rs.	Rs.	Rs.	Rs.
80.00		80.00	
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')
Less: Bought back (Net of re-issue)

270.00		270.00	
12.42		3.33	
<u>257.58*</u>		<u>266.67</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

155.00		80.00	
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465.91

400.00

B) TERM LOANS

1. From Banks

- a) Foreign Currency Loans
b) Rupee Loans

45.19		59.14	
—		0.37	
<u>45.19</u>		<u>59.51</u>	

2. From Financial Institutions

- a) Foreign Currency Loans
b) Rupee Loans

116.23		95.53	
27.48		19.16	
<u>143.71</u>		<u>114.69</u>	

3. From Others:

Housing Development Finance Corporation Ltd.

3.10		4.11	
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192.00

178.31

C) WORKING CAPITAL LOANS

From Banks

261.30

300.80

D) WORKING CAPITAL TERM LOANS

From Banks

19.92

24.48

939.13

903.59

SCHEDULE 'C' (Contd.)**NOTES:**

Of the above:

1. (a) Debentures referred in A(ii), Term Loans referred in B save and except B(1)(a) to the extent of Rs.14.17 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/to be 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 by hypothecation on the moveable properties situated at Patalganga, District Raigad in the state of Maharashtra. The Debentures aggregating to Rs.80 crores, 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.
The Debentures aggregating to Rs.75 crores issued during the year are to be redeemed at a premium of 5% on the face value of the Debentures between 6th year and the 8th year from the date of allotment in equal instalments. The redemption of these debentures will commence from 1997.
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. These Debentures along with Cumulative interest payable on the Debentures referred to in A(ii) shall rank subsequent to the charges created/to be 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 buy-back at par the said Debentures provided:
 - (i) the face value of the total holdings of the debentureholder in each case does not exceed Rs.40,000 and
 - (ii) the debentureholder has held the debentures for a period of not less than one year on the date of his offer.(c) The Company can re-issue at par such bought back Debentures.
(d) The Company received request for buy-back of Debentures after the end of the financial year of an aggregate nominal value of Rs.0.92 crores till date (Since paid Rs.0.21 crores).
4. (i) Term Loan referred in B(1)(a) to the extent of Rs.6.44 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.7.73 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.
(iii) Term Loans referred in B(1)(a) secured/to be secured against the fixed Assets referred to in para (1) (a) above, exclude Rs.6.50 crores availed for MEG project which is being implemented by Reliance Petrochemicals Limited and is accordingly transferred to them.
5. The Term Loans referred in B(2)(a) include an amount of Rs.26.51 crores for acquiring Building Ethylene Carriers which are, inter alia, secured/to be secured additionally by:
 - (a) A first mortgage on the said Ethylene Carriers;
 - (b) A mortgage/charge on all moveable properties of the Company, both present and future, pari passu with other lenders, subject to prior charges to be created in favour of the Company's Bankers for borrowings for working capital requirements.
 - (c) Hypothecation over its receivables and other current assets ranking after the charge in favour of Commercial Banks for the purpose of working capital.
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 Panvel and Mohapada, District Raigad in the state of Maharashtra.
7. The charges created/to be 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(i)(a) to the extent of Rs.6.44 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.48.82 crores repayable within one year excluding monies payable on surrender of debentures under buy-back scheme as mentioned in 3(b) above.

SCHEDULE 'D'

(Rs. in crores)

UNSECURED LOANS

Fixed Deposits

(including Cash Certificates of Rs.6.90 crores)

Short Term Loans from:

- i) Financial Institutions
- ii) Banks

Interest free Loans under Sales-tax deferral 1983 scheme

	As at 31st March, 1991		As at 31st March, 1990	
	Rs.	Rs.	Rs.	Rs.
Fixed Deposits		62.30		176.02
Short Term Loans from:				
i) Financial Institutions	—		3.00	
ii) Banks	49.04		16.00	
		49.04		19.00
Interest free Loans under Sales-tax deferral 1983 scheme		51.05		17.58
		162.39*		212.60

* Includes Rs.72.95 crores repayable within one year

SCHEDULE 'E'

FIXED ASSETS

(Rs. in crores)

Nature of Fixed Assets	GROSS BLOCK (AT COST)				DEPRECIATION		NET BLOCK	
	As at 1.4.90 Rs.	Additions Rs.	Deductions Rs.	As at 31.3.91 Rs.	Total upto 31.3.91 Rs.	As at 31.3.91 Rs.	As at 31.3.90 Rs.	
Goodwill	1.23	—	—	1.23	—	1.23	1.23	
Leasehold Land	4.85	—	—	4.85	—	4.85	4.85	
Freehold Land	0.11	—	—	0.11	—	0.11	0.11	
Buildings	99.05	29.90	0.64	128.31	12.99	115.32	88.52	
Plant & Machinery	1,718.79	54.80	0.76	1,772.83	673.37	1,099.46	1,213.22	
Electric Installation	46.47	2.34	0.03	48.78	8.82	39.96	39.57	
Factory Equipments	7.02	0.15	0.01	7.16	2.16	5.00	5.21	
Furniture & Fixtures	23.85	1.71	0.16	25.40	5.52	19.88	19.57	
Vehicles	4.22	1.66	0.18	5.70	0.99	4.71	3.53	
Capital Expenditure pending allocation	56.15	119.54	29.64	146.05	—	146.06	56.15	
Ships under Commissioning/ Construction	—	44.53	—	44.53	—	44.53	—	
Sub-Total	1,961.74	254.63	31.42	2,184.95	703.85	1,481.10	1,431.96	
Advance against Capital Expenditure	37.05	0.94	36.52	1.47	—	1.47	37.05	
Total	1,998.79	255.57	67.94	2,186.42	703.85	1,482.57	1,469.01	
Previous Year	1,871.76	268.75	141.72	1,998.79	529.78	1,469.01	—	

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.6.07 Crores (ii) Cost of ownership premises in Cooperative Housing Societies Rs.1.11 Crores.
- (c) Plant and Machinery includes Rs.62.54 Crores under installation.
- (d) Electric installation includes Rs.10.96 Crores under installation.
- (e) Furniture & Fixtures includes Rs.0.30 Crore being work-in-progress
- (f) Capital Expenditure pending allocation consist of:
 - i) Rs.107.33 Crores on account of pre-operative expenses (Previous year Rs.20.60 Crores) as per note no. 16 of Schedule 'N'.
 - ii) Rs.38.72 Crores on account of cost of construction materials at site (Previous year Rs.35.56 Crores)

SCHEDULE 'G'

(Rs. in crores)

CURRENT ASSETS

INVENTORIES (at cost or market value whichever is lower except otherwise stated)

(Certified and valued by the Management)

Stores, spares, dyes, chemicals, etc.
Raw materials
Stock-in-transit
Stock-in-process
Finished goods
Others

As at
31st March, 1991
Rs. Rs.
79.34
91.07
—
93.93
145.42
1.75

As at
31st March, 1990
Rs. Rs.
98.88
62.19
8.04
89.75
117.15
1.55

411.51

377.56

SUNDRY DEBTORS

Over six Months:
Considered good
Considered doubtful

29.01
4.66

30.80
4.66

Less: Provision for doubtful debts

33.67
4.66

35.46
4.66

Others considered good

29.01
298.30 *

30.80
274.10

327.31

304.90

CASH AND BANK BALANCES

Cash on hand
Balance with Scheduled Banks In Current Accounts
In Fixed Deposit Accounts
Balance in Current Account with Barclays Bank PLC U.K. Rs. NIL (Previous year Rs.13,336) (Maximum balance during the year Rs.0.04 crore)

0.23
40.01
0.24

0.42
15.85
0.26

40.44

16.53

779.26

698.99

* includes Rs.2.01 crores and Rs.14.46 Crores due from Devti Fabrics Ltd. and Reliance Europe Ltd. respectively (subsidiary companies) and Rs.58.59 crores on account of Bills of Exchange

SCHEDULE 'H'

LOANS AND ADVANCES

UNSECURED - (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

Loans to subsidiary companies

- i) Devti Fabrics Limited
(Maximum debit balance at any time during the year Rs.1.75 crores)
(Refer Note No.14)
- ii) Trishna Investments and Leasings Ltd.
(Maximum debit balance at any time during the year Rs.148.29 crores)
(Refer Note No.14)
- iii) Reliance Petrochemicals Limited
(Maximum debit balance at any time during the year Rs.100.00 crores)

1.75

1.75

148.29

148.29

100.00

50.00

250.04

200.04

Advances recoverable in cash or in kind or for value to be received

Deposits

Balance with Customs, Central Excise Authorities, etc.

79.23 *

97.82

45.59

24.65

6.10

4.76

380.96

327.27

* Includes

Rs.0.18 crore from Officers (Previous year Rs.0.18 crore) Maximum balance at any time during the year Rs.0.18 crore.

SCHEDULE 'L'

(Rs. in crores)

MANUFACTURING & OTHER EXPENSES

	1990-1991		1989-1990	
	Rs.	Rs.	Rs.	Rs.
RAW MATERIALS CONSUMED				
Stock at commencement	62.19		68.43	
Add: Purchases	447.60		530.95	
	509.79		599.38	
Less: Stock at close	91.07		62.19	
		418.72		537.19
MANUFACTURING EXPENSES				
Stores & spare parts	83.58		33.79	
Dyes & Chemicals	55.94		52.95	
Electric Power, fuel and water	115.18		105.47	
Machinery repairs	5.12		9.93	
Building repairs	2.49		1.82	
Labour, Processing and machinery hire charges	17.73		14.96	
Excise Duty	628.51		445.02	
Lease Rent	24.16		24.24	
		932.71		688.18
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages & Bonus	39.99		31.37	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	4.51		3.94	
Employees' Welfare and other amenities	12.20		8.56	
		56.70		43.87
SALES & DISTRIBUTION EXPENSES				
Samples, Sales Promotion and Advertisement Expenses	9.19		11.87	
Brokerage and Commission	27.26		19.30	
Packing Expenses	29.54		24.84	
Warehousing Charges	0.93		2.81	
Freight and forwarding charges	15.19		14.30	
Octroi Expenses	1.41		2.25	
Sales Tax	33.91		19.73	
		117.43		95.10
ESTABLISHMENT EXPENSES				
Insurance	13.05		9.38	
Rent	2.54		0.80	
Rates and taxes	1.12		0.12	
Other repairs	4.41		3.45	
Travelling expenses (including Rs.0.13 crore for Directors)	3.16		2.60	
Payment to Auditors	0.29		0.29	
General Expenses	42.70		31.68	
Provision for doubtful recoveries	—		1.75	
Loss on sale of Assets	0.04		0.07	
		67.31		50.14
		1592.87		1414.48

SCHEDULE 'M'

(Rs. in crores)

INTEREST

	1990-1991	1989-1990
	Rs.	Rs.
Debentures	61.20	60.42
Fixed Loans	36.63	45.39
Others (Net)	89.22	65.92
	187.05	171.73

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The previous year's figures have been regrouped wherever necessary.
2. 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.
3. (a) 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 including waste of POY/PSF.
(b) The Company has accounted for export incentives on cash basis which in the past were accounted on accrual basis. Consequently, profit for the year is lower by Rs.0.85 crores.
4. Sales is inclusive of Rs.12.28 crores being the recovery of Sales Tax.
5. Interest - Others(Net)' is arrived at after deducting Rs. 0.59 crores (Tax at source Rs. 0.07crore) being interest received/receivable.
6. Income and Expenditure amounting to Rs.2.18 crores and Rs.7.76 crores respectively relates to the previous year.

		(Rs. in crores)	
		1990-1991	1989-1990
		Rs.	Rs.
7.	(i) Auditors' Remuneration:		
	(a) Audit Fees	0.17	0.17
	(b) Tax Audit Fees	0.07	0.07
	(c) For Certification and Consultation in Finance and Tax matters	0.05	0.04
	(d) Out-of-pocket expenses (Rs.37335)	—	0.01
		<u>0.29</u>	<u>0.29</u>
	(ii) Cost Auditor		
	Audit Fees (Rs.50,000) (Previous year Rs. Nil)	—	—

8. (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)	
		1990-1991	1989-1990
		Rs.	Rs.
	i) Salaries	0.08	0.07
	ii) Contribution to Provident Fund and Superannuation Fund	0.02	0.02
	iii) Provision for Gratuity (as per actuarial valuation) (Rs. 35000) (Previous year Rs.47200)	—	—
	iv) Perquisites	0.03	0.03

9. 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.41.27 crores in respect of such item 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.
10. (a) The Company has been accounting foreign currency loans 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.62.27 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 the cost of rollover charges on forward contracts to respective fixed assets and depreciation thereon has accordingly been provided for in the accounts.
11. The Income-tax assessments of the Company have been completed upto Assessment Year 1988-89. The total demands raised by the Income Tax Department upto the said assessment years are Rs.21.36 crores which are disputed. Based on the decisions of the First Appellate Authorities and other relevant provisions, the Company has been advised that the liability would not exceed Rs.12.58 crores. Accordingly, a provision for Rs.12.58 crores has been made in this respect in the accounts.
The Company has been advised that no provision for taxation is necessary for the current financial year in view of various unabsorbed past reliefs and that the taxation reserve created in the past amounting to Rs.10 crores would be adequate enough to meet the liabilities, if any, in respect of pending assessments.
12. Guidelines dated 14th January, 1987 of the Government of 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.16.00 crores during the financial year to the Debenture Redemption Reserve.

13. 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.
14. (a) 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., respectively, the 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.2.01 crores from Devti Fabrics Limited, and guarantees to Banks and Financial Institutions of Rs.6.00 crores aggregate to Rs.158.05 crores. The losses of these companies exceed their paid up capital and reserves on 31st March, 1991. 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.
- (b) The Company has issued guarantees to banks and financial institutions aggregating to Rs.217 crores in respect of credit facilities extended to Reliance Petrochemicals Limited, a subsidiary company.
15. The Company had received Demand Notices aggregating to Rs.15.40 crores being alleged differential stamp duty payable under Bombay Stamp Act in respect of debenture trust deeds executed in the State of Gujarat. The Matter is pending in the Bombay High Court. The Honourable High Court at Bombay has granted a stay of enforcement of these demands. The Company has been advised that there will be no liability in this regard and accordingly no provision has been made in this respect in the Accounts.

16. Pre-Operative expenses in respect of Projects upto 31st March, 1991 to be capitalised.

		(Rs. in crores)	
	1990-1991	Upto 31.3.90	Total upto 31.3.1991
	Rs.	Rs.	Rs.
Transportation	0.28	—	0.28
Lease Expenses	8.71	—	8.71
Insurance	0.92	0.66	1.58
Travelling Expenses	0.09	0.07	0.16
General Expenses	67.34 *	17.00	84.34
Interest:			
Fixed loans	5.94	—	5.94
Others (Net)	5.40	2.87	8.27
	<u>88.68</u>	<u>20.60</u>	<u>109.28</u>
Capitalised by allocating to Building and Plant & Machinery			1.95
			<u>107.33</u>

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

* Includes Rs.28.88 crores for acquisition of import licences.

17. CONTINGENT LIABILITIES

	(Rs. in crores)	
	1990-91 Rs.	1989-90 Rs.
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	216.24	89.10
(b) Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit opened by Bankers	342.93	304.59
(c) Liability in respect of Bills discounted with Bankers	32.30	—
(d) Bonds executed in favour of Excise and Custom Authorities	2.71	19.28
(e) Uncalled liability on partly paid shares (Rs. 16,875) (Previous year Rs.16,875)	—	—
(f) Claims against the company/disputed liabilities not acknowledged as debts including Rs.3.88 crores for excise duty (Previous year Rs.3.57 crores)	9.11	7.78

(g) Export bills discounted against irrevocable Letters of Credit				0.93	0.01
(h) Indemnities towards export obligations against capital goods import				0.67	0.67
(i) Guarantee to Banks and Financial Institutions against credit facilities extended to third parties excluding Reliance Petrochemicals Limited.				38.25	6.00
(j) Import Duty on Raw Materials/Chemicals & catalysts imported under Advance Licences against fulfilment of export obligations.				38.86	62.29
	Unit	Licensed Capacity		Installed Capacity	
18. LICENCED AND INSTALLED CAPACITY		1990-1991	1989-1990	1990-1991	1989-1990
(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 @	60,000	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
	(Knitting M/c.)	22	22	20	20
(e) Purified Terephthalic Acid	M.T.	200,000 @	200,000	1,00,000 B	1,00,000
(f) Linear Alkyl Benzene	M.T.	80,000 @	80,000	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*	80,000*	—	—
(n) Polystyrene	M.T.	40,000*	40,000*	—	—
(o) Styrene Butadiene Rubber	M.T.	100,000* @	80,000*	—	—
(p) Linear low Density Polyethylene	M.T.	100,000*	100,000*	—	—
(q) Acrylonitrile	M.T.	70,000*	70,000*	—	—
(r) Butyl Rubber	M.T.	25,000*	25,000*	—	—
(s) Export Oriented Unit					
(i) Para-xylene	M.T.	270,000*	270,000*	—	—
(ii) Purified Terephthalic Acid	M.T.	200,000*	200,000 a	—	—
* 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.					
B MES capacity of 200,000 M.T. p.a. of PTA under implementation.					
19. PRODUCTION OF FINISHED PRODUCTS MEANT FOR SALE	Unit	1990-1991	1989-1990		
Yarn (Polyester & Blended etc.)	M.T.	67,653	61,189		
Polyester Chips	M.T.	13,739	5,239		
Fabrics	Mtrs. in lacs	505.81	492.03		
Polyester Staple Fibre	M.T.	48,485	53,120		
P.T.A.	M.T.	58,576	39,308		
L.A.B.	M.T.	66,950	48,394		
Paraxylene	M.T.	3,400	10,402		
By-Products	M.T.	32,967	31,456		
(Rs. in crores)					
20. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF:		1990-1991	1989-1990		
		Rs.	Rs.		
(a) Raw Materials		167.77	147.43		
(b) Dyes and Chemicals, Catalysts, Stores and Spare parts		23.66	43.29		
(c) Capital goods		13.65	0.03		

21. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF

	1990	1991	(Rs. in crores)
	Rs.	Rs.	1989-1990
Interest on foreign currency loans	20.05		23.88
Interest on Debentures held by Non-residents on repatriation basis (Gross)	2.57		2.26
Other matters	18.53		13.24
Technical know-how & Engineering Fees	3.00		9.56

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

	Unit	1990 1991		(Rs in crores)	
		Quantity	Rs.	Quantity	Rs.
(a) Opening Stock					
i) Finished Stocks			117.15		143.32
Yarn	M.T.	3524		4675	
Fabrics	Mtrs. in lacs	6415		85.70	
Polyester Staple Fibre	M.T.	8410		5362	
Polyester Chips	M.T.	1234		3408	
L.A.B.	M.T.	4414		6009	
Paraxylene	M.T.	1595		—	
ii) Stock-in-process			89.75		60.07
iii) Others			1.51		1.70
(b) Closing Stock:					
i) Finished Stocks			145.42		117.15
Yarn	M.T.	7645		3524	
Fabrics	Mtrs. in lacs	65.24		64.15	
Polyester Staple Fibre	M.T.	6583		8410	
Polyester Chips	M.T.	2371		1234	
L.A.B.	M.T.	6873		4414	
Paraxylene	M.T.	161		1595	
PTA	M.T.	163		—	
ii) Stock-in-process			93.93		89.75
iii) Others			1.75		1.51
(c) Purchases					
Yarn	M.T.	3970		1013	
Fabrics	Mtrs. in lacs	—		1.50	
Fibre	M.T.	—		41	
PTA	M.T.	1000		—	
(d) Sales					
Yarn (Polyester & Blended)	M.T.	66692	1138.49	63566	1019.90
Fabrics	Mtrs. in lacs	506.60	247.94	507.59	230.73
Polyester Staple Fibre	M.T.	52813	274.54	50288	238.24
Polyester Chips	M.T.	11149	56.22	7463	36.49
P.T.A.	M.T.	48908	175.29	44146	130.34
L.A.B.	M.T.	64142	166.34	49895	129.85
Paraxylene	M.T.	3697	7.72	8807	18.51
Others		—	31.30	—	36.60
			<u>2098.34</u>		<u>1840.66</u>
(e) Raw Material consumed					
Naptha	M.T.	168091	69.67	178523	79.09
Paraxylene (including own production during trial run)	M.T.	—	—	4677	13.64
PTA	M.T.	21370	65.63	25017	43.21
M.E.G.	M.T.	45317	74.57	41705	141.60
Fibre	M.T.	1531	12.57	1774	17.38
Yarn	M.T.	2790	31.76	5986	121.89
Fabrics (Grey)	Mtrs. in lacs	151.56	25.02	126.05	18.42
N. Paraffin	M.T.	61398	103.05	44368	58.60
Benzene	M.T.	25493	22.04	18719	15.48
Others		—	14.41	—	27.88
			<u>418.72</u>		<u>537.19</u>

23. VALUE OF RAW MATERIALS CONSUMED

	1990-1991		1989-1990	
	Rs. in crores	% of total Consumption	Rs. in crores	% of total Consumption
Imported	119.76	28.60	216.93	40.38
Indigenous	298.96	71.40	320.26	59.62
	<u>418.72 *</u>	<u>100.00</u>	<u>537.19</u>	<u>100.00</u>

* Includes import duty of Rs.118.60 crores (previous year Rs.129.10 crores)

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

	1990-1991		1989-1990	
	Rs. in crores	% of total Consumption	Rs. in crores	% of total Consumption
Imported	60.38	43.28	41.77	48.16
Indigenous	79.14	56.72	44.97	51.84
	<u>139.52</u>	<u>100.00</u>	<u>86.74</u>	<u>100.00</u>

25. EARNINGS IN FOREIGN EXCHANGE

	1990-1991	(Rs. in crores)
	Rs.	1989-1990
		Rs.
Export of goods on FOB basis	55.95	72.75

26. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	1990-1991	(Rs. in crores)
	Rs.	1989-1990
		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		
Interim dividend	21,102	22,152
(b) Number of Equity Shares held by them		
Interim dividend	11,789,082	12,997,292
(c) Amount of dividend paid (Gross)		
Tax at source Rs.0.54 crore (Previous year Rs.0.59 crore)		
Interim dividend		
Year to which dividend relates	3.54	3.90
	1988-90	1988-89

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

R.J. Shah
 Proprietor

For **CHATURVEDI & SHAH**
 Chartered Accountants

D. Chaturvedi
 Partner

For and on behalf of the Board
D.H. Ambani
 Chairman & Managing Director

J.R. Shah
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: **28th June, 1991.**

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

	<u>Devti Fabrics Ltd.</u>	<u>Reliance Petrochemicals Limited</u>	<u>Trishna Investments and Leasings Limited</u>	<u>Reliance Europe Limited</u>
1. The Financial Year of the Subsidiary companies ended on	31st March, 1991	31st March, 1991	31st March, 1991	31st March, 1991
2. Date from which they become subsidiary companies	30th September, 1985	11th January, 1988	30th December, 1988	14th August, 1990
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.	4,400 Equity Shares of the face value of Rs.10 each fully paid-up.	20,17,000 Equity Shares of the face value of Stg. Pnd. 1 each fully paid.
b. Extent of interest of holding company at the end of the financial year of subsidiary companies.	100%	66%	100%	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 in the holding company's accounts.				
i. For the financial year ended 31st March, 1991.	(Rs.20.77 Lakhs)	Rs. NIL	Rs.494.59 Lakhs	US\$19584
ii. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries.	(Rs.297.44 Lakhs)	Rs.25 Lakh	(Rs.760.77 Lakhs)	—
b. Dealt with in holding company's accounts:				
i. For the financial year ended 31st March, 1991.	NIL	NIL	NIL	NIL
ii. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	NIL	NIL	NIL	NIL

For and on behalf of the Board
D.H. Ambani Chairman & Managing Director

J.R. Shah
B.D. Shah
S.S. Betrabet } Directors

N.H. Ambani
M.D. Ambani
A.D. Ambani
N.R. Meswani } Executive Directors

Bombay
Dated: **28th June, 1991.**

V.M. Ambani Secretary

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 Third Annual Report, together with the audited Statement of Accounts, for the year ended 31st March, 1991.

1. FINANCIAL RESULTS:

During the year under review, your Company's Petrochemical Complex was in various stages of construction. As on 31st March, 1991, your Company has incurred an expenditure of Rs.1092.76 Crores.

Since your Company's projects were in the construction stage, no Profit and Loss Account for the year 1990-91 has been prepared, there being no revenue operations. A Statement of net pre-operative expenditure has been presented. In the absence of revenue profit during the year, your Directors do not propose payment of any dividend for the year under review.

2. REPORT ON PROJECT IMPLEMENTATION:

Your Company has achieved substantial progress in implementation of projects, during the year under review.

The plant for manufacture of Mono Ethylene Glycol (MEG) has been mechanically completed and will start trial runs by end July, 1991. The plants for manufacture of Poly Vinyl Chloride (PVC) and High Density Poly Ethylene (HDPE) will start trial runs, phasewise during the current financial year.

The Captive Gas-based Co-generation Plant has been commissioned and steam production and power generation for captive use have commenced in July, 1991.

You will be glad to note that the Jetty and Terminal have become operational. Your Company has adopted a unique method of transporting Ethylene, known as lightering. In this method, Ethylene is lightered, first on the high seas from a large ship to a small ship (known as a lighter) and then from the small ship to the Terminal via the Jetty.

Your Company has the distinction of being the first in this country to carry out such an operation.

Utilities required for the Projects such as Raw Water, DM Water, Cooling Water, Fire Fighting System, Fuel Gas System, Effluent Treatment System, etc. have been commissioned.

The Plant operation and Maintenance personnel have completed intensive training and are now ready to take over the operations from the expatriate workforce of the collaborators. All the necessary infrastructure for the complex has been provided.

You will be pleased to note that the Government of India has endorsed the licence for manufacturing HDPE from 100,000 tonnes per annum (tpa), (as reported in the Second Annual Report) to 160,000 tonnes per annum, under the policy of Minimum Economic Size. While endorsing the licence as aforesaid, your Company has also been permitted to manufacture LLDPE, alongwith HDPE.

As reported in the Second Annual Report, the licensed capacity of MEG has been increased from 60,000 tpa to 100,000 tpa. The licensed capacity of PVC has remained unchanged at 100,000 tpa.

The implementation schedule of the projects had to be adjusted mainly due to the necessity of carrying out additions/modifications to the process plants and also due to the necessity for seeking fresh consents from several authorities to cater to the enhanced capacities.

Secondly, the Gulf crisis and the outbreak of war resulted in delayed receipt of imported equipments and the entire process of obtaining import licences was delayed. since our country was passing through a severe foreign exchange crisis.

Your Directors are pleased to inform you that your Company has successfully overcome these constraints and is speedily implementing the projects.

3. PROJECT FINANCE:

As stated in the Second Annual Report, the Financial Institutions, led by ICICI, have appraised the revised project costs. Based on this appraisal, ICICI, alongwith other Financial/Investment Institutions, has sanctioned rupee term loans of Rs. 210 crores. Besides, your Company has also obtained leasing assistance of about Rs. 122 crores and Deferred Payment Guarantee facility of Rs. 35 crores.

Your Company has negotiated further financial assistance in the form of leasing deferred payment guarantee facility, etc. from Institutions and Banks for speedily implementing the existing projects.

4. CONVERTIBLE DEBENTURES AND FURTHER ISSUE OF EQUITY SHARES:

Your Company had issued 12.5% Fully Convertible Secured Debentures, consisting of Part 'A' of Rs.10/- each, Part 'B' of Rs.40/- each and Part 'C' of Rs. 150/-each, aggregating Rs. 593.40 crores.

In terms of the Prospectus dated 27th July, 1988, Part 'A' was converted on 27th October, 1988 and Part 'B' is due for conversion between three years and four years from the date of allotment (i.e. between 27th October, 1991 and 27th October, 1992) and Part 'C' is due for conversion between five years and seven years from the date of allotment (i.e. between 27th October, 1993 and 27th October, 1995). The Prospectus also gave the Board of Directors of the Company the flexibility to advance the conversion dates of either or both parts of the Debentures without the further consent of the Debentureholders.

As stated earlier in this Report, the Financial Institutions have granted term loans and also provided equipment leasing assistance and deferred payment guarantee facilities.

While sanctioning the term loans, ICICI, as the lead Institution, had stipulated that your Company should convert Part 'B' on 31st March, 1991. However, on the basis of further discussions, it was found desirable that Part 'B' should be converted on 27th October, 1991, i.e. the earliest date of conversion in terms of the Prospectus, or such other date as may be permitted by the Controller of Capital Issues (CCI).

Further, your Directors proposed that since conversion of Part 'B' was being synchronized with start up of the MEG plant and phasewise commissioning of the PVC and HDPE plants, the benefits arising out of commencement of commercial operations should also be available to the holders of Part 'C'. ICICI, as lead Institution, has agreed to your Company's proposal for preponing the conversion date of Part 'C' simultaneously with the conversion of Part 'B', subject to the consent of CCI.

Your Directors consider that early conversion of Debentures would also benefit your Company, since conversion would bring down the debt:equity ratio to levels acceptable to the Financial Institutions' thus enabling your Company to seek further financial assistance for speedily implementing the existing as well as future projects.

Your Directors are confident that your Company would be able to adequately service the enlarged capital, barring unforeseen circumstances, once all the three projects commence commercial production during the current year.

It may be pertinent to note that on conversion of the Debentures, your Company would cease to be a subsidiary of Reliance Industries Limited.

You may recall that in terms of the Prospectus, RIL had invested Rs.57.60 crores by way of Equity Shares. RIL had also placed an interest-free unsecured loan of Rs.50 crores, which is to be converted into equity' at par, on 27th October, 1991.

Additionally, as per ICICI's directives, RIL has brought in a further amount of Rs.50 crores as interest-free unsecured loan, to be converted, at par, subject to approval of the shareholders and the consent of the CCI.

5. 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.

6. 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.

7. DIRECTORS:

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 D.H. Ambani and Shri Y.P. Trivedi retire by rotation and, being eligible, offer themselves for re-appointment.

Shri S. Ramaswamy, a Director of the Company, resigned from the Board. Shri G. Chidambar was appointed as Additional Director. Shri G. Chidambar was the Managing Director of Life Insurance Corporation of India until his recent retirement. Your Directors consider that Shri G. Chidambar's wide knowledge and experience would be a valuable asset to your Company. Necessary resolution has been incorporated in the Notice of the Meeting seeking members approval for appointing Shri G. Chidambar as a Director retiring by rotation.

Shri Duleep Singh, designated as President (Hazira Site), was appointed as a Manager, under the Companies Act. Consequent upon being entrusted with other responsibilities, he ceases to be a Manager.

8. AUDITORS AND THEIR REPORT:

Messrs Chaturvedi & Shah and Messrs Rajendra & Co., Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. 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 B) of the Companies Act, 1956.

9. 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:

For effective absorption of Technology and commissioning of the Complex, all key operating personnel in MEG, PVC and HDPE plants have undergone extensive training in Process licensors' and/or other Licensees's plants Abroad.

Wherever similar plants/facilities exist in India, training was arranged indigenously to save foreign exchange. Continuous flow of information on latest developments/improvement in technology has been established and our engineers have participated alongwith Process Licensor's Specialists during engineering reviews and inspection of critical equipments.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Crores)	
	1990-91	1989-90
Total Foreign Exchange used and earned:		
a) Total Foreign Exchange used	179.14	87.69
b) Total Foreign Exchange earned	—	—

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 (Net) of the equivalent of around Rs.300 crores per annum (at current international prices) when the plants operate at full rated capacity.

10. 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: 24th July, 1991.

AUDITORS' REPORT

To

The Members of Reliance Petrochemicals Limited

We have audited the attached Balance Sheet of RELIANCE PETROCHEMICALS LIMITED as at 31st March, 1991. 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 shown in Note Nos. 6 & 7 of Schedule 'M', funds deployed under Portfolio Management Schemes (a) with a Scheduled Bank have been shown as part of Bank balances and (b) with a Non-banking Financial Company have been shown under the head 'Investments'. Income earned from both has been included as part of "Other Income".
 - (ii) As mentioned in Note No.5 of Schedule 'M' interest on unpaid calls continues to be accounted for as and when received.
 - (e) Subject to d (ii) 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, 1991.

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

Bombay
Dated: 28th June, 1991

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 interest free loans 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 (1 B) of the Companies Act, 1956. The terms and conditions of the above loans are not in our opinion prima facie prejudicial to the interest of the Company.

4. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management within the meaning of Section 370 (1 B) of the Companies Act, 1956.
5. 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 raw materials, 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 arrangements required to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
8. The Company has not accepted any deposits 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.
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, 1991 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 having 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: 28th June, 1991

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

RELIANCE PETROCHEMICALS LIMITED

BALANCE SHEET AS AT 31st MARCH, 1991

(Rs. in crores)

	Schedule	As at 31.03.1991		As at 31.03.1990	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	'A'	87.24		87.23	
Reserves and Surplus	'B'	0.50		0.52	
			87.74		87.75
Loan Funds					
Secured Loans	'C'	876.00		670.78	
Unsecured Loans	'D'	100.17		50.00	
			976.17		720.78
TOTAL			1063.91		808.53
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	'E'	33.79		30.15	
Less: Depreciation		17.90		9.63	
Net Block		15.89		20.52	
Capital Work-in-Progress		873.02		418.56	
Net Pre-operative Expenditure on Implementation of Projects pending allocation					
	'F'	203.85		93.27	
Investments					
	'G'		1092.76		532.35
			49.45		143.19
Current Assets, Loans and Advances					
Interest Accrued on Investments		0.07		0.03	
Inventories	'H'	9.43		—	
Cash and Bank Balances	'I'	25.96		131.60	
Loans and Advances	'J'	59.11		77.79	
		94.57		209.42	
<i>Less:</i>					
Current Liabilities and Provisions					
Current Liabilities	'K'	172.53		75.34	
Provisions	'L'	0.37		1.12	
		172.90		76.46	
Net Current Assets			-78.33		132.96
Miscellaneous Expenditure					
Preliminary Expenses (to the extent not written off or adjusted)			0.03		0.03
TOTAL			1063.91		808.53
Notes and Contingent Liabilities	'M'				

As per our Report of even date

For **CHATURVEDI & SHAH**
Chartered Accountants

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Partner

D. Chaturvedi
Proprietor

For and on behalf of the Board

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

Chairman

Directors

J.S. Bakshi

President

B.S. Jaju
Bombay

Company Secretary

Bombay
Dated: 28th June, 1991.

Dated: 28th June, 1991.

RELiance PETROCHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH 1991

(Rs. In Crores)

SCHEDULE 'A'	As at 31.03.1991		As at 31.03.1990	
SHARE CAPITAL	Rs.	Rs.	Rs.	Rs.
Authorised:				
10 00,00,000 Equity Shares of Rs. 10/- each Issued and Subscribed:		<u>100.00</u>		<u>100.00</u>
8.72.70.000 Equity Shares of Rs. 10/- each fully called up	87.27		87.27	
Less: Calls unpaid - by others	<u>0.03</u>		<u>0.04</u>	
		<u>87.24</u>		<u>87.23</u>
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 31.03.1991		As at 31.03.1990	
RESERVES AND SURPLUS	Rs.	Rs.	Rs.	Rs.
General Reserve				
As per last Balance Sheet	<u>0.25</u>		<u>0.25</u>	
		<u>0.25</u>		<u>0.25</u>
Profit and Loss Account				
As per last Balance Sheet	<u>0.27</u>		<u>0.23</u>	
Add: Excess provision of earlier year written back	—		<u>0.04</u>	
	<u>0.27</u>		<u>0.27</u>	
Less: Income Tax of Earlier Year	<u>0.02</u>		—	
		<u>0.25</u>		<u>0.27</u>
		<u>0.50</u>		<u>0.52</u>
SCHEDULE 'C'	As at 31.03.1991		As at 31.03.1990	
SECURED LOANS	Rs.	Rs.	Rs.	Rs.
A. Debentures				
12.5% Secured Fully Convertible Debentures of Rs. 200/- each fully called up	593.40		593.40	
Less: Converted	<u>29.67</u>		<u>29.67</u>	
	563.73		563.73	
Less: Calls unpaid - by others	<u>0.64</u>		<u>0.78</u>	
		<u>563.09</u>		<u>562.95</u>
B. Term Loans				
i. From a Bank in Foreign Currencies	6.69		8.04	
ii. From Financial Institutions in Foreign Currencies	196.27		99.79	
		<u>202.96</u>		<u>107.83</u>
C. Deferred Payment Liabilities under Deferred Payment Guarantee Scheme	9.95		—	
D. Bridge Loan from financial Institutions	<u>100.00</u>		—	
		<u>876.00</u>		<u>670.78</u>

NOTES:

- The Convertible Debentures referred to in 'A' above alongwith interest are secured by a legal mortgage in English form in favour of the Debenture Trustees by way of a residual charge on all or any of the 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 mortgage created for item 'B(ii)' and hypothecation created in respect of items 'C' and 'D' above and future mortgage/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 26th October, 1991 but before 27th October, 1992 for Part B of the said Debenture, and after 26th October, 1993 but before 27th October, 1995 for Part C of the said Debenture or any other earlier date(s) as may be decided by the Board of Directors subject to necessary approvals.
- (i) The 'Term Loans' referred to in 'B (i)' above represent foreign currency loan availed by Reliance Industries Limited, the holding Company, for implementation of Mono Ethylene Glycol Project. The company having taken over the project for execution, the said Loan, which is secured against the fixed assets of Reliance Industries Limited has been taken over by the company subject to necessary approvals.

(ii) The Term Loans referred to in 'B(ii)' above are secured by first charge by way of hypothecation of movable assets and first mortgage and charge on all the immovable assets of the company both present and future.

(iii) The Bridge Loan referred to in 'D' above is secured by first charge by way of hypothecation of movable assets ranking pari passu with the charge created by way of hypothecation in respect of Term Loans referred to in 'B(ii)', and is guaranteed by Reliance Industries Limited.

- Deferred Payment Liabilities referred to in 'C' above are secured by first charge by way of hypothecation of specific items of Machinery acquired under the Deferred Payment facility.
- Term Loans and Deferred Payment Liabilities include Rs. 12.28 crores repayable within a period of one year (Previous Year Rs. 2.91 crores).
- Debentures include Rs.0.05 crore held by Directors (Previous Year Rs.0.05 crore).

(Rs. in Crores)

Schedule 'D'	As at 31.03.1991		As at 31.03.1990	
UNSECURED LOANS	Rs.	Rs.	Rs.	Rs.
From Reliance Industries Ltd., holding Company		100.00		50.00
From a Non-Banking Financial Company		<u>0.17</u>		—
		<u>100.17</u>		<u>50.00</u>

Note:

The loan from Reliance Industries Limited is free of interest. Out of this, Rs.50 crores shall be converted into equity share capital, at par, on 27th October, 1991 in accordance with the consent of Controller of Capital Issues. The balance amount of loan of Rs.50 crores is proposed to be converted into equity share capital, at par, subject to approval by the shareholders, on such date(s), and as may be consented to by the Controller of Capital Issues.

SCHEDULE 'E'

FIXED ASSETS (Rs. in Crores)

Nature of Assets	Gross Block (at cost)			Depreciation		Net Block	
	As at 01.04.1990	Additions	Deductions	As at 31.03.1991	Up to 31.03.1991	As at 31.03.1991	As at 31.03.1990
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Leasehold Land	2.82	—	—	2.82	—	2.82	2.82
2. Freehold Land	—	0.38	—	0.38	—	0.38	—
3. Buildings	5.46	—	—	5.46	0.19	5.27	5.36
4. Plant and Machinery	18.11	—	—	18.11	17.21	0.90	8.69
5. Furniture, Fixtures and Other Equipments	303	278	—	581	041	540	295
6. Vehicles	073	048	—	121	009	112	070
Total	<u>3015</u>	<u>364</u>	<u>—</u>	<u>3379</u>	<u>1790</u>	<u>1589</u>	<u>2052</u>
Previous Year Rs.42249-	2301	714	—	3015	963	2052	
Capital Work-in-Progress						<u>873.02</u>	<u>418.56</u>

Notes:

- No amortization has been made in respect of lease premium paid for the Leasehold Land since grant of lease is for a long period.
- Leasehold Land includes Rs. 1.64 crores (Previous Year Rs. 1.64 crores) in respect of which necessary documents are yet to be executed.
- Capital Work-in-Progress includes:
 - Rs.65.19 crores on account of Advances against Capital Expenditure (Previous Year Rs. 95.62 crores).
 - Rs.30.12 crores in respect of construction materials in stock (Previous Year Rs.36.35 crores).
- Depreciation has been provided as under:
 - in respect of Plant and Machinery given on lease, 95% of the cost has been amortized.
 - 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. 750).

(Rs. in Crores)

SCHEDULE 'F'	For the year ended			
SECURED LOANS	As at 31.03.1991		As at 31.03.1990	
Net Pre-operative Expenditure on Implementation of Projects pending allocation	Rs.	Rs.	Rs.	Rs.
Amount Brought Forward		93.27		35.27
Establishment and Other Expenses				
Payments to and Provisions for employees				
Salary, Wages and Bonus	3.42		1.42	
Contribution to Provident Fund and other funds	0.60		0.27	
Staff Welfare expenses	<u>0.91</u>		<u>0.29</u>	
		<u>4.93</u>		<u>1.98</u>
Repairs and Maintenance	1.33		0.34	
Insurance	0.04		0.01	
Rent	2.18		1.08	
Rates and Taxes (Previous Year Rs.18188)	0.01		—	
Telephones, Telex and Postage	1.19		0.88	
Travelling & Conveyance	<u>3.90</u>		<u>2.33</u>	
	C/F	<u>8.65</u>		<u>4.64</u>

RELANCE PETROCHEMICALS LIMITED

		(Rs. in Crores)					
		For the year ended					
		As at		As at			
		31.03.1991		31.03.1990			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
B/F							
Auditors' Remuneration		0.06		0.04			
Directors' Fees [Rs. 25000 (Previous Year Rs. 26000)]		-		-			
Printing and Stationery		0.86		0.54			
Advertisement		0.15		0.27			
Commitment Charges and Financial Charges		16.36		2.26			
Lease Rentals		1.15		0.03			
Power		2.27		0.32			
Registrar and Transfer Agent's Fees		3.59		3.17			
General Expenses		2.61		0.93			
Excess provision of earlier year written off (Previous Year Rs. 1529)		-		-			
			35.70		12.20		
Interest							
On Debentures		70.35		70.18			
On Fixed Loans		26.20		12.48			
On Others (Previous Year Rs. 2248)		4.72		-			
			101.27		82.66		
Depreciation			8.28		8.78		
			243.45		140.89		
Less: Income							
Interest [Tax Deducted at Source Rs. 0.01 crore (Previous Year Rs. 0.04 crore)]		0.49		16.73			
Profit on Sale of Investments		18.07		4.86			
Income from Units of UTI		0.49		-			
Lease Income		5.00		10.43			
Other Income		15.55		15.60			
			39.60		47.62		
			203.85		93.27		
SCHEDULE 'G'							
		As at		As at			
		31.03.1991		31.03.1990			
		Rs.	Rs.	Rs.	Rs.		
INVESTMENTS (at cost) Unquoted							
Other Investments							
Government Securities							
Indira Vikas Patra		0.20		0.20			
Others							
NIL Units (Previous Year 106123950 Units) of Unit Trust of India (1964 Scheme)		-		142.99			
With a Non-Banking Financial Company under Portfolio Management Scheme		49.25		-			
(Refer Note no. 7 of Schedule 'M')							
			49.45		143.19		
			49.45		143.19		
Note:							
During the year the Company also purchased:			Rs.				
(i) 19300000 Units of Unit Trust of India (1964 Scheme)			25.71				
(ii) 11.5% Government of India Loan 2015			39.06				
(iii) 11.5% Government of India Loan 2008			67.19				
(iv) 9% Tax-free MTNL Bonds			5.50				
SCHEDULE 'H'							
		As at		As at			
		31.03.1991		31.03.1990			
		Rs.	Rs.	Rs.	Rs.		
INVENTORIES							
(At cost or market value whichever is lower) (Certified and valued by the Management)							
Raw materials in transit			9.43		-		
SCHEDULE 'I'							
		As at		As at			
		31.03.1991		31.03.1990			
		Rs.	Rs.	Rs.	Rs.		
CASH AND BANK BALANCES							
Cash on hand			0.03		0.02		
Balance with Scheduled Banks							
i) In Current Accounts		14.81		3.62			
ii) In Fixed Deposit Accounts		0.12		2.96			
iii) In Portfolio Management Schemes		11.00		125.00			
(Refer Note no. 6 of Schedule 'M')			25.93		131.58		
			25.96		131.60		
SCHEDULE 'J'							
						As at	As at
						31.03.1991	31.03.1990
						Rs.	Rs.
LOANS AND ADVANCES							
(Unsecured, except otherwise stated, considered good)							
Advances recoverable in cash or in kind or for value to be received.						17.71	7.64
Bills of Exchange						-	30.11
Advance payment of Income-tax						1.65	2.27
Deposit with Customs						0.51	0.51
Other Deposits [Secured Rs. 1.62 crores (Previous Year Rs. 1.62 crores)]						39.24	37.26
						59.11	77.79
* includes Rs. 0.04 crore (Previous Year Rs. 0.04 crore) due from officers of the Company [Maximum Balance due at any time during the year: Rs. 0.04 crore (Previous Year Rs. 0.06 crore)].							
SCHEDULE 'K'						As at	As at
						31.03.1991	31.03.1990
						Rs.	Rs.
CURRENT LIABILITIES							
Acceptances						78.46	25.74
Sundry Creditors						63.16	22.06
Interest Accrued but not due on loans						30.40	26.27
Unclaimed Dividend						0.08	0.11
Other Liabilities						0.43	1.16
						172.53	75.34
SCHEDULE 'L'						As at	As at
						31.03.1991	31.03.1990
						Rs.	Rs.
PROVISIONS							
Gratuity, Superannuation and Provident Funds						0.37	0.18
Provision for Taxation						-	0.94
						0.37	1.12
SCHEDULE 'M'							
NOTES AND CONTINGENT LIABILITIES							
1. Figures are shown in crores of rupees in accordance with the approval from the Company Law Board, Western Region, Bombay. Figures less than Rs. 50000 have been shown at actuals in brackets. The previous year's figures have been regrouped/recast wherever necessary.							
2. During the year under review, the projects continued to be in the construction stage. A Profit and Loss Account for the year has not been prepared since there were no revenue operations. The Company has presented a statement of 'Net Pre-operative Expenditure on Implementation of Projects pending allocation'.							
3. Income arising out of deployment of funds available with the Company, has been reduced from pre-operative expenditure pending allocation.							
4. The Company has no Income-Tax liability and therefore, no provision for Income-Tax for the year has been made.							
5. Interest on unpaid calls is accounted as and when received.							
6. Out of placements made by the Company under Portfolio Management Scheme(s) of Scheduled Bank(s), a sum aggregating to Rs. 11 crores (Previous Year Rs. 125 crores) being balance as of 31st March, 1991, has been shown under 'Balances with Scheduled Banks'. The Company has been given to understand by the Bank(s) that the said sum(s) has been deployed by the Bank(s) in the under-mentioned securities:							
						(Rs. in Crores)	
						As at	As at
						31.03.1991	31.03.1990
						Rs.	Rs.
Security							
1. Units of UTI (1964 Scheme)						-	38.00
2. Govt. of India Securities						-	62.00
3. Bills of Exchange						11.00	25.00
						11.00	125.00
Income earned on placement of the said sum(s), aggregating to Rs. 7.87 crores, (Previous Year Rs. 12.96 crores) has been included in 'Other Income'.							
7. During the year under review, the Company has placed sums aggregating to Rs. 110 crores with a Non-Banking Financial Company under Portfolio Management Scheme (Previous Year Rs. NIL). As at the year end the balance under the said scheme was Rs. 49.25 crores (Previous Year Rs. NIL). The same has been disclosed under the head 'Investments'. The Company has been given to understand that as on 31st March, 1991, the said amount was deployed in the under-mentioned securities:							

RELANCE PETROCHEMICALS LIMITED

	(Rs. in Crores)		(Rs. in Crores)	
Security	As at	As at	1990-91	1989-90
	31.03.1991	31.03.1990		
	Rs.	Rs.		
1. Units of a Mutual Fund promoted by a Nationalised bank	0.50			
2. Bills of Exchange	48.75			
	49.25			
Income earned on placement of the said sum(s), aggregating to Rs.5.59 crores (Previous Year Rs. NIL) has been included in 'Other Income'.				
	(Rs. in Crores)			
	As at	As at		
	31.03.1991	31.03.1990		
	Rs.	Rs.		
8. Contingent Liabilities:				
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	205.73	683.56		
b. Outstanding guarantees furnished and letters of credit opened by banks	52.35	57.48		
c. Bonds executed in favour of Custom Authorities	21.52	12.17		
d. Claims not acknowledged as debt	3.50	-		
9. The Company has received Show Cause Notices from Custom Authorities in respect of import of certain machineries and the said Authorities have claimed Rs.14.17 crores by way of differential Customs Duty. The Company is disputing the notices. 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.				
10. Auditors' Remuneration:	(Rs. in Crores)			
	1990-91	1989-90		
a. Audit fees	0.03	0.02		
b. For Tax Audit	0.01	0.02		
c. For other matters	0.02	-		
	0.06	0.04		
11. Managers' Remuneration:				
a. Salaries	0.03	0.02		
b. Contribution to Provident Fund and other funds	0.01	0.01		
c. Perquisites (Previous Year Rs.28526)	0.01	-		
	0.05	0.03		
12. Expenditure in Foreign Currency:				
a. Interest on Debentures held by Non-residents on repatriation basis (gross)			0.34	0.42
b. Technical Know-how and Engineering Fees			0.29	47.35
c. Other matters			0.64	12.02
13. Licensed & Installed Capacity:				
	Licensed Capacity		Installed Capacity	
	(MT)		(MT)	
	1990-91	1989-90	1990-91	1989-90
			Under	Under
Mono Ethylene			implementation	implementation
Glycol (MEG)	100000*	100000*		
Higher Ethylene				
Glycols (MEG) (By-product)	5000*	5000*	"	"
High Density				
Polyethylene (HDPE)	100000+	100000+	"	"
Poly Vinyl Chloride (PVC)	100000	100000	"	"
Chlorine	66000*	66000*	"	"
Caustic Soda (By-product)	78000*	78000*	"	"
Hydrogen (By-product)	1950*	1950*	"	"
* Based on Letter of Intent.				
+ Since increased to 160000 MT including 110000 MT based on Letter of Intent.				
14. As the Company has not commenced any manufacturing activity, the information required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 has been given only to the extent applicable.			1990-91	1989-90
15. Remittance in foreign currency on account of dividend:				
Number of Non-resident shareholders			-	12074
Amount of dividend (Rs. in crores)			-	0.05
Year to which dividend relates			-	1988-89
	(Rs in Crores)			
			1990-91	1989-90
16. Value of Imports on CIF Basis in respect of:				
a. Raw materials			9.43	-
b. Capital goods			168.44	27.82
c. Samples			-	0.08

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: 28th June, 1991.

For and on behalf of the Board

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

Chairman

Directors

J.S. Bakshi

President

B.S. Jaju
Bombay

Company Secretary

Dated: 28th June, 1991.

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 Seventh Annual Report together with the Audited Statement of Accounts for the Financial year ended 31st March, 1991.

OPERATIONS:

Your Company has incurred a loss of Rs. 20.77 lakhs during the year under review as against the previous loss of Rs. 100.89 lakhs. 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 completed. As the full Production of Spinning Unit has now started giving the fruits, your Company could reduce the loss from Rs. 100 Lakhs to Rs. 20 Lakhs and has generated a cash profit of Rs. 41 lakhs. The Company is trying to reduce the Weaving Activity in the coming year and thereby reducing the further losses in next year. The Company is hopeful for 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 Companies Act, 1956, Shri S. Natarajan and Shri Vinod M. Ambani retire by rotation and being eligible offer themselves for reappointment.

AUDITORS:

Messrs. Rajendra & Company and Messrs. Chaturvedi 8 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 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, is not given as no employee is drawings more than Rs. 12,000/- per month.

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: 24th June, 1991.

S. Natarajan
Vinod M. Ambani
Directors

ANNEXURE 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
 1. Cotton Spindle tapes of 20 Ring Frames have been replaced with synthetic tapes thereby consumption of Electricity Energy was reduced by 4% to 5%.
 2. Re-arranging the Air compressors, centralising at one location has reduced the consumption of electrical energy by reducing operational and time losses.

3. Electrical energy was saved by replacing 100Watt large light fittings to 36 Watts Fluorescent light fittings.
- 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:

By adopting above energy conservation measures, a sum of Rs. 90,000/- was saved during this year.

FORM A

(Form for disclosure of particulars with respect to conservation of energy)

PART-A

A. POWER AND FUEL CONSUMPTION

	Current Year 1990-91	Previous Year 1989-90
1. ELECTRICITY		
a. Purchased		
Units	84,34,672	78,27,093
Total Amount	1,25,80,355	1,13,12,090
Rate/Unit	1.49	1.45
b. Own Generation		
i. Through Diesel Generator		
Units	4,320	2,420
Units per Ltr. of Diesel Oil cost/Unit	2.4	2.4
ii. Through Steam Turbine / Generator		
Units	—	—
Unit per Ltr. of Fuel Oil/Gas cost/unit	—	—
2. COAL		
Quantity (Tonnes)	1905	1780
Total cost	22,41,008	19,84,594
Average rate	1,176.38	1,114.94
3. FURNACE OIL		
Quantity (Kilo Ltrs.)	—	—
Total Amount	—	—
Average rate	—	—
4. OTHERS / INTERNAL GENERATION		
Quantity	—	—
Total cost	—	—
Average rate	—	—

PART - B

B. CONSUMPTION PER UNIT OF PRODUCTION

	CURRENT YEAR 1990-91		PREVIOUS YEAR 1989-90	
	YARN (Kgs)	FABRICS (P. MTR)	YARN(Kgs)	FABRICS (P. MTR)
ELECTRICITY (Units)	5.34	0.41	5.27	0.41
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, 1991 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 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, 1991; 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: **24th June, 1991.**

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. 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.
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.4 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(1 B) of the Companies Act, 1956. The terms and conditions of the above loan are not, in our opinion prima facie prejudicial to the 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(1 B) 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.
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, 1991 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 material & 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 manhours 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, 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.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. SHAH
Proprietor

Bombay
Dated: **24th June, 1991.**

For **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner

DEVTI FABRICS LIMITED

BALANCE SHEET AS AT 31st MARCH, 1991

	Schedule	As at As at 31.03.1991		(Rs. in crores) As at As at 31.03.1990	
		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>386.27</u>		<u>492.43</u>	
Unsecured Loans (from Holding Company)		<u>175.00</u>		<u>175.00</u>	
			561.27		667.43
TOTAL			<u>582.28</u>		<u>688.44</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	'C'	<u>577.06</u>		<u>571.32</u>	
Less: Depreciation(to-date)		<u>237.76</u>		<u>176.75</u>	
			339.32		394.57
Current Assets, Loans and Advances					
Current Assets					
Inventories	'D'	<u>146.24</u>		<u>127.13</u>	
Sundry Debtors		<u>4.10</u>		<u>1.05</u>	
Cash and Bank Balances		<u>10.65</u>		<u>8.42</u>	
			160.99		136.60
Loans and Advances	'E'	<u>55.48</u>		<u>112.52</u>	
			216.47		249.12
Less: Current Liabilities and Provisions					
Liabilities	'F'	<u>280.35</u>		<u>251.59</u>	
Provisions		<u>11.45</u>		<u>1.20</u>	
			291.80		252.79
Miscellaneous expenditure (to the extent not written off or adjusted)			(75.33)		(3.67)
Profit and Loss Account			0.08		0.10
			318.21		297.44
TOTAL			<u>582.28</u>		<u>688.44</u>
Notes and Contingent Liabilities	'K'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

For and on behalf of the Board

S. Natarajan
Vinod M. Ambani
Directors

Bombay
Dated: **24th June, 1991.**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1991

	Schedule	1990-1991		(Rs. in crores)	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Net)		1004.78		1217.30	
Other Income	'G'	291.46		232.57	
Variation in stock	'H'	41.52		(68.35)	
			1337.76		1 381.52
EXPENDITURE					
Purchases		63.56		164.12	
Manufacturing and other expenses	'I'	1172.13		1197.43	
Interest	'J'	61.56		70.39	
Depreciation		61.28		50.47	
			1358.53		1482.41
Profit/(Loss) for the year			(20.77)		(100.89)
<i>Add:</i> Balance brought forward from last year Profit/(Loss)			(297.44)		(196.55)
Balance carried to Balance Sheet			(318.21)		(297.44)
Notes and Contingent Liabilities					
	'K'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner

For and on behalf of the Board

S. Natarajan
Vinod M. Ambani
Directors

Bombay
Dated: **24th June, 1991.**

DEVTI FABRICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

		(Rs In lacs)	
		As at 31st March, 1991 Rs.	As at 31st March, 1990 Rs.
SHARE CAPITAL			
Authorised:			
2,50,000	Equity Shares of Rs. 10 Each Issued & Subscribed:	<u>25.00</u>	<u>25.00</u>
2,10,070	Equity Shares of Rs. 10 each fully paid-up (All the shares are held by Reliance Industries Limited, the Holding Company)	<u>21.01</u>	<u>21.01</u>

SCHEDULE 'B'

		(Rs. in Lakhs)	
		As at 31st March, 1991 Rs.	As at 31st March, 1990 Rs.
SECURED LOANS:			
	Working Capital Loans from Bank	107.72	120.82
	Working Capital Term Loan from Bank	70.45	113.92
	Rupee Term Loan from Financial Institutions	205.80	251.48
	Deferred payment liabilities	2.30	6.21
		<u>386.27</u>	<u>492.43</u>

NOTES:

- Working Capital Loan and Working Capital Term Loan from Bank are secured against Hypothecation of present and future stock of the 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 & Machineries purchased under the Modernisation Scheme from the Financial Institutions referred to in 2 below and are further guaranteed by Reliance Industries Limited, the Holding Company.
- Rupee Term Loan from Financial Institutions are secured by an exclusive first charge on the plant and machinery purchased under 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 Company modernisation scheme from the Financial Institutions referred to in 2 above and are further guaranteed by Reliance Industries Limited, the Holding Company.
- The figure of secured loan include Rs. 72.68 lakhs repayable within one year.

SCHEDULE 'C'

FIXED ASSETS

	(Rs in lacs)							
	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK		
	As at 1.4.90 Rs.	Additions Rs.	Deductions Rs.	As at Rs.	Total upto 31.3.91 Rs.	As at 31.3.91 Rs.	As at 31.3.90 Rs.	
Buildings	25.70	0.13	—	25.83	3.20	22.63	23.36	
Plant & Machinery	515.80	9.75	0.11	525.44	228.77	296.67	346.41	
Electric Installation	18.95	—	0.96	17.99	4.05	13.94	15.33	
Factory Equipments	2.96	—	—	2.96	0.85	2.11	2.27	
Furniture & Fixtures	4.12	0.01	—	4.13	0.63	3.50	3.62	
Vehicles	0.73	—	—	0.73	0.26	0.47	0.52	
Advance Against Capital	3.06	—	3.06	—	—	—	3.06	
TOTAL	571.32	9.89	4.13	577.08	237.76	339.32	394.57	
Previous Year	451.40	126.06	6.14	571.32	176.75	394.57	—	

SCHEDULE 'D'

CURRENT ASSETS

	(Rs In lacs)			
	As at 31.3.1991 Rs.		As at 31.12.1990 Rs.	
Inventories (Valued at cost or market value whichever is lower as certified by the Management)				
Stores, spares, dyes, chemicals, etc.	19.02	17.61		
Raw materials	32.64	58.03		
Stock-in-process	46.97	29.56		
Finished goods	43.53	19.56		
Others (includes stock of discarded machinery Rs.2.84 lacs at Book Value)	4.08	2.37		
	146.24	127.13		

Sundry Debtors:

Over six months: Considered good	—	—
Considered doubtful	0.55	0.36
Others: Considered good	4.10	1.05
	4.65	1.41
Less: Provision for doubtful debts	0.55	0.36
	4.10	1.05
Cash and Bank Balances:		
Cash on Hand	1.36	2.24
Balances with Scheduled Banks:		
In Current Accounts	9.29	6.00
In Fixed Deposit Accounts	—	0.18
(Lodged with Central Excise Authorities)	—	—
	10.65	8.42
	160.99	136.60

SCHEDULE 'E'

	(Rs In lacs)	
	As at	As at
	31.3.1991	31.3.1990
	Rs.	Rs.
LOANS & ADVANCES (Unsecured, considered good)		
Bills of Exchange	—	83.25
Advances recoverable in Cash or in Kind or for value to be received.	51.57	24.93
Deposits	0.23	0.21
Prepaid expenses	3.58	3.07
Balance with Central Excise Authorities	0.10	1.06
	<u>55.48</u>	<u>112.52</u>

SCHEDULE 'F'

	(Rs In lacs)			
	As at		As at	
	31.3.1991		31.12.1990	
	Rs.	Rs.	Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry creditors	277.15		248.78	
Interest accrued but not due on loans	3.20		2.81	
	<u>280.35</u>		<u>251.59</u>	
PROVISIONS				
Gratuity and Superannuation funds	11.45		1.20	
	<u>291.80</u>		<u>252.79</u>	

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'G'

	(Rs. in lacs)	
	1990-1991	1989-90
OTHER INCOME		
Processing charges	279.68	220.71
Profit on sale of assets (net)	2.05	1.79
Miscellaneous income	9.73	10.07
	<u>291.46</u>	<u>232.57</u>

SCHEDULE 'H'

	(Rs. in lacs)	
	1990 - 1991	1989 - 1990
STOCK IN TRADE (at close)		
Finished Goods	43.53	19.56
Stock-in-process	46.97	29.56
Others	1.24	1.10
	<u>91.74</u>	<u>50.22</u>
STOCK IN TRADE (at commencement)		
Finished goods	19.56	71.71
Stock-in-process	29.56	46.54
Others	1.10	0.32
	<u>50.22</u>	<u>118.57</u>
	<u>41.52</u>	<u>(68.35)</u>

SCHEDULE 'I'

	(Rs. in lacs)	
	1990 - 1991	1989 - 1990
MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed:		
Stock at commencement	58.03	75.44
Add: Purchases	502.15	555.26
	<u>560.18</u>	<u>630.70</u>
Less: Sales	—	1.07
	<u>560.18</u>	<u>629.63</u>
Less: Stock at close	32.64	58.03
	<u>527.54</u>	<u>571.60</u>

MANUFACTURING EXPENSES

Carriage inward	0.31	1.16
Stores and spare parts	35.29	43.67
Dyes and chemicals	12.80	13.60
Electric power, fuel and water	148.76	132.97
Machinery repairs	2.49	9.53
Building repairs	1.72	2.14
Labour, processing and machinery hire charges	19.63	24.81
Excise duty	63.76	87.43
	<u>284.76</u>	<u>315.31</u>

PAYMENTS TO AND PROVISIONS

FOR EMPLOYEES		
Salaries, wages and bonus	287.68	250.15
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund, etc.,	32.99	23.56
Employees Welfare and Other Amenities	10.78	12.23
	<u>331.45</u>	<u>285.94</u>

SALES & DISTRIBUTION EXPENSES

Samples, Sales Promotion and Advertisement expenses	0.06	0.02
Brokerage and Commission	0.47	1.42
Packing expenses	4.01	2.62
Freight and forwarding charges	2.07	1.23
Octroi expenses	0.53	1.42
Sales Tax	0.03	0.19
	<u>7.17</u>	<u>6.90</u>

ESTABLISHMENT EXPENSES

Insurance	4.60	3.76
Rent	5.01	5.02
Rates and Taxes	1.77	0.75
Other repairs	2.32	0.34
Travelling expenses	0.59	0.68
Payment to Auditors	0.35	0.35
Directors fees	0.02	0.02
Provision for Doubtful Debts	0.55	0.36
General expenses	5.87	6.40
Charity & Donation	0.13	—
	<u>21.21</u>	<u>17.68</u>
	<u>1,172.13</u>	<u>1,197.43</u>

SCHEDULE 'J'

	(Rs. in lacs)	
	1990-1991	1989-1990
	Rs.	Rs.
INTEREST		
Fixed Loans	42.79	52.44
Others (Net)	18.77	17.95
	<u>61.56</u>	<u>70.39</u>

DEVTI FABRICS LIMITED

SCHEDULE 'K'

NOTES AND CONTINGENT LIABILITIES

1. Figures of the previous year have been regrouped, wherever necessary to confirm to this year's figures.
2. Interest on other accounts (net) is arrived at after adjusting Rs.0.43 lacs being Interest received/receivable (Tax at source Rs. NIL lacs)
3. Auditors' Remuneration:

	31.3.1991	(Rs. in lacs)	31.3.1990
	Rs.	Rs.	Rs.
(a) Audit fees	0.25	0.25	0.25
(b) Tax audit fees	0.10	0.10	0.10
	0.35	0.35	0.35
4. The company has been accounting liability for Excise Duty in respect of finished products lying in factory premises as and when the same are cleared/debonded. Accordingly, estimated liability amounting to Rs.0.26 lacs in respect of such products 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 the loss of the Current Financial Year.
5. 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.
6. Income and Expenditure 0.28 lacs and 0.24 lacs respectively relating to Previous Year have been suitably accounted for in the respective heads.
7. Contingent Liabilities

	31.3.1991	(Rs. in lacs)	31.3.1990
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	—	0.06	0.06
Guarantees given by the Bank of Baroda for DPG scheme	0.16	0.90	0.90
Bonds executed in favour of Excise & Customs Authorities.	—	3.00	3.00
Claims against the company not acknowledged as debts	1.43	1.01	1.01
8. Licenced & Installed Capacity

	Licenced Capacity	31.3.91	31.3.90	Installed Capacity	31.3.91	31.3.90
(As certified by the Management)						
Spindles Nos.	38368	38368	38368	37536	37536	37536
Looms Nos.	490	490	490	490	490	490
		31.3.91	31.3.90	31.3.91	31.3.90	31.3.90
9. Production of finished products meant for sale:

Blended Yarn	M.T.	52	97
Fabrics	Mtrs. in lacs	63.40	64.42
10. Value of imports on CIF basis

	Nil	Nil
--	-----	-----
11. Expenditure in foreign currency

	Nil	Nil
--	-----	-----

12. Quantitative Information:	31.3.1991		31.3.1990		
	Qty	Rs. in lacs	Qty	Rs. in lacs	
(a) Opening stock					
i) Finished Stock					
Yarn	M.T.	3	19.56	4	71.71
Fabrics	Mtrs. in lacs	1.06		5.15	
ii) Stock-in-process(Yarn)		29.56		46.54	
iii) Others		1.10		0.32	
(b) Closing stock					
i) Finished Stock					
Yarn	M.T.	7	43.53	3	19.56
Fabrics	Mtrs. in lacs	2.36		1.06	
ii) Stock-in-process(Yarn)		46.97		29.56	
iii) Others		1.24		1.10	
(c) Purchases					
Fabrics	Mtrs. in lacs	4.83	63.56	12.13	164.12
(d) Sales					
Yarn	M.T.	48	54.27	98	137.83
Fabrics	Mtrs. in lacs	66.94	950.51	80.64	1079.47
(e) Raw Material Consumed:					
Cotton	M.T.	211	57.18	234	53.19
Fibre	M.T.	225	163.60	259	198.98
Yarn	M.T.	143	287.76	170	319.43
Viscose	M.T.	42	19.00	—	
13. Value of Raw Material Consumed					
		31.3.1991		31.3.1990	
		Rs. in % of total lacs consumption		Rs. in % of total lacs consumption	
Imported		—	—	—	—
Indigenous		527.54	100.00	571.60	100.00
14. Value of dyes & chemicals, stores and spare parts consumed:					
Imported		—	—	—	—
Indigenous		48.09	100.00	57.27	100.00
					(Rs. in lacs)
15. Earnings in foreign exchange		—		—	

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

Bombay
Dated: **24th June, 1991.**

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 5th Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March, 1991.

FINANCIAL RESULTS:

	(Rs. in lacs)	
	1990-91	1989-90
Profit (Loss) before tax	498.59	(821.89)
Less: Provision for taxation	4.00	Nil
Profit (Loss) after tax	494.59	(821.89)
Less: (a) Transferred to General Reserve	49.46	
(b) Proposed Dividend	<u>319.00</u>	<u>Nil</u>
	126.13	(821.89)
Add: Provision for tax written back	0.05	
Less: Balance brought forward from last year	(760.77)	61.12
Balance carried forward to Balance Sheet	(634.59)	(760.77)

INVESTMENTS:

During the year, the Company sold certain investment made in various companies earning a profit of Rs.171.48 lacs and the company has also received dividend income of Rs.326.40 lacs from the investments.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.7250/- per Equity Share (subject to deduction of tax at source) for the financial year ended 31st March, 1991 aggregating to Rs.3.19 crores.

COURT LITIGATION:

The Company had issued Bank Guarantee to the Financial Institution in June 1990 amounting to Rs.9.14 crores. Consequent to the Judgment of the Hon'ble Supreme Court in the matter, the said Bank Guarantee is no more required. In view of this, your Directors are taking effective steps to get the Guarantee released from the Institution for cancellation.

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 under 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 V.T. Pai and Shri Ashok Joshi, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

AUDITORS:

The Auditors of the Company, Messrs. Rajendra & Co. and Messrs. Chaturvedi & Shah 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. Vajifdar
V.T. Pai
B.K. Bhandary
Directors

Bombay
Dated; **24th June, 1991**

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, 1991 and 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 to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit 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, 1991; and
 - ii) in so far as it relates to the Profit and Loss Account of the 'Profit' of the Company for the period ended on that date.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Panner

Bombay
Dated: **24th June, 1991.**

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date

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

3. The Company has received an interest free loan from the holding company. According to the information and explanations given to us, and in our opinion, the terms and conditions of the above loan are not prima-facie prejudicial to the interest of the Company.
4. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or to Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
5. The Company has not given any loans or advances in the nature of loans during the period.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 during the period under review.
7. Since the paid up capital of the Company is less than Rs.25 lacs and as it has not commenced any trading or manufacturing activity, internal audit is not required statutorily.
8. According to the information and explanations given to us, the provisions of the Provident Fund Act and the 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, 1991 for a period of more than six months from the date they became payable.
10. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account.
11. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of Section.3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
14. The Company has not dealt or traded in Shares, Securities, Debentures and other investments. The Company's investments are held in its own name.

For **RAJENDRA & CO.**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

R.J. SHAH
Proprietor

D. CHATURVEDI
Panner

Bombay
Dated: **24th June, 1991.**

TRISHNA INVESTMENTS & LEASINGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 1991

	Schedule	1990-91		(Rs. in crores)	
		Rs.	Rs.	1989-90	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'		44		44
Reserves & Surplus					
General Reserves					
Transferred from Profit & Loss Account		4946		—	
Less: Adjusted against Profit & Loss Account (as per contra)		4946	—	—	—
Loan Funds					
Unsecured Loan	'B'		1482900		1498475
TOTAL			1482944		1498519
APPLICATION OF FUNDS:					
Investments					
	'C,		1340448		1497002
Current Assets, Loans & Advances					
	'D'				
Debtors		55836		107749	
Cash & Bank Balances		223		2146	
Loans and Advances		60362		14677	
		116421		124572	
Less: Current Liabilities & Provisions	'E'				
Current Liabilities		138		197073	
Provisions		400		2063	
Proposed Dividend		31900		—	
		32438		199136	
Net Current Assets			83983		(74564)
Miscellaneous Expenditure (to the extent not written off or adjusted)			—		4
Profit & Loss Account		63459		76077	
Less: Transferred from General Reserve(as per contra)		4946		—	
			58513		76077
TOTAL			1482944		1498519
Notes and Contingent Liabilities	'G'				

As per our Report of even date
For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

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

For and on behalf of the Board
F.N. Vajifdar
V.T. Pai
B.K. Bhandary
Directors

Bombay
Dated: **24th June, 1991.**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1991

	Schedule	(Rs. in thousands)	
		1990-91 Rs.	1989-90 Rs.
INCOME			
Dividend Income (Tax deducted at Source Rs.6194 thousands, Previous year Rs.815 thousands)		32640	3510
Interest received on securities (Tax deducted at Source Rs.1045 thousands, Previous year Rs. 772 thousands)		2447	18263
Profit on Sale of Investments (Net)		17148	—
Commission		—	752
		<u>52235</u>	<u>22525</u>
EXPENDITURE			
Establishment & Other Expenses	'F'	2376	3334
Loss on sale of Investments (Net)		—	101380
Profit before tax		49859	(82189)
Less: Provision for taxation		400	—
Profit after tax		49459	(82189)
Less: Transferred to General Reserve		4946	—
		44513	(82189)
Less: Proposed Dividend		31900	—
		12613	(82189)
Add/Less: 1. Provision for tax written back		5	—
2. Balance brought forward from last year		(76077)	6112
Balance carried to Balance Sheet		<u>(63459)</u>	<u>(76077)</u>
Notes and Contingent Liabilities	'G'		

As per our Report of even date
For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

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

For and on behalf of the Board
F.N. Vajifdar
V.T. Pai
B.K. Bhandary
Directors

Bombay
Dated: **24th June, 1991.**

TRISHNA INVESTMENTS & LEASINGS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

	(Rs. in thousands)	
	1990-91	1989-90
	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
	<u>500</u>	<u>500</u>
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.		
	<u>44</u>	<u>44</u>

SCHEDULE 'B'

	(Rs. in thousands)	
	1990-91	1989-90
	Rs.	Rs.
UNSECURED LOANS		
From Holding Company	1482900	1482900
Short Term Loan from Bank		15575
	<u>1482900</u>	<u>1498475</u>

SCHEDULE 'C'

	(Rs. in thousands)	
	1990-91	1989-90
	Rs.	Rs.
INVESTMENT:		
(A) QUOTED		
Investment - At Cost		
13359212 Equity Shares of Larsen & Toubro Limited of Rs.10/- each fully paid up (Previous year 13320355 Equity Shares of Rs.10/- each)	1340013	1336788
Equity Shares of The Bombay Burmah Trading Corporation Ltd. of Rs.100/- each fully paid up. (Previous year 175 Equity Shares of Rs.100/- each)	—	100
Debentures Series III of Larsen & Toubro Limited of Rs.651- each fully paid up (Previous year 38857 Debentures of Rs.65/ each)	—	3225
Debentures Series IV of Larsen & Toubro Limited. (Previous year 961593 Debentures of Rs.290/- & 360185 Debentures of Rs.300/- each)	—	131966
Debentures Part B of Reliance Petrochemicals Ltd. (Previous year 8744 Debentures of Rs.40/- each)	—	352
Debentures Part C of Reliance Petrochemicals Ltd. (Previous year 192474 Debentures of Rs.150/- each)	—	24571
	<u>1340013</u>	<u>1497002</u>
(B) UNQUOTED:		
26400 Equity Shares of Observer (I) Limited of Rs.10/- each fully paid up. (Previous year Nil)	435	—
	<u>435</u>	<u>—</u>
Total Investment A + B =	<u>1340448</u>	<u>1497002</u>
Quoted Investment - Book Value	1340013	1497002
Market Value	1502911	1238786

SCHEDULE 'D'

	(Rs. in thousands)	
	1990-91	1989-90
	Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES		
Current Asset:		
Sundry Debtors		
Over six months	55369	
(Considered good)		
Others	467	107749
(Considered good)	55836	107749
Cash and Bank Balances:		
Cash on hand	85	4
Balance with a Scheduled Bank:		
In Current Account	138	2142
Loans and Advances		
Advance recoverable in cash or in kind or for value to be received	50537	10989
Advance payment of Tax	9825	3688
	<u>116421</u>	<u>124572</u>

SCHEDULE 'E'

	(Rs. in thousands)	
	1990-91	1989-90
	Rs.	Rs.
CURRENT LIABILITIES - PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	—	196080
Other Liabilities	138	993
PROVISIONS		
For Taxation	400	2063
Proposed Dividend	31900	—
	<u>32438</u>	<u>199136</u>

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'F'

	(Rs. in thousands)	
	1990-91	1989-90
	Rs.	Rs.
EXPENDITURE		
Administrative Expenses	237	6
Financial Charges	80	1326
Commission	1143	27
Auditors' Remuneration:		
Audit Fees	25	10
Legal & Professional Charges	891	1965
	<u>2376</u>	<u>3334</u>

SCHEDULE 'G'

Notes forming part of the Balance Sheet and Profit and Loss Account for the year ended on 31st March, 1991

1. Previous year figures have been regrouped and/or rearranged wherever necessary.
2. Dividend has been proposed for the year out of current year's profit in accordance with the legal opinion obtained by the Company in respect of the provisions of Section 205(1)(b) of the Companies Act, 1956.
3. As the Company is not a manufacturing company, information in respect of manufacturing activities required under para 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.

As per our Report of even date
For **RAJENDRA & CO.**
Chartered Accountants
R.J. Shah
Proprietor

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

For and on behalf of the Board

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

Bombay
Dated: **24th June, 1991.**

RELIANCE EUROPE LIMITED

Regd. Office: Devonshire House
146, Bishopsgate
London EC2M 4JX
United Kingdom

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their First Annual Report and the Audited Financial Statements for the period from incorporation, on 1 6th July, 1990 to 31st March, 1991.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated as Handfall Limited and changed its name to Reliance Europe Limited on 1 August 1990. The Company commenced trading on 1st September 1990 and at present its principal activity is that of marketing products manufactured by Reliance Industries Limited

RESULTS AND DIVIDEND

The results of the Company for the period are set out on page four and are reported in US Dollars which is the currency in which the Company conducts its trade. The Directors recommend that a final dividend of 0.4855 cents per share be paid for the period under review (which in total equates to 50% of the Company's after tax profits).

SHARE CAPITAL

On incorporation, 2 ordinary £ 1 shares were issued at par for cash. During the period a further 2,016,998 ordinary £ 1 shares were issued, at par for cash, to provide additional working capital for the Company.

DIRECTORS AND THEIR INTERESTS

The Directors who served the Company throughout the period together with their interests in the shares of the Company at the beginning and end of the period were as follows:

	Ordinary Shares of £1 each	
	31st March 1991	At 1st September 1990 or subsequent date of appointment
Dhirubhai Ambani (Appointed 10.8.90)	—	—
Mukesh Ambani (Appointed 10.8.90)	—	—
Anil Ambani (Appointed 10.8.90)	1*	1*
Kenneth Ridehalgh (Appointed 1 9.7.90)	—	—
Michael Claff (Appointed 16.7.90; Resigned 19.7.90)	—	—

*Held as nominee for Reliance Industries Limited.

AUDITORS

Kingston Smith were appointed during the period and have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is recommended that they be re-appointed Auditors to the Company for the ensuing year.

By Order of the Board

M.K. Shetty
Secretary

Devonshire House,
1 46 Bishopsgate,
London, EC2M4JX.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
RELIANCE EUROPE LIMITED**

We have audited the financial statements set out on pages four to nine in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st March 1991 and of its Profit and Source and Application of Funds for the period ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith
Chartered Accountants

Devonshire House,
146 Bishopsgate,
London EC2M4JX.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 1991

	Note	1991
	US\$	
TURNOVER	1(c), 2	9,307,250
Cost of Sales		<u>9,075,406</u>
GROSS PROFIT		231,844
Administrative Expenses		<u>220,215</u>
OPERATING PROFIT	3	11,629
Interest Receivable and Similar Income		<u>23,307</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,936
Taxation	5	<u>15,352</u>
PROFIT FOR THE FINANCIAL PERIOD		19,584
Dividend	6	<u>9,792</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u><u>9,792</u></u>

BALANCE SHEET AT 31ST MARCH 1991

	Note	1991
		US\$
CURRENT ASSETS		
Stocks	7	6,821,996
Debtors	8	2,574,865
Cash at Bank and in Hand		<u>2,608,427</u>
		12,005,288
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>8,062,346</u>
NET ASSETS		<u><u>3,942,942</u></u>
CAPITAL AND RESERVES		
Called Up Share Capital	10	3,933,150
Profit and Loss Account		<u>9,792</u>
		<u><u>3,942,942</u></u>

Approved by the Board on 2.7.91

K. RIDEHALGH Å Director

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD ENDED 31ST MARCH 1991

	1991 US\$
SOURCE OF FUNDS	
Trading Operations:	
Profit before Taxation	34,936
Other Sources:	
Issue of Share Capital	3,933,150
APPLICATION OF FUNDS	
Net Movement in Working Capital (See Note Below)	<u>(1,359,659)</u>
CLOSING LIQUID RESOURCES	
Cash at Bank	<u>2,608,427</u>

NOTE: MOVEMENT IN WORKING CAPITAL

	US \$ Source	US \$ Application
Stock	—	6,821,996
Debtors	—	2,571,601
Creditors	<u>8,033,938</u>	—
	<u>8,033,938</u>	<u>9,393,597</u>
Increase in Working Capital		<u>1,359,659</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 ST MARCH 1991

1. ACCOUNTING POLICIES

(a) Accounting Basis

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

(c) Turnover

Turnover represents the invoiced value of goods sold net of Value Added Tax.

(d) Deferred Taxation

Deferred Taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(e) Foreign currencies

Trading Account transactions denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the date of the transaction. Overhead expenses incurred in Sterling have been translated into US Dollars at an average exchange rate for the accounting reference period.

Assets and liabilities in foreign currencies are translated into US Dollars at rates of exchange ruling at the end of the financial period. All exchange differences are dealt with in the Profit and Loss Account.

(f) Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. TURNOVER

Turnover is attributable to the one principal activity of the Company which arose as shown below:

Geographical Analysis:	US \$
United Kingdom	2,835,393
Rest of Europe	6,471,857
	<u>9,307,250</u>

3. OPERATING PROFIT

The Operating Profit is stated after charging:	US \$
Auditors' Remuneration	6,458
Exchange Difference on Sales in period	58,643
	<u>65,101</u>

4. EMPLOYEE INFORMATION

The average number of employees during the year was 3. Due to the size of the Company there is no formal classification of duties.

Their total remuneration was:	US \$
Wages and Salaries	70,925
Social Security Costs	7,288
	<u>78,213</u>

5. TAXATION	US \$
Corporation Tax based on the results for the period at the rate of 26.21%	15,352
	<u>15,352</u>

The taxation charge for the period has been affected by the disallowance of certain expenditure.

6. DIVIDEND	US \$
Proposed	9,792
	<u>9,792</u>

7. STOCKS	US \$
Goods for Resale	5,761,004
Goods in Transit	1,060,992
	<u>6,821,996</u>

8. DEBTORS	US \$
Trade Debtors	2,566,892
Other Debtors	7,973
	<u>2,574,865</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	US \$
Trade Creditors	271,349
Amount owed to Group Undertakings	7,709,301
Corporation Tax	15,352
Advance Corporation Tax on Dividend	3,264
Social Security and Other Taxes	4,930
Accruals and Deferred Income	48,358
Proposed Dividend	9,792
	<u>8,062,346</u>

10. CALLED UP SHARE CAPITAL	
Authorised:	
3,000,000 Ordinary Shares of £ 1 each	<u>£ 3,000,000</u>
Called up, Allotted and Fully Paid:	
2,017,000 Ordinary Shares of £1 each	<u>£ 2,017,000</u>

On the date of incorporation 2£1 ordinary shares were issued. A further 2,016,998 1 ordinary shares were issued during the period to provide additional working capital.

An exchange rate of US \$1 .95 :£1 was used to re-state the above Called Up, Allotted and Fully Paid shares to the balance sheet equivalent of US \$3,933, 1 50.

11. DIRECTOR'S INTERESTS
The Company has traded with Beachcroft Stanleys, Solicitors, a firm of which Mr. K. Ridehalgh is a partner, on normal arms-length trading terms for the provision of legal services. These services amounted to US \$2,030.

12. ULTIMATE PARENT COMPANY
The Company's Ultimate Parent Company is Reliance Industries Limited, a company incorporated in India.

The address from which the financial statements of the Holding Company can be obtained is:

3rd Floor, Maker Chambers IV,
222 Nariman Point,
Bombay 400 021,
Post Box 1 1717,
India.