Reliance Industries Limited

Annual Report 1995-96

Sales - Rs. 7,786 crores (US$ 2,267 million)

Operating Profit (EBDIT) - Rs.1,752 crores (US$ 510 million)

Cash Profit (EBDT) - Rs.1,642 crores (US$ 478 million)

Net Profit - Rs.1,305 crores (US$ 380 million)

Total Assets - Rs.15,038 crores (US$ 4,378 million)

Over 2.6 million shareholders

Compounded Annual Net Profit growth over 5 years - 60%

Compounded Annual Earnings Per Share growth over 5 years - 28%

India’s largest shareholder family

India’s largest private sector enterprise

Board of Directors

Dhirubhai H. Ambani
Chairman

Mukesh D. Ambani
Vice Chairman & Managing Director

Anil D. Ambani
Managing Director

Nikhil R. Meswani
Executive Director

Hital R. Meswani
Executive Director

Suresh S. Betrabet
Nominee Director - ICICI

Yashwant D. Patil
Nominee Director - GIC

Ramniklal H. Ambani
Natvarlal H. Ambani
Mansingh L. Bhakta
T. Ramesh U. Pai
Yogendra P. Trivedi

Vinod M. Ambani
Secretary

Solicitors & Advocates

Kanga & Co.

Auditors

Chaturvedi & Shah
Rajendra & Co.

Bankers

ABN AMRO Bank
Allahabad Bank
American Express Bank
Bank of America
Bank of Baroda
Canara Bank
Central Bank of India
Citi Bank N.A.
Deutsche Bank
HDFC Bank Ltd.
Hongkong Bank
Indian Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
Syndicate Bank
Vijaya Bank

Registered Office

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

Tel. Nos. 2831633/2816,2826070
Fax No. 022-2042268

E-Mail: investor@ril.com
Internet: http://www.ril.com

Manufacturing Facilities

1. **Petrochemicals & Fibres Complex**
   B-4, Industrial Area, Patalganga,
   Off Bombay-Pune Road,
   Near Panvel, Dist. Raigad 410 207,
   Maharashtra State, India.
2. **Textiles Complex**
   103/106, Naroda Industrial Estate,
   Naroda, Ahmedabad 382 330,
   Gujarat State, India.
3. **Plastics & Petrochemicals Complex**
   Village Mora, Bhatha P.O.,
   Surat-Hazira Road,
   Surat 394 510, Gujarat State, India.

Subsidiary Companies

1. **Devti Fabrics Limited**
   3rd Floor, Maker Chambers IV,
   222, Nariman Point, Mumbai 400 021, India.
2. **Reliance Industrial Investments and Holdings Limited**
   3rd Floor, Maker Chambers IV,
   222, Nariman Point, Mumbai 400 021, India.

Registrars & Transfer Agent

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

Tel. Nos. 8367015/16/17/18
Fax No. 022-8367019

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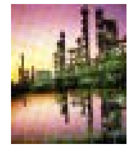
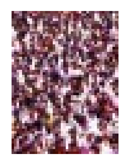
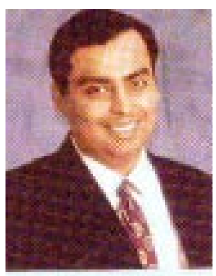




Dhirubhai H. Ambani
Chairman



Mukesh D. Ambani
Vice Chairman & Managing Director

Anil D. Ambani
Managing Director

Financial Performance

I am pleased to report to the shareholders of Reliance Industries Limited that the company has posted excellent results for the financial year ended March 31,1996. Some of the key numbers are as shown in the table below:

Sales	Rs. 7,786 crores US$ 2,267 million	**+ 11 %**
Operating Profit	Rs. 1,752 crores US$ 510 million	**+ 8 %**
Cash Profit	Rs. 1,642 crores US$ 478 million	**+ 22 %**
Net Profit	Rs. 1,305 crores US$ 380 million	**+ 23 %**
Taxes paid	Rs. 2,234 crores US$ 650 million	**+ 4 %**
Earnings per share	Rs. 27.9 US 81 cents	**+ 19 %**
Net Worth	Rs. 8,405 crores US$ 2,447 million	**+ 17 %**

Landmark Transactions

During the year, Reliance became the first private sector company in India to be rated by international credit rating agencies. Three US based international rating agencies, i.e. Standard and Poor's (S&P), Moody's and The National Association of Insurance Commissioners (NAIC) rated Reliance during the year. S & P rated Reliance "BB+, Stable Outlook, constrained by the Sovereign Ceiling", Moody's rated "Baa3, Investment Grade, constrained by the Sovereign Ceiling" and NAIC rated "NAIC 2, Investment Grade", in the background that international rating agencies generally do not rate a company higher than the country in which the company is domiciled. The leading Indian rating agency, Credit Rating and Information Services India Limited (CRISIL), S & P's Indian associate, assigned Reliance's long term credit "AAA" rating,designating "Highest Safety".

These ratings enabled Reliance to raise US$ 300 million (Rs. 1,030 crores) in the international debt market in two landmark transactions in 1995. Reliance became the first Indian private sector company to raise US$ 150 million (Rs. 515 crores) as a 7 year syndicated bullet loan at a floating rate of LIBOR plus 1%, and to issue 10 year bonds of US$ 150 million (Rs. 515 crores) in the US market, without any guarantee or security from banks, financial institutions or the government.

These transactions assisted Reliance in reducing the overall cost of capital at a time when money market conditions in India were stringent. These transactions were also consistent with the conservative financial policy adopted by the company.

The investment grade ratings obtained from international rating agencies continue to provide comfort to lenders vis-a-vis Reliance's creditworthiness.

Capital Expenditure

Reliance continues to enhance the long term net worth of shareholders, through its basic strategy of creating productive assets. In less than 20 years,

In less than 20 years, Reliance has created a world-class asset base of over Rs.15,000 crores (US$ 4,367 million).

Reliance has created a world-class asset base which is stated in the balance sheet at over Rs. 15,000 crores (US$ 4,367 million). Significant additions were made to the asset base during 1995-96, with capital expenditure for the year standing at Rs. 2,984 crores (US$ 869 million). Cumulative capital expenditure for the past two years amounts to Rs. 6,242 crores (US$ 1,817 million), among the highest in Indian industry. Several plants of global scale, capable of delivering world-class quality and value, are being commissioned in the current year.

Quality

Following last year's ISO certification of the Patalganga manufacturing complex, Reliance received ISO 9002 certification for all its manufacturing as well as utility plants at the Hazira complex. The ISO standard assures customers of an efficient and reliable quality management system. Putting customers first is the underlying philosophy at work behind efforts at quality improvement

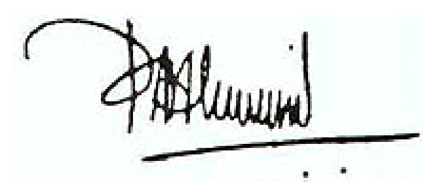
Growth and Outlook

Reliance will emerge as a petrochemicals company of truly global size and scale upon completion of the current expansion at Hazira. For the future, while remaining focussed on its core petrochemicals business, Reliance is also pursuing exciting opportunities in the other fast growing infrastructural sectors of Oil & Gas, Power and Telecom.

Reliance believes that its chosen strategies will continue to reward shareholders, in the challenging environment likely to emerge for Indian industry in the years ahead. Reliance will:

- avail opportunities in a growing domestic market;
- remain technologically world-class;
- maintain leading market positions;
- maintain global cost competitiveness;
- build production capacity ahead of demand where a potential for strong demand growth is evident;
- focus on conservative financial management.

Maximisation of shareholder value by customer value enhancement will be the key driving force. Reliance will continue to create and enhance value for customers by producing quality products which can be benchmarked against international standards Reliance views the future with great optimism and is confident of further enhancing its role as a unique value creator for all its stakeholders.



Dhirubhai H. Ambani
Chairman
Reliance Industries Limited

May 27,1996

Maximisation of shareholder value by customer value enhancement will continue to be the driving force for Reliance.

Reliance is privileged to enjoy the support of over 2.6 million domestic and international investors, the largest shareholder family in the Indian corporate sector. An overwhelming majority of these investors are individual and small shareholders, who together own almost 40% of the company's equity.

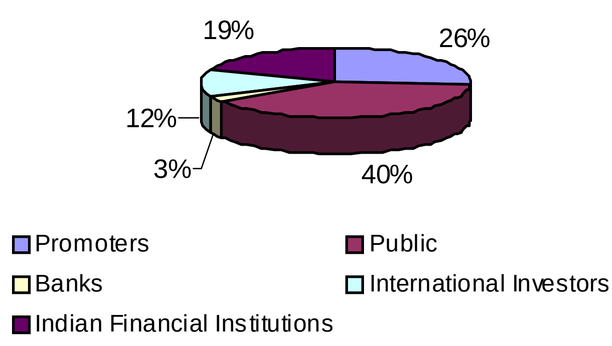
Reliance has always taken the lead in reaching out to its investors. The company operates 15 Investor Relations Centres across the country to address the needs of its shareholders. During the year, a new Investor Relations Centre was opened in a central location in Mumbai (a complete list of such centres appears on the inside back cover of this Annual Report).

Reliance will maintain an emphasis on timely resolution of investors' queries and the strengthening of an active investor grievance mechanism, to reinforce the strong bonds between the company and its shareholders.

In the future, Reliance is committed to being among the first to opt into a depository based mechanism as soon as the same becomes operational, as it is the introduction of paper-less trading alone that can provide a lasting solution to the shortcomings of the existing system.

It is a matter of great pride to Reliance that the compounded annualised rate of return on an investment made in its shares in 1977 is currently over 25%. Reliance will persevere with its efforts to maximise shareholders' wealth at all times.

Our Shareholders

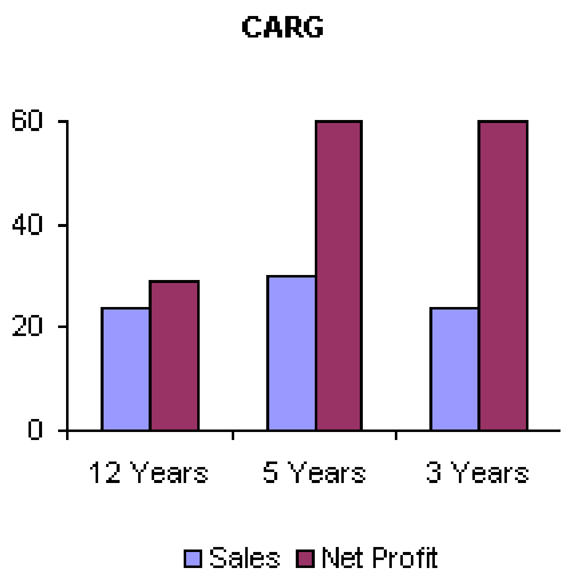


Reliance is privileged to enjoy the support of over 2.6 million domestic and international Investors.

Consistent Performance

Reliance has demonstrated consistent performance in growth and profitability over the years. This is clearly indicated by the compounded annual rate of growth (CARG) in sales and net profit over the last 12, 5 and 3 years. Efficient management of resources has largely been responsible for this unique performance.

CARG %			
	12 years	5 years	3 years
Sales	24	30	24
Net Profit	29	60	60



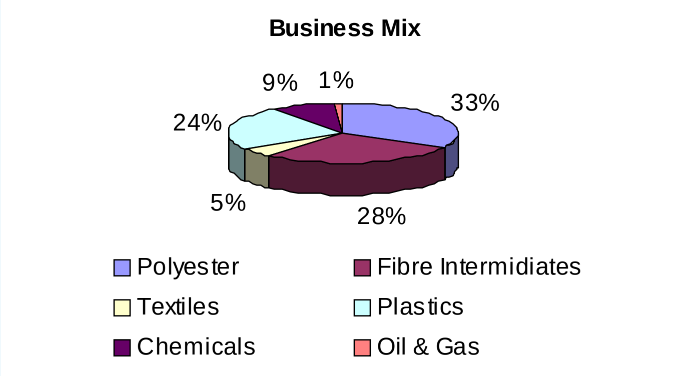
Performance in the Post Reforms-Liberalisation Era

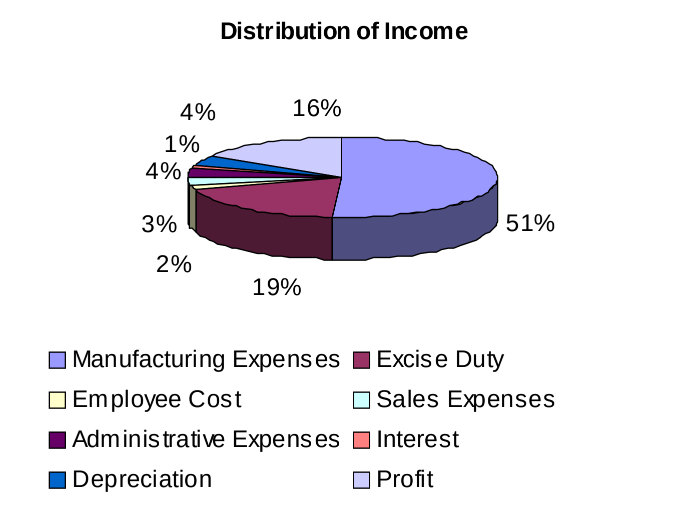
Reliance has performed significantly better in the period after economic reforms started in India in July, 1991.

The time-span from 1991-92 to 1995-96 is historically significant as for the first time since independence, Indian industry was forced to face international competition. Reliance has demonstrated that it has the resources to meet the challenges of competition. Assets, sales and profits during the post reforms period have grown faster.

Post Reforms Performance					
	1991-92		1995-96		CARG
	Rs. in crs	US$ in million	Rs. in crs	US$ in million	%
Net Worth	1,944	566	8,405	2,447	44
Sales	2,953	860	7,786	2,267	27
EBDIT	585	170	1,752	510	32
Cash Profit	356	104	1,642	478	47
Net Profit	163	48	1,305	380	68
EPS	Rs. 7	21 cents	Rs. 28	81 cents	40
CEPS	Rs. 16	46 cents	Rs. 35	US$ 1.02	22

Reliance has demonstrated consistent performance in growth and profitability over the years, even in the post reforms era.


Business Mix
9%
1%
33%
24%
5%
28%
Polyester
Fibre Intermidiates
Textiles
Plastics
Chemicals
Oil & Gas

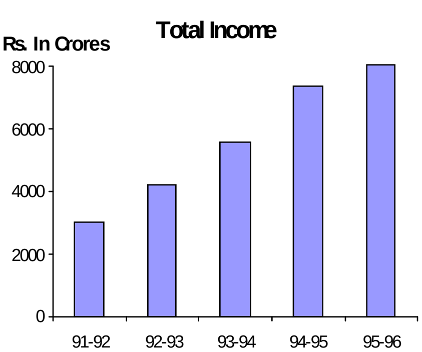

Distribution of Income
4%
16%
1%
4%
3%
51%
2%
19%
Manufacturing Expenses
Excise Duty
Employee Cost
Sales Expenses
Administrative Expenses
Interest
Depreciation
Profit

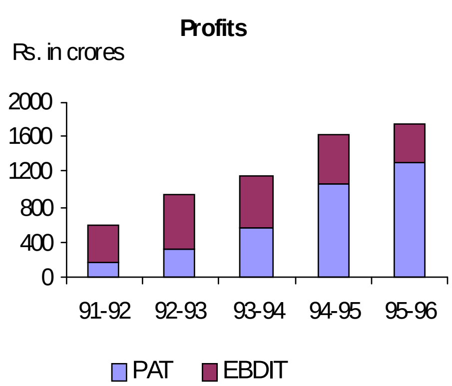
Financial Highlights

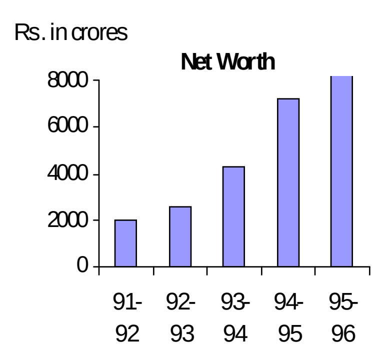
Rs. in crores

	1995-'96		'94-'95	'93-'94	'92-'93	'91 -'92	'90-'91	'89-'90	1985	1980
	US $ millions	Rs. in crores								
Sales	2,267	7,786	7,019	5,345	4,106	2,953	2,098	1,841	733	208
Total Income	2,346	8,058	7,331	5,555	4,222	3,005	2,106	1,857	744	212
Earnings Before Depreciation, Interest & Tax (EBDIT)	510	1,752	1,622	1,159	929	585	488	425	139	31
Depreciation	98	337	278	255	280	193	174	162	37	7
Profit After Tax	380	1,305	1,065	576	322	163	126	91	71	11
Taxes Paid to the Govt.	650	2,234	2,147	1,391	1,118	984	826	698	373	74
Equity Dividend %	60	60	55	51	35	30	30	30	50	25
Dividend Payout	80	276	199	138	85	48	46	46	25	3
Equity Share Capital	133	458	456	318	246	227	152	152	52	12
Reserves and Surplus	2,255	7,747	6,731	4,011	2,362	1,711	996	929	254	19
Net Worth	2,447	8,405	7,193	4,335	2,613	1,944	1,154	1,087	311	32
Gross Fixed Assets	3,311	11,374	8,390	5,132	4,641	4,314	2,186	1,999	736	75
Net Fixed Assets	2,688	9,233	6,585	3,600	3,368	3,338	1,483	1,469	607	58
Total Assets	4,378	15,038	11,529	8,121	6,083	4,880	2,712	2,553	1,046	153
Market Capitalisation	2,848	9,783	12,027	10,718	4,388	6,656	1,826	997	906	78
Number of Employees	----	14,255	12,560	11,873	11,944	11,940	11,666	11,355	9,066	6,646

1 US$ = Rs. 34 35 (Exchange rate as on 31 3.1996)





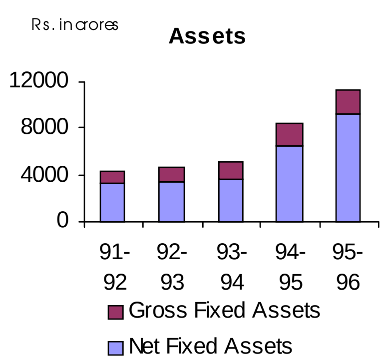


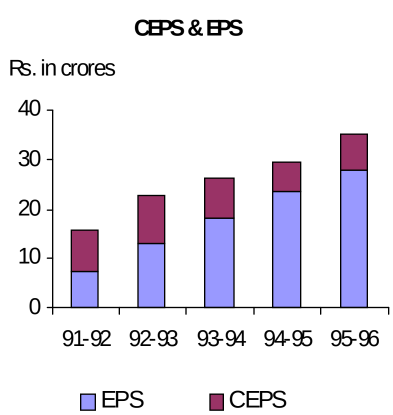
Key Indicators

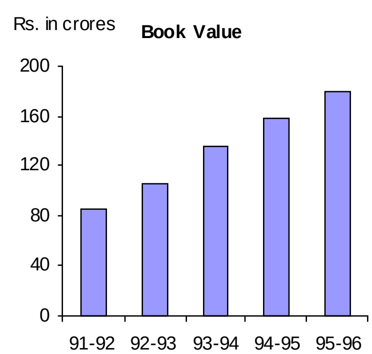
Figures in Rupees

	1995-'96		'94 '95	'93-'94	'92-'93	'91-'92	'90-'91	'89-'90	1985	1980
	US $	Rs.								
Earnings Per Share-EPS	0.81	27.9	23.4	18.1	13.1	7.2	8.3	6.9	13.8	9.3
Cash Earnings Per Share-CEPS	1.02	35.2	29.5	26.1	24.5	15.7	19.7	16.6	21.1	15.0
Book Value	5.2	179	158	136	106	85	75	71	59	26
Debt: Equity Ratio	—	0.49:1	0.35:1	0.58:1	0.84:1	0.92:1	0.61:1	0.55:1	1.66:1	1.15:1
Operating Profit Margin %	—	22.5	23.1	21.7	22.6	19.8	23.3	23.1	19.0	14.9
Net Profit Margin %	—	16.8	15.2	10.8	7.8	5.5	6.0	4.9	9.7	5.3
Return on NetWorth %*	----	25.3	23.7	18.2	20.7	17.1	12.2	9.0	30.6	40.0

US$ = Rs.34.35 (Exchange rate as on 31.3.1996)
Excluding CWIP







India's Largest Selling Brands

Business	Beand	Product	Market Share (% Share in Production)	No. of Other Players in the Industry
Polyester	**Recron**	Texturised Yarn		
		Twisted/Dyed Yarn		
		Polyester Staple Fibre (PSF)	38	10
		Polyester Filament Yarn (PFY)	29	23
		Polymers Relene High Density Polyethylene (HDPE)	51	2
	Reclair	Linear Low Density Polyethylene (LLDPE)		
	Reon	Polyvinyl Chloride (PVC)	42	6
Chemicals	**Relab**	Linear Alkyl Benzene (LAB)	38	2
Fibre Intermediates		Purified Terephthalic Acid (PTA)	55	3
		Mono Ethylene Glycol (MEG)	49	4
Textiles	**Vimal**	Suitings, Shirtings, Dress material, Sarees		
	Harmony	Furnishing fabrics, Day curtains, Automotive upholstery		
	SlumbeRel	Fibre filled pillows and sleep products		
Oil & Gas		Crude Oil & Natural Gas		

(**Note:** Given the highly fragmented structure of the textiles industry, the market share in case of Textiles - Vimal, Harmony, SlumbeRel is difficult to work out. However, the share of these brands in the market controlled by top 5 premium brands is around 36%)

Nearest Competitor's Market Share	Brand Logo	End Uses	Technology Partner
13 8	RECRON	Apparels, Home textiles, Industrial sewing threads, Automotive	E.I. DuPont, USA
35	RELENE	Packaging - woven sacks, films, containers; Household - luggage, bathware, kitchenware; Industrial - crates, pallets, gas pipes, ropes; Agriculture - water pipes Packaging - films, squeeze bottles; Household - lid and caps, water tanks; Industrial - storage containers, liners, cable sheathing; Agriculture - drip irrigation	Novacor, Canada (earlier DuPont, Canada)
21	REON	Pipes & fittings, profiles, films & sheets, bottles, containers, wire & cables	Geon Company, USA (earlier B.F. Goodrich, USA)
38	RELAB	Detergents	UOP, USA
30		Raw material - polyester	ICI, UK
27		Raw material - polyester	ABB Lummus Crest, Netherlands (Shell Process)
	VIMAL	Apparels	
	Harmony	Furnishings, home textiles	
	SlumbeRel	Sleep products	E.I. DuPont, USA
		Refining Power, Fertilizers and Petrochemicals	Enron Oil & Gas, USA

Marketing Network

The extensive marketing network consists of over 500 distributors, 2,500 showrooms and 34,000 retail outlets. The customer base includes 25,000 industrial customers in addition to the retail markets throughout India.

Domestic and International

Reliance has one of the largest marketing networks in the Indian industry, covering over 500 distributors, and 34,000 independently owned retail outlets for its branded textiles. Reliance's brands are all market leaders. The customer base includes over 25,000 industrial customers in addition to retail markets all over India. This extensive reach has enabled Reliance to create India's largest selling brands in their categories.

Reliance intends to maintain its focus on development of domestic markets, but will tap export markets as opportunities arise. Efforts are now focussed on export of PVC to Australia, Philippines, and Thailand; Worsted Yarn to the United Kingdom; Di Ethylene Glycol (DEG), Tri Ethylene Glycol (TEG) and Textiles to South Africa, China, and the Netherlands and Polyester chips to China.

Reliance has won the 'Top Exporter of Plastic Raw Material' award from the Plastics and Linoleum Export Promotion Council for the second consecutive year.

Another highlight of the year was a 300% increase in the export of premium brand 'Vimal' fabrics.

Global cost competitiveness and customer focus are the key to success in export promotion.

Reliance In Global Markets

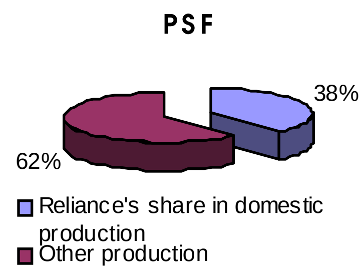
Reliance intends to maintain its focus on development of domestic markets

but will tap export markets as opportunities arise.

Fibres Business

Polyester Staple Fibre (PSF)

Reliance's polyester staple fibre division has further consolidated its position in the domestic market through special emphasis on improving operational efficiencies. Innovative promotional efforts helped in growth of the existing market and development of new market segments, thereby substantially increasing the customer base. Consistent quality and top class customer service helped in establishing Reliance even more firmly as the most "Preferred Supplier" and resulted in increasing its share in total domestic production to 38%. Reliance maintained production during the year at about 90,000 MT, inspite of the shut down taken at Patalganga and Terene Fibres India Ltd (TFIL) - whose total capacity is dedicated to Reliance - for debottlenecking and modernisation. TFIL's plant at Thane has been modernised to world-class standards. This plant is now also producing high quality Dope Dyed Black PSF which has been well received by customers in India and overseas. Reliance, along with TFIL, will be increasing capacity to 260,000 tonnes per annum by 1997-98. Work at Hazira is fast nearing completion and pre-commissioning activities are under way to expand PSF capacity by commissioning two new plants of 80,000 tonnes per annum each. Three manufacturing complexes will ensure uninterrupted supply of the widest PSF product range in the country.



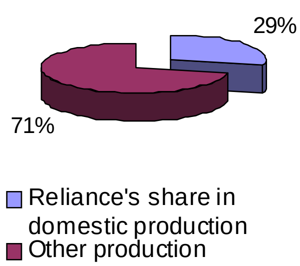
Polyester Filament Yarn (PFY)

In line with the latest global trends, Reliance has successfully developed Micro Filament Yarns and commercially marketed these in substantial quantities. Reliance has already completed a 5,000 tonnes per annum Fully Drawn Yarn (FDY) plant at Patalganga. Reliance has also commissioned a 60,000 tonnes per annum POY facility at Hazira this year. Another 60,000 tonnes per annum POY facility is at an advanced stage of completion.

Reliance is poised to substantially increase its market share in the fibres business due to the advantages of vertical integration, market leadership and world scale plants.

The company's production increased 17% from 90,000 MT to 105,000 MT, accounting for 29% of the industry production of 360,000 MT. There is likely to be excess supply in the near future owing to the commissioning of new capacities in the industry. On the other hand, reduction in customs and excise duties is expected to lead to stronger demand growth in the domestic market. Reliance believes it will enjoy a significant competitive advantage, being a low cost, integrated and quality producer.

PFY



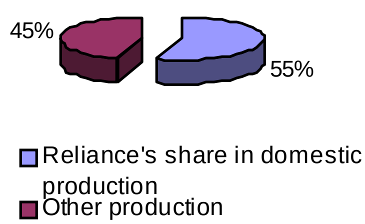
Reliance is thus poised to substantially increase its market share in the fibres business owing to the advantages of vertical integration, market leadership and world scale plants.

Fibre Intermediates Business

Purified Terephthalic Acid (PTA)

Reliance continues to be the only producer of Purified Terephthalic Acid (PTA) in the country and the largest producer of Paraxylene (PX). The entire production of Paraxylene is captively consumed by the Company. Reliance produced about 250,000 MT of PTA, accounting for 55% of total industry production of PTA/DMT. The industry continued to prefer the PTA route for the manufacture of Polyester. Reliance is already in the process of implementing a world size PTA plant of 350,000 tonnes per annum at Hazira. It is now adding another 350,000 tonnes per annum PTA capacity at Hazira. Reliance will be one of the largest PTA producers in the world on completion of these capacity additions.

PTA

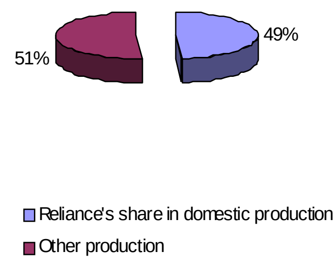


Mono Ethylene Glycol (MEG)

Reliance continues to be the largest producer of MEG in India accounting for 49% (95,000 MT) of domestic production. It achieved near 100% capacity utilisation during the year . Most of the MEG produced at its Hazira plant is captively consumed.

As captive consumption of MEG will be increasing consequent upon new polyester capacities being added by Reliance, a second MEG plant of 120,000 tonnes per annum is being implemented at Hazira.

MEG



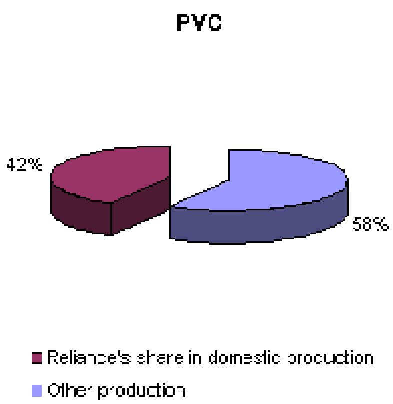
Reliance will be one of the largest PTA producers in the world on completion of planned capacity additions.

Polymers Business

Polyvinyl Chloride (PVC)

Reliance has maintained its premier position in the PVC market, accounting for 42% (187,000 MT) of domestic production.

The commitment to quality and service is reflected in the confidence which many processors have shown by accessing their entire requirement from .Reliance. Efforts are being made to further strengthen the marketing network. Process improvement and cost cutting exercises have contributed to improved performance.

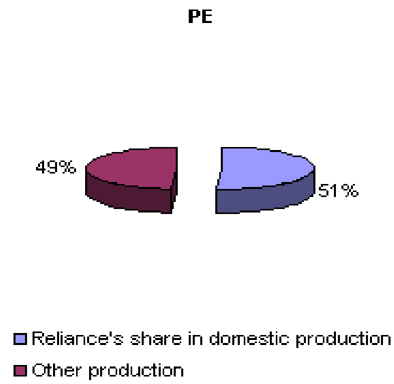


Polyethylene (PE)

Reliance is the largest producer of linear polyethylenes in India with a 51% share (192,000 MT) in domestic production.

The company introduced additional grades and captured new markets which were earlier dependant only on imported material. Reliance is the leading supplier of PE to the woven sack sector which caters to the packaging requirements of fertilisers, cement and other bulk materials. Reliance serviced more than 4,000 customers and consolidated its dominant presence in the Indian market. Development of Speciality Film grades of Octene LLDPE was further stepped up for capturing new end-use segments like milk sachets, edible oil packaging, cosmetic and dental care product packaging. Reliance is one of the six producers of this grade in the world.

Most of the key grades of our HDPE and LLDPE have substituted imports and saved scarce foreign exchange for the country.



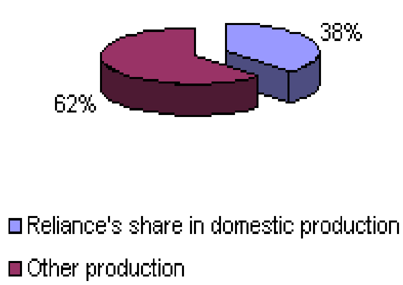
Reliance is the largest producer of linear polyethylenes in India with a 51% share in domestic production.

Chemicals Business

Linear Alkyl Benzene (LAB)

Reliance's LAB is used by all the leading domestic detergent manufacturers. The company also exports to multinational companies like Unilever and Procter & Gamble. Reliance's share in domestic production increased to 38% (76,000 MT) with the introduction of special prices for detergent exporters. Reliance has taken steps for capacity addition and it plans to debottleneck LAB capacity to 100,000 tonnes per annum, making it India's largest LAB facility. Further increase in capacity is also being planned to meet future demand.

LAB



Ethylene Oxide (EO)

Reliance continues to lead the market with a 31% share in domestic production. Ethylene Oxide is a versatile chemical used in speciality consumer products like shampoos, face creams, toiletries and detergents.

Paraffins

Reliance stayed on top of the domestic paraffins market with a 40% share in domestic production. It intends to increase its capacity to substitute imports and improve market share. The market for paraffins is growing with increased usage of PVC.

Tri Ethylene Glycol (TEG)

Reliance has commissioned a new TEG manufacturing facility with a capacity of 10,000 tonnes per annum. This will enable Reliance to add value to Diethylene Glycol (DEG), which is a by product from its Monoethylene Glycol (MEG) plant. TEG is an import substitute used in oil exploration, lubricants and speciality applications. Reliance has already initiated exports of TEG to other countries in Asia.

Reliance has taken steps for capacity addition and plans to debottleneck LAB capacity to 100,000 tonnes per annum, making it India's largest LAB facility.

Textiles Business

Vimal

'VIMAL' is the market leader in the premium suitings segment with the largest sales and distribution network. Reliance has continued to increase its retail outlets and exclusive showrooms. Its exotic range of premium woollen fabrics has been well received by country's top retailers.

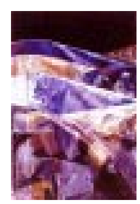
Reliance is the first in India to improve its printing facilities by adding warp transfer printing facilities. It now has the flexibility to print on warped beams and fabrics. It is also the first company in India to acquire woven velour machines for the manufacture of a wide range of pile fabrics with bigger designs. The Naroda textiles complex is the only textiles facility in the country to become self-reliant in power through captive generation.

Harmony

The Harmony range of premium furnishing fabrics continues to lead the market. Ten exclusive Harmony boutiques were opened during the year. Home textiles designed using the most advanced computer aided technology were well received in the market.

SlumbeRel

The SlumbeRel range of sleep products is doing well. Dacron fibrefilled pillows have been welcomed for their superior quality. Customer oriented products like super fine premium suitings, warp printed furnishing fabrics, decorative cushions and kiddies pillows have been introduced in the market.



'VIMAL' is the market leader in the premium suitings segment with the largest sales and distribution network.

Oil and Gas Business

Reliance has an unincorporated joint venture with Enron and ONGC to develop Panna, Mukta and Tapti fields. The development of these fields is expected to yield 145 million barrels of crude oil, 40 billion cubic meters of gas and 12 million barrels of condensate.

The joint venture has made significant progress in implementation of the development plans. The state-of-the-art 3D surveys (using multiple cable and multiple source configuration) of South Tapti and Panna fields were executed for the first time in India. Firm orders have been placed for six well plafforms, central oil and gas processing facilities and associated pipelines, for the Panna, Mukta and Tapti fields. Fabrication of platforms is proceeding at a fast pace at different sites. Installation of three platforms in Tapti and one platform in Panna has been completed. Orders for hiring of drilling rigs have been placed and drilling of wells in Tapti has commenced.

The joint venture among Reliance, Enron and ONGC has made significant progress in implementation of the development plans of the Panna, Mukta and Tapti fields.

Hazira Petrochemicals Complex

New Polyester Complex

Substantial progress in project implementation has been made at the new polyester complex at Hazira. The projects in the polyester complex are: polyester staple fibre project of 160,000 tonnes per annum; polyester yarn project of 120,000 tonnes per annum; and PET polymer project of 80,000 tonnes per annum. This highly advanced arid integrated polyester complex will have a capacity of 360,000 tonnes per annum.

In addition, the fibre intermediates projects in the complex will be: two Purified Terephthalic Acid (PTA) projects of 350,000 tonnes per annum each; and a Mono Ethylene Glycol (MEG) project of 120,000 tonnes per annum. Polyester Staple Fibre (PSF - 2)Reliance is setting up the country's largest (160,000 tonnes per annum) fully automated polyester staple fibre plant with E.I. DuPont technology. Major civil and structural fabrication work has been completed. Erection of all major equipment has been completed. The pre-commissioning activities are underway. Reliance expects to commission the plant by the end of the third quarter of 1996. On completion of PSF, POY and PET expansions at Hazira, the total polyester capacity will increase from about 200,000 tonnes per annum to 600,000 tonnes per annum, making it the eighth largest polyester producer in the world.

Polyester Yarn (POY - 2)

Reliance has successfully commissioned two polymeriser lines of 30,000 tonnes per annum each, using E.I. DuPont technology, in the country's largest (120,000 tonnes per annum) POY plant. The fully automated commissioned lines are operating well.

All major civil and fabrication work has been completed for the remaining two polymeriser lines of 30,000 tonnes per annum each. Erection of major equipment is completed and the lines are nearing mechanical completion. Pre-commissioning activities are in progress. Reliance expects to commission these two lines in phases by the third quarter of this year.

PET Polymer

Substantial progress has been made in construction and erection during the year. Pre-commissioning activities are nearing completion. The PET bottle grade resin plant of 80,000 tonnes per annum will be one of the largest plants in the world. Technological assistance is being provided by SINCO Engineering, Italy. Reliance sees tremendous growth potential for PET bottles in the rapidly growing aerated drinks, mineral water and other bottling segments. PET is hygienic, environment friendly and the preferred packaging material for these segments. Reliance expects to commission its PET plant by the end of the third quarter of 1996.

Reliance has successfully commissioned two polymeriser lines of 30,000 tonnes per annum each using E.I. DuPont technology in the country's largest (120,000 tonnes per annum) POY plant.

Purified Terephthalic Acid (PTA-2)

The project for setting up a PTA plant of 350,000 tonnes per annum at Hazira, with ICI technology, is nearing mechanical completion. All major equipment such as reactors and silos have been erected and insulation work has started. Construction of all electrical installations and control room has been completed. Precommissioning activities are in progress. Substantial progress has been made in the implementation so as to facilitate the completion of the project by the last quarter of 1996.

Purified Terephthalic Acid (PTA - 3)

Reliance has decided to set up another PTA plant of 350,000 tonnes per annum with ICI technology, in order to meet its projected raw material requirement as well as the growing market demand. This plant would be similar to the first PTA plant at Hazira. The basic and detailed engineering is already completed. All major plant equipment have been ordered. On its completion, Reliance will be one of the largest PTA producers in the world.

Mono Ethylene Glycol (MEG - 2)

The MEG plant of 120,000 tonnes per annum, using technology from ABB Lummus Crest, Netherlands (Shell Process) is under construction. This project has made substantial progress during the year. Major civil work including the substation and control room has been completed. Major items of equipment have been received at the site and the erection work is progressing. The plant is expected to be commissioned by the last quarter of 1996.

Cracker Substantial progress has been made in this major project. The technology used in the cracker is licensed from Stone and Webster, USA. Site preparation, basic and detailed engineering and procurement have been completed and the project is now nearing mechanical completion. The pre-commissioning activities have also started. The jetty terminal, tank farm, SBM system (Single Buoy Mooring) and utilities have already been commissioned. Almost all equipment such as furnaces, columns, pressure vessels, heat exchangers and pumps have been erected. All utilities required for the commissioning activities alongwith the raw material storage facilities are ready.

The cracker will have a capacity of approximately 750,000 tonnes per annum of ethylene and 365,000 tonne per annum of propylene. Reliance's cracker is the world's largest grass-root single stream multi-feed cracker and is expected to be commissioned by end 1996.

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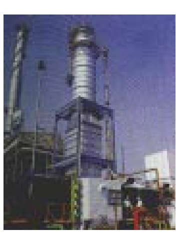
Projects & ExpansionsSuccessful completion of the cracker project will be an important link in the integration strategy as it will provide two basic raw materials i.e. ethylene and propylene.

Captive Power Plants (CPPs)

Reliance is expanding its captive power capacity, in order to cater to the increasing power requirement of the petrochemicals complex at Hazira. On completion of the expansions, Reliance will have access to reliable and cost competitive power of over 350 MW for its continuous process plants. This will ensure self-sufficiency and stability of power supply and will also optimally utilise the steam generated. Work is progressing satisfactorily so that the CPPs start concurrently with the other facilities.

Polymers Complex

The use of polymers is growing rapidly among all end-user segments owing to their cost effectiveness and user friendliness. New products are being developed, using the unique properties of polymers which are thus capturing a bigger share of a growing market. Reliance is in the forefront to derive benefits of the growth by substantial expansion and implementation of new world-class facilities. The new polymer projects being set up include a 350,000 tonnes per annum PP plant and a 200,000 tonnes per annum PE plant at Hazira.



Polypropylene (PP -1)

Reliance is building a state-of-the-art 350,000 tonnes per annum polypropylene plant at Hazira using the UNIPOL process of Union Carbide Chemicals and Plastics Company, USA. Almost all equipment have been erected and the project is mechanically complete. Pre-commissioning activities are in the final stages. Other infrastructure such as product warehouse, bagging, and propylene receiving facility has been completed. The plant is at an advanced stage of completion and is expected to go on stream by the third quarter of 1996.

Polyethylene (PE - 2)

Work is progressing at the 200,000 tonnes per annum PE plant at Hazira, which uses the Sclair Tech Process. The plant will manufacture both High Density Polyethylene (HDPE)

and Linear Low Density Polyethylene (LLDPE), as required, to cater to the growing market needs. All civil work including electrical substation and control room has been completed. Delivery, erection and construction of equipment has commenced. Reliance expects to complete the project by the end of this year. Efforts will be made to synchronise the commissioning of this plant with the cracker start up.With the completion of this second PE plant, the total PE capacity will increase to 400,000 tonnes per annum, making Reliance one of the top 10 PE producers in the world.

Polyvinyl Chloride (PVC -1)

The PVC capacity at the existing plant at Hazira, based on technology from GEON, USA, is being expanded to 300,000 tonnes per annum in two phases: first by 90,000 tonnes per annum, taking the capacity to 270,000 tonnes per annum and then by another 30,000 tonnes per annum. The facility of 270,000 tonnes per annum will be operational by the end of 1996.

On completion of the expansions, Reliance will have access to reliable and cost competitive power of over 350 MW for its continuous process plants.

Jamnagar Petrochemicals Complex

Reliance Industries Limited has identified Jamnagar as its next growth centre for future expansions in the petrochemicals business. The Jamnagar petrochemicals complex is to be located adjacent to the Reliance Petroleum refinery. This will facilitate the integration between the power, petrochemicals and refining businesses of the Reliance Group. Reliance Industries initially proposes to set up paraxylene and polypropylene plants at Jamnagar. The feedstock i.e. naphtha required for the paraxylene plant, and propylene required for the polypropylene plant will be obtained from Reliance Petroleum's refinery.

Fibre Intermediates

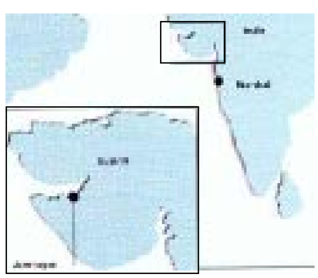
Paraxylene (PX- 2 and PX-3)

Reliance has decided to build two new paraxylene facilities of 400,000 tonnes per annum each, at Jamnagar, with UOP Inter Americana technology. Basic and detailed engineering studies have been completed. Reliance is also reviewing a plan to set up a further PX facility of 400,000 tonnes per annum. This will be the largest such facility in the world and will get naphtha as feedstock from the proposed refinery. Reliance's PX capacity will be 1.35 million tonnes per annum on completion of these projects. With this, Reliance will be amongst the top four paraxylene producers in the world.

Polymers

Polypropylene (PP- 2)

To cater to the growing demand for polypropylene, Reliance is proposing to build an additional 350,000 tonnes per annum plant utilising its locational advantage. The technology licensor is John Brown, UK (UNIPOL Process). The plant will use propylene from the proposed refinery as the feedstock. The total PP capacity will increase to over 700,000 tonnes per annum with the setting up of the second plant of 350,000 tonnes per annum, making Reliance the fourth largest PP producer in the world.



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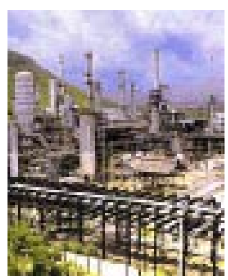

Reliance maintains the highest standards of quality in the areas of environment, health and safety.

Environment

Reliance is sensitive to the impact its operations have on the environment, and all possible steps are taken to maintain the highest standards in this regard. Reliance has a comprehensive environmental management policy covering air, water, and noise pollution, disposal of gaseous, liquid and solid wastes and local ecology. Environmental protection is one of the important criteria for selection of new technology, plant and equipment. This is achieved partly through the inclusion of inbuilt control equipment and pollution monitoring in the plant design and partly through an emphasis on control procedures and pollution management as an integral part of the training provided by licensors, including plant operations and maintenance procedures. Reliance has invested heavily in the latest and the best pollution control and environment preservation technologies to keep the water and air in areas close to its plants, absolutely free from harmful effluents. Reliance has won many awards for its efforts in pollution control and preservation of the environment:

- The Hazira complex has been honoured with the Federation of Gujarat Industries Award for "Environment & Pollution Control" for 1995. The Hazira complex has also received the Golden Jubilee Memorial Trust Award for outstanding pollution control programme during 1994-95, from the Southern Gujarat Chamber of Commerce & Industry.
- The Hazira complex facilities have availed of the maximum rebate on water cess for the fourth successive year. All samples from stack, treated effluent and storm water drain, collected by GPCB from the Hazira complex, were found normal and safe.
- The Naroda textiles complex has commissioned a supplementary Effluent Treatment Plant (ETP). With this, the Naroda textiles complex today has the largest area dedicated and the highest investment committed for ETP activities in the entire Indian textile industry.

Health and

SafetyIn addition to the normal medical facilities being provided to the employees, the company has also taken steps to ensure preventive care. Reliance has sought to construct plants and adopt safety monitoring and audit procedures which conform to international standards. Extensive safety audits and hazardous operations studies have been carried out in relation to all significant aspects of Reliance's operations. Reliance has always ensured an absolutely safe working environment for all its employees, and has kept up with latest international trends, standards and practices. Reliance's efforts in this area have been widely regarded and acknowledged by various fora and associations.

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During the year, Reliance has won major awards for safe practices:

- The Award of Honour for the year 1994 for Reliance's Patalganga complex is the highest award of safety of The National Safety Council of USA. The National Safety Council of USA also awarded "Second Place" for 1994 to Reliance's Patalganga complex, amongst worldwide chemical companies in the group.
- Reliance's Patalganga complex was awarded the "Safety Award" for the longest accident free spell for the year 1994, by the Council of Industrial Safety of National Safety Council, India.
- Reliance's Hazira complex has won many safety awards including the Safety Award-1992, 5 STAR Award-1994, and Sword of Honour-1994, all from the British Safety Council of UK .
- In December, 1995, Reliance received an award for achieving the lowest disability index during the year 1994 for its Naroda textiles plant, among all member mills of the Ahmedabad Textile Mills Association (ATMA). Reliance has won this award every year since its inception in 1988. As in the past, Reliance accepted only the merit certificate, foregoing the shield in favour of the next best competitor, in order to encourage and enthuse other members. This gesture was highly appreciated by ATMA, and was even noted in the Award of Honour-1994 certificate.

Reliance has sought to create safety awareness not only among its employees but also its customers. Reliance arranged safety audits, and conducted safety training for customers and transporters.

Reliance's efforts in the area of Environment, Health & Safety have been widely regarded and acknowledged by various fora and associations.

Quality

At Reliance, the focus on Quality is not only on the final product - it covers all aspects of operations, including processes and people. Major achievements in 1995-96 are:

- Reliance has put the ISO programme in place after rigorous training and documentation. The ISO 9002 certification was received for all its manufacturing plants (MEG, PVC, VCM and HDPE) as well as central power and utility plants at the Hazira petrochemicals complex in December, 1995. With this, both Hazira and Patalganga petrochemical complexes have achieved ISO 9002 certification for all their manufacturing plants as well as central power plants and utilities.
- The Patalganga complex was conferred the ‘Golden Peacock National Quality Award 1995’.
- Quality management systems for the seven operational units certified by Bureau Veritas Quality International in September, 1994, continue effectively, as demonstrated in the agency’s surveillance audits during March, 1995 and September, 1995.
- PE product quality achieved during the year was 98.3% prime against 95% achieved last year.
- In polymers, several new grades were established with best quality control and quality assurance practices. New machines and test methods were added to analyse the samples so that the material delivered to the customer is of the highest standard.
- The Patalganga complex uses modern technologies like tracer applications and nucleonic control systems for improvement of quality of processes and products. In chemicals, special efforts were made to check the fitness of empty tankers before loading.
- The POY division has substantially improved the quality of packaging, which has now eliminated the possibility of product damage in transit.

Both petrochemical complexes of Reliance, Hazira and Patalganga, have achieved ISO 9002 certification for all their manufacturing plants as well as central power plants and utilities.

Research Development

Reliance's entrepreneurial drive has always been the inspiration for developing new products and new applications for existing products Most modern facilities are used by Reliance for research activities The thrust of the research efforts has been towards process development, process modification and product development PFY, PSF, PE, PVC, PTA and LAB continue to be the focus of the research and development efforts Some of the major achievements of the research efforts are:

- Catalyst regeneration and modification with impregnation of additional metal was done successfully for the project of Non-HF alkylation catalyst to improve LAB quality;
- New variations in the Fully Drawn Yarn segment were developed and successfully commercialised during the year;
- Stretch fabrics using polyurethane filament were developed;
- Oil and water repellent worsted suitings with Teflon coating were developed for international acceptance;
- Fire retardant automotive textiles/ upholstery fabrics were developed;
- New deniers in POY were successfully developed for achieving better performance and modified texture of fabric;
- A new fabric evaluation technique was adopted in Naroda to improve tailorability and fabric performance.

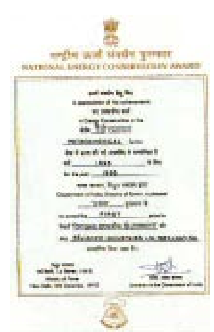
PFV,PSF.PE,PVC, PTA and LAB continue to be the focus of research and development efforts.

Energy Conservation

At Reliance, energy conservation is regarded as a major factor in enhancing cost competitiveness. Energy conservation and optimisation is achieved from the design stage of the plants itself and is then maintained and improved in the normal plant operations. Continuous updating of energy conservation efforts is achieved by frequent energy audits at operating levels.

The commitment of Reliance towards energy conservation is reflected in the fact that the Ministry of Power, Government of India, awarded the first prize to Reliance - Patalganga for energy conservation in the petrochemical sector, for the second consecutive year in 1995. Some of the other significant achievements of Reliance in the area of energy conservation are:

- Improved utilisation of steam generation potential in the HRSG (Heat Recovery Steam Generators) using the exhaust heat from gas turbines more efficiently, resulted in reduction in the average captive power generation cost;
- Installation of gas turbine with HRSG enabled the steam turbine generator to run under co-generation mode;
- Optimisation of condenser blow down rates in PVC and PE plants;
- Lube oil recovery system from gas turbine lube oil console vent was set up;
- Cooling towers in the MEG complex were modified which resulted in power savings;
- Water recycling scheme is under implementation to conserve and recycle water in the Fibres complex;
- New steamlines and aircurtains were added in the plants.



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Foreign Exchange Savings

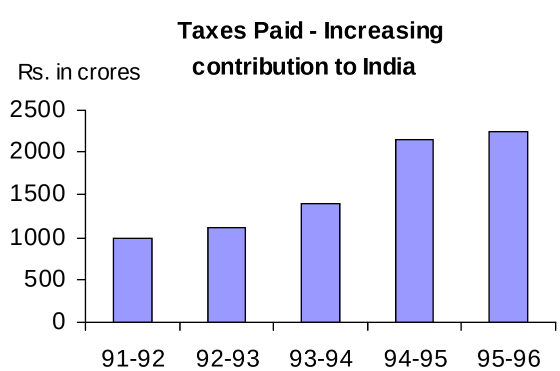
Reliance's products are primarily import substitutes. In other words, if Reliance does not produce them, similar quantities of these products would have to be imported. Reliance assists the country towards achieving self-sufficiency in petrochemical and petroleum products, thereby saving precious foreign exchange, through production of polyester, polymers, fibre intermediates and petrochemicals.

In terms of foreign exchange saved, Reliance ranks among the top companies in India. During 1995-96, a saving of Rs. 2,783 crores (US$ 810 million) was achieved.

Taxes Paid

In the private sector, Reliance is amongst the top three tax payers, to various government agencies. The main forms of taxes paid by Reliance are excise duty and customs duty. In fact, in terms of proportion, these taxes form one of the highest elements of Reliance's cost structure.

Reliance contributed Rs.2,234 crores (US$ 650 million) in the form of various taxes as against Rs. 2,147 crores (US$ 625 million) last year. It is noteworthy that the absolute amounts of revenue generated for the government through Reliance's operations have increased even though the rates of customs and excise duties have been brought down. The total amount of contribution continues to be as high as almost twice the Profit After Tax.



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Employment

Reliance has over 14,000 employees. A majority of the human resources required to handle incremental volume for the Hazira expansion have been recruited. Expatriates, too, have been recruited in the areas of Manufacturing, Technical Training, Information Systems, Information Technology and Logistics.

Reliance additionally creates over a million jobs through the product markets that it develops. This includes jobs created in ancillary and downstream units, as well as indirect employment generated in terms of transportation services, marketing outlets, godowns and depots.

This makes Reliance one of the biggest job creators in India. Employment with Reliance offers better job satisfaction through training and world-class exposure. This is one reason why Reliance continues to enjoy the status of a preferred employer.

Reliance creates over a million jobs through the product markets that it develops.

Reliance's commitment towards community development is reflected in the resources directed towards fulfilling social responsibility. Reliance has launched a Community Development Project which is focussed on providing services and facilities to people in villages around the manufacturing facilities. The objective of this programme is to meet the obligations of a conscious corporate citizen and to develop goodwill among the people in the neighbouring areas. Cooperation and participation of the people are solicited for the development of their villages. The ultimate objective is to create a more sustainable model of rural development which will help the villages to be more self-reliant.

The activities which have been initiated under the auspices of the programme are:

- Promotion of savings groups
- Medical check up camps;
- Establishment of mahila mandals;
- Health and hygiene awareness projects;
- Sewing classes for women;
- Establishment of nurseries;
- Sponsoring of a 6 monthly course- for hospital and community health workers;
- Launching of Mobile dispensaries;
- Establishment of a dispensary at Mora village near the Hazira Complex;
- Trade familiarisation scheme for boys who have passed Standard 10.

In addition to the above, the other noteworthy efforts are:

- Reliance jointly with UNICEF has launched a programme for the upgradation of Zilla Parishad Schools at the level of primary education in Raigad District which covers the Patalganga Complex;
- Launched hospital and community health worker training course;
- Provided facilities to supply water to industries located at Hazira and Surat City;
- Made arrangements for supply of water to Mora village residents;
- Assisted the village authorities in the expansion of schools at Mora village;
- Constructed the main arterial road for the Mora village;
- Contributed to the Mora village in the Gokul Gram Scheme;
- Reliance is also getting ready to launch free medical services for the villages near the plant sites.

Reliance's commitment to community development is reflected in the resources directed towards fulfilling social responsibility.

Reliance Petroleum

The proposed 15 million tonnes per annum refinery of Reliance Petroleum Limited will be an important link in the integration chain of Reliance. Over 20% of the refinery's output is expected to be consumed by Reliance Industries. The value of the feed stocks to be provided to Reliance Industries by Reliance Petroleum is expected to be about Rs. 2,000 crores (US$ 582 million) per annum. The expertise gained by Reliance Industries in the areas of project management, engineering, sourcing and operations management will prove to be an advantage in the refinery project implementation. Reliance Group has already contributed Rs. 561 crores (US$ 163 million) over the past three years to Reliance Petroleum as promoters' contribution. Reliance Group is to contribute a further Rs. 713 crores (US$ 208 million). The total cost of the refinery is expected to be Rs. 8,694 crores (US$ 2531 million) as appraised by the IDBI. Reliance Petroleum's refinery will be the world's largest single stream grass-root refinery. The capital cost of the refinery is one of the lowest compared to other new Indian and international refineries. Bechtel, the world renowned engineering construction company, has the single point responsibility for technology, engineering, procurement, construction management and project management services for the refinery project. Bechtel has engaged UOP (USA), the world leaders in refinery technologies for providing the basic engineering and licensing for this project.

Reliance Petroleum's refinery will be the world's largest single stream grass-root refinery.

The capital cost of the refinery is one of the lowest compared to other new Indian and international refineries.

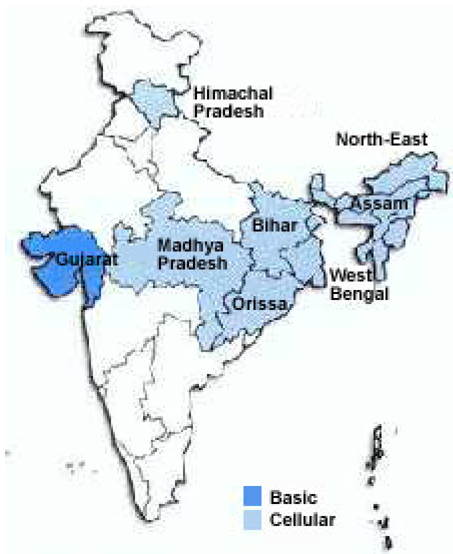
Reliance Telecom

Reliance Industries Limited has entered into a joint venture arrangement with NYNEX, USA, to form Reliance Telecom Private Limited, with a view to enter into the telecom sector in India which has been opened up for private sector participation. Tenders for licenses to operate basic and cellular telephone services were invited. The telecom sector in India, as is the case all over the world, is likely to experience phenomenal growth. Sensing a great opportunity, Reliance decided to participate in this growth. Reliance Telecom bid for these licenses in June,1995.

Reliance Telecom was awarded licenses for operating cellular services in Assam, Bihar, Himachal Pradesh, Madhya Pradesh, North-East, Orissa and West Bengal circles. Six circles out of the seven are geographically contiguous. Reliance Telecom is the only licensee in West Bengal and Assam circles. These licenses are initially valid for 10 years extendable in multiples of 5 years thereafter. Reliance is the sole successful bidder in Gujarat circle for the basic telecom services.

NYNEX, USA, is one of the Regional Bell Operating Companies, created with the divestiture of the Bell System in 1984. NYNEX is a leading telecommunications investor in Asia. Reliance Telecom proposes to build modern mobile telecommunications networks in each of its licensed circles, providing the full spectrum of GSM services to both residential and business subscribers.

The combined license fee for 10 years for the cellular circles is Rs. 337 crores (US$ 98 million). These circles have 32.5% of India's population and 12.9% of the nation's telephone lines. The license fee for providing basic services in the Gujarat circle is Rs. 3,396 crores (US$ 989 million) over 15 years.



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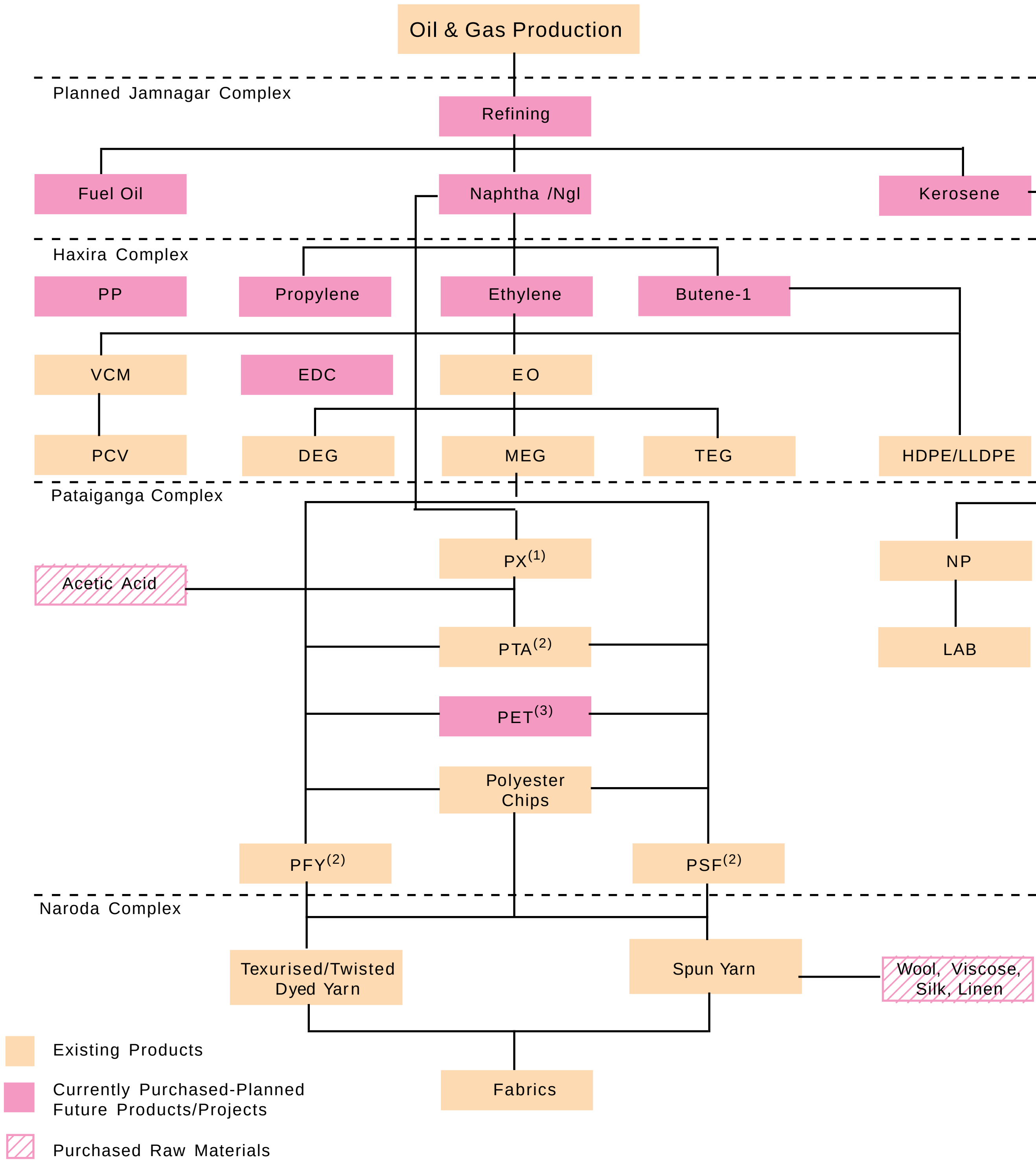
Reliance is the world's largest and most experienced lighterage operatorfor

cryogenic products being handled at upto -102^{0}C.

Product Flow Chart



Abbreviation	Full Name	Abbreviation	Full Name	Abbreviation	Full Name
DEG	Di-ethylene glycol	LLDPE	Linear low density polyethylene	PSF	Polyester staple fibre
DMT	Di-methyl-terephthalate	MEG	Mono-ethylene glycol	PTA	Purified terephthalic acid
EDC	Ethylene di-chloride	NGL	Natural gas liquid	PVC	Polyvinyl chloride
EG	Ethylene glycol	NP	Normal paraffin	PX	Paraxylene
EO	Ethylene oxide	PET	Polyethylene terephthalate	TEG	Tri-ethylene glycol
HDPE	High density polyethylene	PFY	Polyester filament yarn	VCM	Vinyl chloride monomer
LAB	Linear alkyl benzene	PP	Polypropylene		

(1) Manufacture also planned at Jamnagar complex
(2) Plant also under construction at Hazira complex
(3) Manufacture planned at Hazira complex

Directors' Report

The Directors have pleasure in presenting the 22nd Annual Report and the audited accounts for the financial year ended 31st March, 1996.

Financial Results

	1995-96		1994-95	
	Rs. Crs.	**US$ Mn***	Rs. Crs.	US$ Mn*
Gross profit before interest and depreciation	**1751.91**	**510.02**	1622.60	472.37
Less: Interest	**110.13**	**32.06**	279.51	81.37
Depreciation	**336.51**	**97.97**	278.24	81.00
Profit for the year	**1305.27**	**379.99**	1064.85	310.00
Add: Balance in Profit & Loss A/c.	**90.92**	**26.47**	62.24	18.12
Surplus Available for Appropriation	**1396.19**	**406.46**	1127.09	328.12
Appropriations:				
Capital Redemption Reserve	—	—	5.50	1.60
Debenture Redemption Reserve	**231.30**	**67.34**	30.50	8.88
General Reserve	**800.00**	**232.90**	800.00	232.90
Interim Dividend paid on Preference Shares	**28.00**	**8.15**	—	—
Recommended Dividend on:				
Preference Shares	—	—	0.83	0.24
Equity Shares	**276.22**	**80.41**	199.34	58.03
Balance carried to Balance Sheet	**60.67**	**17.66**	90.92	26.47
	1396.19	**406.46**	1127.09	328.12

* 1 US $ = Rs. 34.35 (Exchange rate as on 31.3.96)

Dividends

The Directors have recommended dividend (subject to deduction of tax at source) for the financial year ended 31st March, 1996, which if approved at the forthcoming Annual General Meeting will be paid out of profits of the Company for the said year to all those Equity Shareholders whose names appear on the Register of Members as on 22nd June, 1996. The Directors have also recommended dividend on 14% Redeemable Preference Shares of Rs. 100 each. This dividend has been fully adjusted against the interim dividend paid by the Company during the financial year ended 31st March, 1996.

On Preference Shares	(Rs. in Crores)
Dividend of Rs. 14 per share on 2,00,00,000 Redeemable Preference Shares of Rs. 100 each fully paid up	28.00
On Equity Shares	
Dividend of Rs. 6.00 per Share on 46,03,69,802 Equity Shares of Rs. 10 each fully paid up	276.22
	304.22

Promise Vs. Performance (In Terms of Clause 43 of Listing Agreement)

The Company has given following profitability projections in the Letter of Option dated 8th September, 1992 issued to the Debentureholders - Series F for rollover of the debentures.

(Rs. in Crores)

	1995-96	
Particulars	Projections	Actual
Sales*	7,488	7,786
Gross Profit	1,651	1,752
Wtd. Ave. Equity	301	457
EPS (Rs)**	21.1	27.9

* Includes inter-divisional transfers.

** Based on weighted average equity.

Reason

EPS has improved due to better margins and reduction in interest and depreciation charges.

Duplicate share certificates/Replacement of shares.

In both the above cases, as per the legal advice received by the Company, the actions taken by the Registrars, were not in contravention of any provision of law. Neither of the issues have occasioned any loss to any investor or to the Company.

If any inadvertent technical lapses have been committed by the Registrars, the reason for the same is attributable to their handling of huge volumes of transactions. The Registrars are in the process of enhancing the effectiveness of their systems and procedures to obviate recurrence of such situations.

Investments

The Company has invested Rs.631 crores in Reliance Industrial Investments & Holdings Limited which in turn has an investment to the extent of Rs. 299 crores in Reliance Petroleum Limited, Rs. 359 crores in Larsen & Toubro Limited, and Rs. 113 crores in BSES Limited.

During the year the Company converted Rs. 100 crores out of its loan of Rs. 304 crores, into debentures of Reliance Petroproducts Limited. This is meant to promote downstream projects in the Polyester and Petrochemicals areas.

Energy, Technology & Foreign Exchange

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosures 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 forming part of this report.

Subsidiary Companies

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, alongwith the report of the Board of the Directors of Devti Fabrics Limited and Reliance Industrial Investments and Holdings Limited and the respective Auditors' Report thereon for the year ended 31 st March,1996, are annexed.

During the year Reliance Petroproducts Limited, ceased to be a subsidiary of the Company. Reliance Global Trading Limited, which became a subsidiary of the Company during the year, also ceased to be a subsidiary of the Company.

Fixed Deposits

The Company has not accepted /renewed any deposits during the year. Deposits of Rs. 0.60 crore due for repayment on or before 31 st March,1996 were not claimed by 1010 depositors as on that date. Of these, deposits amounting to Rs. 0.03 crore of 57 depositors have since been repaid.

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. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the secretary at the Registered Office of the Company.

Directors

Shri H.R. Meswani, was appointed as an Additional Director on 3rd August, 1995, designated as Executive Director. He holds office until the conclusion of this Annual General Meeting and is eligible for appointment. The Company has received from some of its members a notice under Section 257 of the Companies Act,1956, proposing his appointment as a Director, subject to retirement by rotation.

During the year Shri U. Mahesh Rao, Nominee Director of General Insurance Corporation resigned and Shri Yashwant D. Patil was appointed as Nominee Director of the Corporation on 15th March, 1996. The Board places on record its appreciation for the valuable guidance received from Shri U. Mahesh Rao during his tenure as Director.

Shri T.R.U. Pai, Shri D.H. Ambani and Shri R.H. Ambani, retire by rotation and being eligible offer themselves for reappointment

Auditors and Auditors' Report

Messrs Chaturvedi & Shah and Messrs Rajendra & Co. Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company las received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and, therefore do not call for any further comments.

Acknowledgement

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

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, staff and Workers of the Company for its success.

For and on behalf of the Board of the Directors

Mumbai — **Dhirubhai H. Ambani**
Dated: 27th May, 1996 — Chairman

Annexure to Directors' Report

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

A. Conservation of Energy

(a) Energy Conservation Measures Taken:

1. Installation of Gas Turbine with HRSG to enable to run STG under co-generation mode.
2. Installation of APH for hot oil heaters.
3. Simulation package utilised for optimising distillation column operation in petrochemical plants.
4. Flash steam venting reduction through soft water spray.
5. Reduction in boiler blow down frequency.
6. Waste LP steam utilisation in vapour absorption chiller.
7. Installation of separate inverters for quench blower motors.
8. Improved utilisation of steam generation potential in the Heat Recovery steam generators utilising the exhaust heat from gas turbines.
9. Optimisation of cooling water consumption in various condensers and coolers.
10. Usage of low pressure steam in dehydrator column reboiler.
11. Provision of demister pad in CO_2 stripper to minimise carry over.
12. Provision of restriction orifice in Nitrogen consumption lines to minimise LP Nitrogen consumption.
13. Replaced fan blades of one cooling tower from solid GRP to hollow FRP to reduce power consumption.
14. Variable speed drive in centrifuge to reduce power consumption and improve capacity.
15. Reduction of HB condenser and LB condenser blow down rates.
16. Replacement of aluminium fans with FRP fans for air conditioning, air cooling and cooling towers to reduce power consumption .
17. Installation of air curtains for air conditioned plants to reduce the power consumption.
18. Installation of new main steamline to reduce the line losses.
19. Solar hot water system for guest house (Utilisation of nonconventional energy).
20. Installation of new capacitors to improve power factor from 0.91 to 0.93.

(b) Additional Investments and Proposals, it any, being implemented for reduction in consumption of energy:

1. Installation of back pressure turbine.
2. Replacement of conventional shell and tube type combined feed exchanger in LAB plant by plate type exchanger.
3. Optimisation of recycle paraffin pumping system.
4. Installation of advance process control system.
5. Prefractionation stripper side cut recovery.
6. Steam condensate preheating by integration with process plants leading to reduced steam consumption in deaerators.
7. Installation of vapour absorption chiller utilising waste LP steam.
8. Advanced simulation package for optimising distillation column operation.
9. Heat integration of column bottom in LAB plant.
10. Automatic blow down controls for steam boilers in fibre division.
11. Double extraction cum condensing steam turbine with alternator is being installed to augment power generation capacity.
12. Flash steam from blow down of HRSGs will be used in Deaerators.
13. Change over from trap system to condensate pot system for Concentrator-I reboiler.
14. Replace second cooling tower fan blades by hollow FRR.
15. Better chilled water chemical treatment to minimise fouling and corrosion and thereby improve heat transfer rates to achieve lower energy consumption.
16. Modify steam traps network in dryer heaters to reduce steam consumption.
17. Installation of modified centrifuge to reduce moisture in wet cake thereby reducing steam requirement in dryer.
18. Installation of injection water chilling system to improve higher productivity and reduced energy consumption.
19. Provision of pumping trap for reslurry water heater to recover steam condensate.

(c) Impact of measures at (a) & (b) above for reduction of energy consumption and on the cost of production of goods:

1. Air preheater for hot oil heater would lead to savings of Rs.10 lakhs p.a.
2. Steam integration through back pressure turbine would lead to saving of Rs. 560 lakhs p.a.
3. Replacement of combined feed exchanger with plate type heat exchanger would result in saving of Rs. 220 lakhs p.a. in terms of fuel only.
4. Optimisation of recycle paraffin pumping system would lead to saving of Rs.10 lakhs p.a.
5. Prefractionation stripper side cut recovery operation for better heat integration will save Rs. 90 lakhs p.a.
6. Preheating of steam condensate by integration with process plants would save low pressure steam requirement to the tune of Rs. 374 lakhs p.a.
7. Vapour absorption chiller using waste low pressure steam in fibre division resulted in saving of Rs. 100 lakhs p.a. in terms of electrical power.
8. Replacement by FRP blades would result in saving of Rs. 21 lakhs p.a.
9. Heat integration of extract column bottom LAB plant would result in saving of Rs. 19 lakhs p.a.
10. Advance process control system would result in saving of approximately Rs. 82 lakhs p.a.
11. Automatic blow down control system for steam boilers in fibre division would result in savings of Rs. 59 lakhs p.a.
12. Cooling water flow reduction by 1000 M^3/hr.
13. Steam consumption reduction by 3 MT/hr.
14. DM water consumption reduction by 4 MT/hr.
15. LP Nitrogen consumption reduction by 75 NM^3/hr.
16. Power saving due to replacement of fan blades by 20% i.e. 10 KW.
17. Recovery of 3 MT/hr of steam condensate.

B. Technology Absorption

Form - 'B'

Form for disclosure of particulars with respect to:

Research and Development (R&D)

1. Specific areas in which Research and Development (R&D) is being carried out by the Company:

i) Research and Development activity is mainly focussed in the field of Polyester filament yarn, Polyester staple fibre, Purified terephthalic acid and Linear alkyl benzene. The stress has been on process development, process modification, product development, energy conservation, pollution control, import substitution and technology upgradation.

ii) Improvement in specific consumption of catalysts and additives in petrochemical processes.

iii) Substitution of catalysts and chemicals without affecting quality, yield and other related parameters.

iv) Development of new and finer filament deniers for better performance and improved fabric texture.

v) Development of special staple fibre with specific denier and high lustre with improved tensile properties.

vi) Installation of Pilot Plant for alkylation using non-HF catalyst.

vii) Trials with alternate co-catalyst for polymerisation.

viii) Development of extrusion coating grade.

ix) Superior additive package to improve LLDPE film quality.

x) Development of stretch worsted fabric using elasthane type filament as one of the components.

xi) Development of oil, water and stain repellent worsted suiting using oleophobic compound as finishing agent.

xii) Instrumental revaluation of menswear fabric to improve fabric tailorability and performance during wear.

xiii) Development of new process to produce silk-like finish on 100% polyester dress materials.

xiv) Improvement of the stability of warp knitted fabrics.

xv) Development of fire retardant automotive textile / upholstery fabrics.

2. **Benefits derived as a result of the above R&D:**

(a) **Product Development Improvement:**

i) Pilot plant trials to develop eco-friendly catalyst for alkylation produced encouraging results.

ii) 2.0 Denier Polyester staple fibre successfully developed in trilobal cross- section.

iii) Reduction in spin-finish consumption has been achieved for production of Polyester staple fibre.

iv) Improvement in down stream processing in textile mill has been achieved by using different type of spin-finishes.

v) New Deniers like - 230/216/POY, 135/34/POY, 140/34/POY, 100/34/POY, 115/34/POY have been developed successfully for achieving better performance and modified texture of fabric.

vi) Development of FDY products like - 75/108, 50/48, 70/72, 50/36, 70136 for direct use in warping and weaving.

vii) 115/1 08/POY - micro denier developed for domestic market.

viii) Spin-finish application system modified to achieve optimum oil pick up on yarn.

ix) Development of design for intermingling air jets to improve interlacement in FOY & SDY to improve texturising and warping performance.

x) Development of new process parameters to produce the commodity products based on changes in process conditions.

xi) Partial recovery of unconverted Ethylene back to system on a consistent trial successfully conducted and established. Further trials / modification in system hardware to carry forward the efforts to total recycle underway.

xii) Development of extrusion coating grade. xiii) Superior additive package for improved LLDPE film quality.

xiv) Development of high value worsted suitings, sport and leisure wear fabrics.

xv) Produced menswear for up-market requirement.

xvi) New fabric evaluation technique to improve tailorability and fabric performance.

xvii) Improvement of feel and finish of polyester dress materials.

(b) **Import Substitutlon**

i) Silicon rubber gaskets developed indigenously.

ii) Spin-pack consumables developed.

iii) Ceramic pin guides indigenously developed.

iv) Indigenisation of a number of engineering spares and accessories in polyester and petrochemical areas yielded a net saving of Rs. 274 lakhs in the year 1995-96.

3. Future Plan of Action: Projects Proposed for the following:

i) Installation of continuous polymer filter in polycondensation for improved filteration.

ii) Booster pump installation for polymer pumping.

iii) Replacement of gland packing by mechanical seal to reduce degradation of polymer.

iv) Development of multi-lobal profil filament yarn for fancy effects.

v) Automation of product handling system.

vi) Winder upgradation for better yield and quality.

vii) High purity Nitrogen generation using membrane technology.

viii) Pentane recovery from PX plant stream.

ix) Model development for molecular sieve adsorption phenomenon.

x) Modification of annealer steam condensate in drawing process.

xi) Recycle of treated effluent for the purpose of makeup.

xii) Ethyl chloride dosing system.

xiii) Use of front-end catalyst and other debottlenecking measures to achieve higher production levels.

xiv) Commercial production with alternate co-catalyst for polymerisation.

xv) Development of more efficient alumina grade.

xvi) Development of high flow HDPE and LLDPE grades.

xvii) Development of MDPE grade suited for wire insulation application.

xviii) Faster decoking of EDC cracking furnaces by having higher decoking temperature.

xix) Use of a new catalyst Oxy-VIII for enhancing efficiency of EDC in production.

xx) Optimisation of furnace cracking severity to maximise throughput while reducing undesired by-product formation.

xxi) Efforts to recover chlorine value of VCM plant dry by-product by recycling the effluent of incinerated waste to Oxy-reactor.

xxii) As a part of implementation process of Computer Integrated Manufacturing (CIM), Advanced Process Control (APC) system is being installed in PP project, MEG / VCM / HDPE plants to improve productivity, product qualities, reduce cost of production and increase overall business efficiency. Also, various state-of-the-art simulation systems are acquired for plant performance monitoring, technical services, accounting services, technical training, etc.

xxiii) Development of machine washable wool and wool blended worsted fabrics.

xxiv) Development of Flax blended yarn on worsted system for manufacturing menswear with classic linen like feel.

xxv) Control of hairiness on polyester-viscose blended yarn for improved weaveability and fabric properties.

xxvi) Study the effects of length distribution of various animal fibres other than wool on the quality of worsted yarns and fabrics.

xxvii) Development of 100% wool single yarn weft suitable for weaving of high speed shuttleless looms.

4.	**Expenditure on R&D**	Rs. Crs.
(a)	Capital	50.53
	Recurring	24.56
	Total	75.09
(b)	Total R & D expenditure as percentage of turnover	1.0%

Technology absorption, adaptation and innovation:

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

(i) Development of eco-friendly catalyst for alkylation reactions.

(ii) Development of 2.5 Denier PSF in trilobal cross-section profile.

(iii) Appreciable reduction in finish consumption has been achieved for PSF production.

(iv) New POY Deniers developed to suit market requirements. (v) Micro denier for POY developed.

(vi) Variety of denier developed for fully drawn yarn (FDY) for direct use in warping and weaving.

(vii) Pre and post treatment for effluent recycle scheme.

(viii) Model simulation for adsorption type of processes.

(ix) DEG to TEG conversion facility commissioned.

(x) Successfully implemented glycol product drumming facility.

(xi) Next generation EO reactor catalyst used and plant operation stabilised.

(xii) Installation of additional slurry stripping column to increase production rate, reduce off-specification generation and improve plant-up time.

C. Foreign Exchange Earnings and Outgo

1. Activities relating to Exports, initiatives to Increase Exports, Development of new Export Markets for Products and Services and Export Plan.The Company has maintained its focus on development of domestic market while seeking export markets as opportunities arise. During the year, the Company had exports worth Rs. 80 crores (US $ 23 million). The Company won the 'Top exporter of Plastic Raw Material' award from the Plastics and Linoleum Export Promotion Council for the second consecutive year.

   a. Development of new markets such as Singapore, Sri Lanka, Thailand, Australia for marketing of 'REON' brand PVC product.

   b. Exports of premium quality staple fibre to USA.

   c. Exports of value added polyester yarn to Japan, Greece, Morocco.

   d. Exports of LAB to quality conscious customers in Japan, Saudi Arabia.e. Exports of premium brand 'VIMAL' worsted fabrics to USA, Italy, Spain.

2.	**Total Foreign Exchange used and earned**	Rs. Crs.
a)	Total Foreign exchange earned	126.08
b)	Total savings in foreign exchange through products manufactured by the Company and deemed exports (US $ 810 million)	2783.00
	Sub Total (a+b)	2909.08
c)	Total foreign exchange used	3062.82

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy

Part 'A'

		April, 95 to March, 96	April, 94 to March, 95
Power & Fuel Consumption			
1. Electricity			
a) Purchased Units (Lakhs)		**1,647.93**	3,722.76
Total Cost (Rs. in crores)		**58.42**	107.44
Rate/Unit (Rs.)		**3.55**	2.89
b) Own Generation			
1) Through Diesel Generator			
Units (Lakhs)		**531.80**	561.78
Units per unit of fuel		**3.57**	3.57
Cost/Unit (Rs.)		**2.31**	2.57
2) Through Steam Turbine/Generator			
Units (Lakhs)		**8,411.95**	6,306.45
Units per unit of Fuel		**3.50**	3.78
Cost/Unit (Rs.)		**1.25**	1.05
2. Furnace Oil			
Quantity (K. Ltrs.)		**253,297.55**	230,920.82
Total Cost (Rs. in crores)		**117.58**	107.80
Average Rate per Ltr. (Rs.)		**4.64**	4.67
3. Diesel Oil			
Quantity (K. Ltrs.)		77,867.16	65,289.26
Total Cost (Rs. in crores)		56.72	46.10
Rate/Unit per Ltr. (Rs.)		7.28	7.06
4. Others			
Gas			
Quantity (1000 M^3)	**231,258.67**	192,934.00	
Total Cost (Rs. in crores)		**48.55**	36.35
Rate/Unit per 1000M^3 (Rs.)	**2,099.31**	1,884.31	

Part 'B'

Consumption per Unit of Production

	Fabrics		PFY		PSF		PTA		LAB		MEG		PVC		HOPE	
	Per 1000 Mtrs		Per MT		Per MT		Per MT		Per MT		Per MT		Per MT		Per MT	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Electricity (KWH)	1199	1049	1318	1309	693	699	371	374	320	325	840	899	497	450	207	217
Furnace Oil (Ltrs.)	6	6	16	138	18	155	134	28	84	115						
Gas (SM^3)	371	388									11	18	108	121	33	36
LSHS (Kgs)	3	4	157	37	179	42	20	126	249	219						

Auditors' Report

To the Members of Reliance Industries Limited

We have audited the attached Balance Sheet of Reliance Industries Limited as at 31st March,1996 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) In our opinion and to the best of our information and according to explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act,1956, in the manner so required and give a true and fair view:
      i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31 st March,1996 and
      ii) 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 Chaturvedi & Shah
Chartered Accountants

D. Chaturvedi
Partner

For Rajendra & Co.
Chartered Accountants

R.J. Shah
Partner

Mumbai :
Dated 27th May,1996

Annexure to Auditor's 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 on the basis of information available except in respect of certain items of furniture and fixtures. 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, stores and spares 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.
6. The valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act,1956, or from companies under the same management within the meaning of subsection (1 B) of Section 370 of the Companies Act,1956.
8. The Company has not granted any loans secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 and/or to the companies under the same management as defined under sub-section (1 B) of Section 370 of the Companies Act,1956, except interest free loans to its subsidiary companies and advance towards promoters contribution. Attention is invited to Note No. 8 of Schedule 'O' to the accounts. In our opinion, having regard to the long term involvement with the companies and 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 and advance towards promoters contribution as mentioned above, they are generally repaying the principal amounts as stipulated and are also regular in the payment of interest.
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 purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts of 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 record of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to information and explanation 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, 1996 for a period of more than six months from the date of becoming 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 obligation 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 provision for any loss is required to be made in the accounts.

For **Chaturvedi & Shah**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

Mumbai :
Dated: 27th May, 1996

D. Chaturvedi
Partner

R.J. Shah
Partner

Balance Sheet as at 31st March, 1996

	Schedule	As at 31st March,1996 Rs.	Rs.	(Rs. in crores) As at 31st March, 1995 Rs.	Rs.
Sources of Funds					
Shareholders' Funds					
Share Capital - Equity 'A'		**458.23**		455.86	
- Preference	'A'	**200.00**		5.50	
Reserves and Surplus	'B'	**7,747.07**		6,731.29	
			8,405.30		7,192.65
Loan Funds					
Secured Loans 'C'		**3,422.54**		2,117.25	
Unsecured Loans	'D'	**1,298.91**		822.87	
			4,721.45		2,939.92
Total			**13,126.75**		10,132.57
Application of Funds					
Fixed Assets	'E'				
Gross Block		**6,885.50**		5,315.40	
Less: Depreciation		**2,141.34**		1,805.78	
Net Block		**4,744.16**		3,509.62	
Capital Work-in-Progress		**4,488.71**		3,075.09	
			9,232.87		6,584.71
Investments	'F'		**1,952.91**		1,993.41
Current Assets, Loans and Advances					
Current Assets	'G'				
Interest Accrued on Investments		**34.00**		8.76	
Inventories		**759.61**		662.56	
Sundry Debtors		**330.56**		541.20	
Cash and Bank Balances		**1,555.31**		366.79	
		2,679.48		1,579.31	
Loans and Advances	'H'	**1,173.12**		1,371.61	
		3,852.60		2,950.92	
Less: **Current Liabilities and Provisions**	'I'				
Current Liabilities		**1,629.61**		1,194.90	
Provisions		**282.02**		201.57	
		1,911.63		1,396.47	
Net Current Assets			**1,940.97**		1,554.45
Total			**13,126.75**		10,132.57
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

D.H. Ambani — Chairman
M.D. Ambani — Vice Chairman & Managing Director
A.D. Ambani — Managing Director
N.R. Meswani, **H.R. Meswani** — Executive Directors
S.S. Betrabet, **Y.D. Patil** — Nominee Directors
R.H. Ambani, **N.H Ambani**, **M.L Bhakta**, **T. Ramesh U. Pai**, **Y.R Trivedi** — Directors
V.M. Ambani — Secretary

Mumbai
Dated: 27th May, 1996

Profit and Loss Account for the year ended 31st March, 1996

	Schedule	1995-96 Rs.	1995-96 Rs.	1994-95 Rs.	1994-95 Rs.
					(Rs. in crores)
Income					
Sales			**7,786.34**		7,018.78
Other Income	'J'		**271.85**		312.59
Variation in Stock	'K'		**152.52**		4.42
			8,21 0.71		7,335.79
Expenditure					
Purchases		**18.71**		23.68	
Manufacturing and Other Expenses	'L'	**6,461.08**		5,726.40	
Interest	'M'	**110.13**		279.51	
Depreciation		**336.51**		278.24	
		6,926.43		6,307.83	
Less: Pre-operative expenses of projects under commissioning		**20.99**		36.89	
			6,905.44		6,270.94
Profit for the year			**1,305.27**		1,064.85
Add: Balance brought forward from last year			**90.92**		62.24
Amount Available For Appropriations			**1,396.19**		1,127.09
Appropriations					
Capital Redemption Reserve		**----**		5.50	
Debenture Redemption Reserve		**231.30**		30.50	
General Reserve		**800.00**		800.00	
Interim Dividend Paid on Preference Shares (subject to tax)		**28.00**		----	
Proposed Dividend (subject to tax)					
Preference Shares		**----**		0.83	
Equity Shares		**276.22**		199.34	
			1,335.52		1,036.17
Balance Carried to Balance Sheet			**60.67**		90.92
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

D.H. Ambani Chairman
M.D. Ambani Vice Chairman & Managing Director
A.D. Ambani Managing Director
N.R. Meswani, **H.R. Meswani** } Executive Directors
S.S. Betrabet, **Y.D. Patil** } Nominee Directors
R.H. Ambani, **N.H Ambani**, **M.L Bhakta**, **T. Ramesh U. Pai**, **Y.R Trivedi** } Directors

Mumbai
Dated: 27th May, 1996

V.M. Ambani Secretary

Schedules forming part of the Balance Sheet

Schedule 'A'

(Rs. in crores)

Share Capital		As at 31st March,1996 Rs.	As at 31st March,1996 Rs.	As at 31st March, 1995 Rs.	As at 31st March, 1995 Rs.
Authorised:					
55,00,00,000	Equity Shares of Rs. 10 each		**550.00**		550.00
5,50,000	15% Cumulative Redeemable Preference Shares of Rs. 100 each		**5.50**		5.50
3,00,00,000	Preference Shares of Rs. 100 each		**300.00**		300.00
14,45,00,000	Unclassified Shares of Rs. 10 each		**144.50**		144.50
			1,000.00		1,000.00
Issued: Equity					
46,03,69,802	Equity Shares of Rs. 10 each		**460.37**		460.37
Subscribed: Equity					
46,03,69,802 (46,03,61 ,894)	Equity Shares of Rs. 10 each fully paid up	**460.37**		460.36	
	Less: Calls in arrears - by others	**2.14**		4.50	
		458.23		455.86	
	Add: Shares forfeited (Previous Year, amount originally paid on 7908 Equity Shares Rs. 39,540)	**----**		----	
			458.23		455.86
Issued & Subscribed: Preference					
---- (5,50,000)	15% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up (Redeemed on 1st April, 1995)		----		5.50
2,00,00,000	14% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up (Redeemable at par on 29th March, 1997)		**200.00**		----
			658.23		461.36

Of the above Equity Shares:

1. (a) 1,56,80,100 Shares were allotted as Bonus Shares by capitalisation of Premium and Reserves.
   (b) 18,05,78,290 Shares were allotted pursuant to Schemes of Amalgamation without payments being received in cash.
   (c) 20,31,30,572 (20,31,22,664) Shares were allotted on conversion/surrender of Debentures, conversion of Term Loans, exercise of Warrants, against Global Depository Shares (GDS) and reissue of forfeited equity shares.
   (d) 4,060 Shares (including 2,475 Shares by way of Bonus Shares by Capitalisation of Share Premium and Reserves) are re served for allotment to some of the Shareholders/purported transferees of shares of erstwhile, 'The Sidhpur Mills Company Limited', which was amalgamated with the Company.

2. Refer Note 1 (d)(vi) of Schedule C and Note to Schedule D in respect of option on unissued share capital.

Schedules forming part of the Balance Sheet

Schedule 'B' (Rs. in crores)

Reserves & Surplus	**As at 31st March,1996 Rs.**	**Rs.**	As at 31st March, 1995 Rs.	Rs.
Capital Reserve				
As per last Balance Sheet	**0.58**		0.24	
Add: On redemption of Debentures	**1.87**		0.34	
Profit on reissue of Forfeited Shares (Rs. 39,540)			----	
		2.45		0.58
Capital Redemption Reserve				
As per last Balance Sheet	**5.80**		0.30	
Add: Transferred from Profit and Loss Account	----		5.50	
		5.80		5.80
Amalgamation Reserve				
As per last Balance Sheet	----		674.47	
Add: Net Surplus resulting from amalgamation of Reliance Polyethylene Limited (RPEL) and Reliance Polypropylene Limited (RPPL)	----		244.78	
	----		919.25	
Less: Transferred to Share Premium Account	----		919.25	
		----		----
Share Premium Account				
As per last Balance Sheet	**4,823.71**		2,312.62	
Add: Received during the year	----		1,266.42	
Acquired on Amalgamation of RPEL and RPPL	----		325.42	
Transferred from Amalgamation Reserve	----		919.25	
On Reissue of Forfeited Shares	**0.04**		----	
	4,823.75		4,823.71	
Less: Calls in arrears	**12.49**		25.31	
		4,811.26		4,798.40
Debenture Redemption Reserve				
As per last Balance Sheet	**141.75**		111.25	
Add: Transferred from Profit and Loss Account	**231.30**		30.50	
		373.05		141.75
Investment Allowance Reserve				
As per last Balance Sheet	----		6.70	
Less: Utilised for purchase of machinery during the year and transferred to Investment Allowance (Utilised) Reserve	----		6.70	
		----		----
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	**301.35**		294.65	
Add: Transferred from Investment Allowance Reserve	----		6.70	
		301.35		301.35
Taxation Reserve				
As per last Balance Sheet		**10.00**		10.00
General Reserve				
As per last Balance Sheet	**1,382.49**		550.00	
Add: Acquired on Amalgamation of RPEL & RPPL	----		32.49	
Transferred from Profit and Loss Account	**800.00**		800.00	
		2,182.49		1,382.49
Profit and Loss Account		**60.67**		90.92
		7,747.07		6,731.29

Schedules forming part of the Balance Sheet

Schedule 'C'	As at 31st March, 1996		As at 31st March, 1995 (Rs. in crores)	
Reserves & Surplus	**Rs.**	**Rs.**	Rs.	Rs.
A) Debentures				
1. Non-Convertible Debentures	**1,780.95**		1,273.04	
Less: Calls in arrears	**52.43**		6.48	
	1,728.52		1,266.56	
2. Advance Subscription on Debentures	**83.00**		----	
		1,811.52		1,266.56
B) Term Loans				
1. From Banks				
a) Foreign Currency Loans	**529.39**		17.47	
b) Rupee Loans	**77.80**		142.80	
	607.19		160.27	
2. From Financial Institutions				
a) Foreign Currency Loans	**395.01**		275.43	
b) Rupee Loans	**16.94**		9.36	
	411.95		284.79	
		1,019.14		445.06
C) Working Capital Loans				
From Banks		**591.88**		405.63
		3,422.54		2, 1 7.25

Notes

1. (a) Debentures referred to in A(1) to the extent of Rs.1217.62 crores are secured/to be secured by way of legal/equitable mortgage on the properties situated at Naroda, District Ahmedabad and Hazira, District Surat in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra and Ships of the Company.
   (b) Debentures referred to in A(1) to the extent of Rs.53.33 crores are secured by way of second and subservient charge, created by legal mortgage in English form on the properties situated at Naroda, District Ahmedabad in the State of Gujarat.
   (c) Debentures referred to in A(1) to the extent of Rs.510.00 crores and advance subscription referred to in A (2) are secured by legal mortgage in English form on the properties situated at Hazira, District Surat, in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra.
   (d) Debentures referred to in A(1) consist of: (i) 13 .5% Debentures of Rs. 100 each aggregating Rs. 53.33 crores which are redeemable at par on the 10th December, 1996. (ii) 15% Debentures of Rs. 100 each aggregating Rs. 266.55 crores which are redeemable at par on 31 st August, 1999. (iii) 14% Debentures of Rs. 100 each aggregating Rs.82.50 crores which are redeemable at a premium of 5% on the face value of the Debentures on the expiry of seven years from the respective dates of allotment or at the option of the Board to redeem the Debentures in three equal instalments at the end of sixth, seventh and eighth year from the respective dates of allotment commencing from March, 1997. (iv) 12.5% Debentures of Rs.95 each aggregating Rs. 342.87 crores, 14% Debentures of Rs.150 each aggregating Rs. 125.78 crores and 17.5% Debentures of Rs 100 each aggregating Rs.264.92 crores, all of which are redeemable at par on the expiry of 10 years from the date of allotment i.e. 2002 with an option to the Board to redeem at any time after 26th February, 1999. (v) 18% Debentures of Rs.100 each aggregating Rs.60 crores which are redeemable at par in three equal instalments on the expiry of sixth, seventh and eighth year from the date of allotment; the redemption will commence from July, 1999. (vi) 14% Debentures of Rs.50 each aggregating Rs.75 crores which are redeemable at par on the expiry of sixth year from the date of allotment i.e. 11th January, 2000. Warrants issued with the debentures entitle the holders thereof to apply at the option of the warrantholders for six crore equity shares of Rs. 10 each of the Company. (vii) 16.5% Debentures of Rs. 100 each, aggregating Rs 285 crores which are redeemable at par on the expiry of seven years from the respective dates of allotment, commencing from September, 2002. (viii) 14 08% Debentures of Rs. 100 each, aggregating Rs.308.00 crores (including advance subscription) which are redeemable at par in three equal instalments, commencing from the expiry of fifth year from the respective dates of allotment commencing from February, 2000. (ix) Debentures aggregating Rs.0.11 crore are held by Directors.
2. (a) Term Loans referred to in B(1) (a), to the extent of Rs. 515.25 crores are secured on the properties situated at Hazira, District Surat in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra and Ships of the Company and Term Loan referred to in B(2)(a) above to the extent of Rs.226.34 crores are to be secured on the properties situated at Hazira, District Surat in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra.
   (b) Term Loan referred to in B(2) (a) to the extent of Rs. 159 55 crores and Term Loan referred to in B(2)(b) above, to the extent of Rs.7.28 crores are secured/to be secured on the properties situate at Naroda, District Ahmedabad and Hazira, District Surat in the State of Gujarat, at Patalganga, District Raigad in the State of Maharashtra and Ships of the Company.
   (c) Term Loans referred to in B(2)(a) to the extent of Rs.9.12 crores are secured by an exclusive charge by way of hypothecation of specific items of machinery ÜjÜŒ(d) Term Loans referred to in B(1) (a) to the extent of Rs.1.65 crores are secured by guarantee issued by one of the Bankers of the Company against hypothecation of specific items of plant and machinery.
   (e) Term Loans referred to in B(1) (a) to the extent of Rs.12.49 crores are secured by guarantee issued by one of the Bankers to the Company against hypothecation of all movable assets both present and future situated at Naroda and Patalganga.
   (f) The Term Loans referred to in B(1)(b) are secured by pledge of units of Unit Trust of India.
   (g) The Term Loans referred to in B(2)(b) above to the extent of Rs.9 66 crores are secured/to be secured only on the dwelling units constructed/to be constructed for the employees of the Company.
3. The charges created/to be created on the debentures referred to in Note 1 (a) and Note 1 (c) and term loans referred to in Notes 2(a) and (b) above, shall rank pari passu, inter-se.
4. (a) Working Capital Loans from Banks referred to in C are secured by hypothecation of present and future stock of raw materials, stock-in-process, stores and spares, book debts, outstanding monies, receivable claims, trust receipts etc.
   (b) Secured Loans, include loans of Rs. 158.25 crores and Debentures of Rs. 78.33 crores repayable/redeemable within one year.

Schedules forming part of the Balance Sheet

Schedule 'D'

(Rs. in crores)

Unsecured Loans	**As at 31st March, 1996 Rs.**	**Rs.**	As at 31st March, 1995 Rs.	Rs.
A) i) 3.5% Euro Convertible Bonds due 1999		**480.92**		442.43
ii) 8.125% Euro Bonds due 2005		**515.25**		----
B) Fixed Deposit		**----**		8.04
C) Short Term Loans				
i) Banks		**----**		137.16
ii) Others		**67.00**	----	
D) Interest-free Loans under Sales-tax Deferral Scheme		**235.74**		235.04
		1,298.91		822.67

Note: The Bonds referred to in (A) (i) are convertible into 1,52,49,305 Equity Shares of Rs. 10 each of the Company at the option of the bondholders.

Schedule 'E'
Fixed Assets

(Rs. in crores)

	Gross Block				**Depreciation**				**Net Block**	
Description	As At 01-04-95 Rs.	Additions Rs.	Deductions Rs.	**As At 31-03-96 Rs.**	Upto 01-04-95 Rs.	For the Year Rs.	Deduc---- tions Rs.	Upto 31-03-96 Rs.	**As At 31 -03-96 Rs.**	As At 31-03-95 Rs.
Leasehold Land	52.36	2.05		54.41	0.95	0.35	-	1.30	**53.11**	51 40
Freehold Land	1.09	2.22	—	**3.31**	—	—	—	—	**3.31**	1.09
Development Rights	38.66	—	—	**38.65**	0.12	1.23	—	1.35	**37.30**	38.52
Buildings	334.45	92.87	—	427.32	38.34	14.33	-	52.67	**374.65**	296.11
Plant & Machi nery	4,429.98	1,166.05	0.05	**5,595.98**	1,681.66	284.85	0.04	1,966.47	**3,629.51**	2,748.35
Electrical Installation	142.75	88.47	—	**231.22**	31.99	8.41	—	40.40	**190.82**	110.76
Factory Equipments	52.44	36.21	0.12	**88.53**	9.33	4.90	0.03	14.20	**74.33**	43.11
Furniture & Fixtures	31.19	7.61	0.03	**38.77**	8.99	2.71	0.01	11.69	**27.08**	22.19
Vehicles	26.63	10.26	2.69	**34.20**	4.61	2.87	0.87	6.61	**27.59**	22.02
Ships	152.63	18.75	—	**171.38**	25.09	8.51	-	33.60	137.78	**127.54**
Aircrafts & Helicopter	25.41	—	—	**25.41**	1.71	1.42	—	3.13	**22.28**	23.70
Jetties	27.82	148.50	—	**176.32**	2.99	6.93	—	9.92	**166.40**	24.83
Total	5,315.40	1,572.99	2.89	**6,885.50**	1,805.78	336.51	0.95	2,141.34	**4,744.16**	3.509.62
Previous Year	4,737.72	593.86	16.18	**5,315.40**	1,532.68	278.24	5.14	1,805.78	**3,509.62**	
Capital Work-in-Progress									**4,488.71**	3,075.09

Notes:

a) Leasehold Land include Rs.0.11 Crore in respect of which lease-deeds are pending execution.

b) Buildings include cost of shares in Co-operative Societies Rs.0.01 crore (Previous Year Rs. 44,150).

c) Capital Work-in-Progress includes

(i) Rs.395.67 Crores on account of pre-operative expenses. (Previous Year Rs. 195.40 Crores).

(ii) Rs.236.82 Crores on account of cost of construction materials at site. (Previous Year Rs. 148.22 Crores)

(iii) Rs.307.59 Crores on account of advance against Capital Work-in-Progress. (Previous Year Rs. 1432.66 Crores).

d) Additions include Rs.20.41 Crores on account of exchange difference. (Previous Year Rs. 11.14 Crores).

e) The Ownership of Jetties vests with Gujarat Maritime Board. However, under an agreement with Gujarat Maritime Board, the Company has been permitted to use the same at a concessional rate.

Schedules forming part of the Balance Sheet

Schedule 'F' (Rs. in crores)

Investments		As at 31st March, 1996 Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
A. Long Term Investments					
Government and other Securities					
Unquoted					
	7 Years National Savings Certificates (Face Value Rs.5,000) (Deposited with Sales Tax Dept)(Previous Year Rs.5,000)	----		----	
	Post Office Time Deposit	0.20		0.20	
	Indira Vikas Patra (Rs.15,000; Previous year Rs.15,000)	----		----	
	Kisan Vikas Patra (Deposited with Sales Tax Dept) (Rs.20,000; Previous year Rs.20,000)	----		----	
	Vikas Cash Certificate (Deposited with Sales Tax Dept) (Rs.2,000; Previous year Rs.2,000)	----		----	
		0.20		0.20	
			0.20		0.20
Trade Investments					
In Equity Shares					
Quoted, fully paid up					
6,05,80,969 (5,30,55,150)	Reliance Capital Ltd. of Rs. 10 each	486.55 *		443.95	
69,80,000 (69,80,000)	Reliance Industrial Infrastructure Ltd. of Rs. 10 each	16.58		16.58	
		503.13		460.53	
Unquoted, fully paid up					
60 (60)	New Piece Goods Bazar Co. Ltd. of Rs.100 each (Rs.17,000; Previous year Rs.17,000)	----		----	
5 (5)	Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouse Society Ltd. of Rs.200 each (Rs.1,000; Previous year Rs.1,000)	----		----	
165 (165)	The Art Silk Co-operative Society Ltd. of Rs.100 each (Rs.16,500;Previous Year Rs.16,500)	----		----	
20 (20)	The Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd., of Rs.200 each, (Rs.4,000; Previous Year Rs.4,000)	----		----	
15 (15)	Pandesara Industrial Co-operative Society Ltd. of Rs.100 each (Rs.1,500; Previous year Rs.1,500)	----		----	
11,08,500 (11,08,500)	Reliance Europe Ltd. of Sterling Pound 1 each	3.93		3.93	
650 (1,300)	Reliance Petroproducts Private Ltd. of Rs.10 each @ (Rs.6,500; Previous year Rs.13,000)	----		----	
800 (-)	Reliance Global Trading Private Ltd. of Rs.10 each @ (Rs.8,000; Previous year Rs. Nil)	----		----	
		3.93		3.93	
Unquoted, partly paid up					
225 (225)	Crimpers Industrial Co-operative Society Ltd. of Rs. 100 each Rs. 25 paid up (Rs.5,625; Previous Year Rs. 5,625)	----		----	
1,000 (-)	Reliance Petroproducts Private Ltd. of Rs. 2.50 each (Rs.2,500; Previous year Rs. Nil)	----		----	
1,250 (-)	Reliance Global Trading Private Ltd. of Rs. 2.50 each (Rs.3,125; Previous year Rs. Nil)	----		----	
----	Reliance Capital Limited, of Rs.10 each				
(73,82,781)	Rs. 5 Paid up	----		21.71	
		----		21.71	
In Preference Shares					
Unquoted, fully paid up					
86,00,000 (86,00,000)	6% Cumulative Redeemable Preference Shares of Reliance Enterprises Limited, of Rs. 100 each	86.00		86.00	
		86.00		86 00	

Schedules forming part of the Balance Sheet

Schedule 'F' (Contd.)

(Rs. in crores)

		As at 31st March, 1996		As at 31st March, 1995	
Investments		**Rs.**	**Rs.**	Rs.	Rs.
In Debentures					
Unquoted, fully paid up					
1,00,00,000	Zero Coupon Optionally Convertible Unsecured Debentures				
(-)	of Reliance Petroproducts Private Limited of Rs.100 each	**100.00**		----	
		100.00		----	
			693.06		572.17
In Equity Shares of subsidiary companies					
Unquoted, fully paid up					
2,10,070	Devti Fabrics Ltd. of Rs.10 each				
(2,10,070)		**0.21**		0.21	
14,75,04,400	Reliance Industrial Investments and Holdings Ltd.				
(14,75,04,400)	of Rs.10 each	**147.50**		147.50	
		147.71		147.71	
In Debentures of subsidiary companies					
Unquoted, fully paid up					
12,62,903	Zero Coupon Optionally Convertible Unsecured				
(-)	Debentures of Reliance Industrial Investments				
	and Holdings Ltd. of Rs.5,000 each	**631.45**		----	
		631.45		----	
			779.16		147.71
Other Investments					
In Equity Shares					
Quoted, fully paid up					
15,51,600	BSES Ltd. of Rs.10 each				
(14,86,700)		**33.73**		32.28	
27,57,800	Larsen & Toubro Ltd. of Rs.10 each				
(5,98,250)		**69.53**		14.98	
		103.26		47.26	
Unquoted, fully paid up					
1,000	Air Control & Chemical Engineering Co. Ltd.				
(1,000)	of Rs.100 each	**0.01**		0.01	
		0.01		0.01	
			103.27		47.27
	Total (A)		**1,575.69**		767.35
B. Current Investments					
Other Investments					
In Equity Shares					
Quoted, fully paid up					
11,000	Delta Industries Ltd of Rs. 10 each				
(11,000)		**0.08**		0.08	
80	The Industrial Credit & Investment Corporation				
(54,980)	of India Ltd. of Rs.10 each (Rs.1,491)	----		0.17	
3,91,960	Indian Petrochemicals Corporation Ltd.				
(-)	of Rs.10each	**6.44**		----	
2,54,700	Industrial Development Bank of India Ltd.				
(-)	of Rs.10 each	**3.40**		----	
----	State Bank of India of Rs.10 each				
(2,75,000)		----		6.30	
		9.92		6.55	
Unquoted, fully paid up					
4,80,000	Him Teknoforge Limited of Rs.10 each				
(4,80,000)		**1.20**		1.20	
22,500	Equity Shares of Container Corporation of India Ltd.				
(34,42,600)	of Rs.10 each	**0.16**		25.13	
		1.36		26.33	

Schedules forming part of the Balance Sheet

Schedule 'F' (Contd.)

(Rs. in crores)

Investments		**As at 31st March, 1996 Rs.**	**Rs.**	As at 31st March, 1995 Rs.	Rs.
In Debentures					
Quoted, fully paid up					
624 (624)	12.5% Fully Convertible Debentures of ICICI Ltd. of Rs. 450 each	**0.03**		0-03	
		0.03		0.03	
In Bonds					
Taxfree, unquoted, fully paid up					
	9.50% India Development Bonds (Face Value US$ NIL) (Previous year US$1,39,72,000)	----		54.16	
		----		54.16	
Taxable, unquoted, fully paid up					
	13% Unsecured, Redeemable, Industrial Development Bank of India Omni Bonds Series 2 in the form of Promissory Note (Face value Rs.2 crores;Previous year Rs. Nil)	**1.92**		----	
50,000 (-)	13% Secured, Redeemable Bonds of Nuclear Power Corporation of India Ltd. of Rs.1,000 each	**4.73**		----	
---- (1,00,000)	15% Secured, Redeemable, Non-cumulative Bonds of Steel Authority of India Ltd. of Rs.1,000 each	----		10.53	
1,10,000 (-)	15.5% Secured, Redeemable, (2nd issue) Privately placed Bonds of Nuclear Power Corporation of India Ltd. of Rs.1,000 each	**10.29**		----	
---- (20,000)	17% Secured, Redeemable, 6th Issue, privately placed Bonds of Mahanagar Telephone Nigam Ltd. of Rs.1,000 each	----		2.32	
3,04,500 (-)	17.5% Secured, Redeemable, Non-cumulative Bonds of Nuclear Power Corporation of India Ltd. of Rs.1,000 each	**30.75**		----	
5,000 (-)	Unsecured, Redeemable, Floating Interest Rate Bonds of Punjab National Bank of Rs.10,000 each	**4.83**		----	
---- (10,000)	Unsecured, Redeemable, Floating Interest Rate Bonds of State Bank of India of Rs.1,000 each	----		1.00	
17%	Secured, Redeemable Bonds of Power Finance Corporation (Face value Rs.17 crores; Previous year Rs.Nil)	**17.22**		----	
		69.74		13.85	
In Units					
Quoted					
---- (70,00,000)	Kothari Bluechip Fund of Rs.10 each	----		7.00	
22,60,100 (3,65,800)	SBI Magnum Multiplier Plus 1993 units of Rs. 10 each	**2.26**		0.40	
---- (3,75,00,000)	GIC RISE-II of Rs.10 each	----		40.17	
11,40,85,600 (52,34,25,310)	Units (1964 scheme), Unit Trust of India of Rs.10 each	**173.97**		834.91	
50,00,000 (-)	Reliance Capital Growth Fund of Rs.10 each	**5.00**		----	
		181.23		882.48	
Unquoted					
50,00,000 (50,00,000)	The Alliance '95 Fund Units of Rs.10 each	**4.85**		5.00	
---- (2,00,00,000)	JM Mutual Fund (Liquid Fund) of Rs.10 each	----		18.98	
3,00,000 (10.00,000)	Units of Unit Scheme 1995, Unit Trust of India of Rs.100 each	**3.00**		10 00	
9,05,37,771 (15,79,57,680)	Kothari Pioneer Prima Fund Units of Rs.10 each	**92.09**		208.68	
1,50,00,000 (-)	Reliance Vision Fund of Rs.10 each	**15.00**		----	
		114.94		242.66	
	Total (B)		**377.22**		1,226.06
Total Investments (A) + (B)			**1,952.91**		1,993.41

* Includes 2,57,12,100 shares having a lock-in period upto October 1999.
@ Ceased to be a Subsidiary Company during the year.

Schedules forming part of the Balance Sheet

Schedule 'F' (Contd.) (Rs. in crores)

Investments	**As at 31st March, 1996**		As at 31st March, 1995	
Aggregate Value of	**Rs. Book Value Rs.**	**Rs. Market Value Rs.**	Rs. Book Value Rs.	Rs. Market Value Rs.
Quoted Investments	**797.56**	**785.52**	1396.85	1738.56
Unquoted Investments	**1155.35**	**----**	596.56	----

Movements during the year (Purchased & Sold)	**Face Value Rs.**	**Nos.**	Cost **Rs. in crores**
Government Securities			
14% Central Government Stock, 2005	**3.00***		*** 2.21**
14% Maharashtra State Development Loan, 2005	**5.00***		**5.00**
Bonds			
9% Coal India Limited	**1000.00**	**50000**	**4.45**
13% Industrial Development Bank of India	**158.00 ***		**155.01**
9.25% National Hydroelectric Power Corporation Limited	**1000.00**	**50000**	**4.45**
13% National Hydroelectric Power Corporation Limited	**1000.00**	**1010000**	**96.59**
15% Steel Authority of India Limited	**1000.00**	**130000**	**12.83**
13% Industrial Credit & Investment Corporation of India Limited	**39.00 ***		**34.80**
9.5% India Development Bonds	**US$ 19,10,000**		**6.05**
17.5% Nuclear Power Corporation of India Ltd.	**1000.00**	**585500**	**59.14**
Shares			
Padmini Polymers Ltd.	**10.00**	**200000**	**0.50**
Indian Petrochemicals Corporation Ltd.	**10.00**	**310040**	**5.27**
Larsen & Toubro Ltd.	**10.00**	**4**	
Industrial Development Bank of India	**10.00**	**1440000**	**19.22**
Reliance Global Trading Private Ltd.	**10.00**	**800**	**0.00**
Reliance Global Trading Private Ltd.	**2.50**	**1250**	**0.00**
Reliance Petroproducts Private Ltd.	**2.50**	**1000**	**0.00**
Mutual Fund Units			
Units'64	**10.00**	**84400000**	**149.37**
SBI Magnum Multiplier Plus '93	**10.00**	**43510300**	**43.54**

'Represents Rupees in Crores

Schedules forming part of the Balance Sheet

Schedule 'G'

(Rs. in crores)

Current Assets	**As at 31st March, 1996 Rs.**	**Rs.**	As at 31st March, 1995 Rs.	Rs.
Interest Accrued on Investments		**34.00**		8.76
Inventories				
(Certified and Valued by the Management)				
Stores, spares, dyes, chemicals, etc.	**186.75**		168.48	
Raw Materials	**148.19**		221.93	
Stock-in-Process	**41.43**		48.42	
Finished Goods	**383.24**		223.73	
		759.61		662.56
Sundry Debtors (Unsecured)				
Over six months				
Considered good	**54.79**		83.67	
Considered doubtful	**4.58**		6.66	
	59.37		90.33	
Less: Provision for doubtful debts	**4.58**		6.66	
	54.79		83.67	
Others, considered good	**275.77**		457.53	
		330.56		541.20
Cash and Bank Balances				
Cash on hand	**0.50**		0.38	
Balance with Banks				
In Current Accounts with Scheduled Banks	**130.48**		139.93	
In Fixed Deposit Accounts				
With Scheduled Bank	**2.96**		2.41	
With Others	**1,421.37** *		224.07	
		1 ,555.31		366.79
		2,679.48		1,579.31

* Represents deposits of

a) Rs.1318.32 Crores with Union Bank of Switzerland (Previous Year Rs.224.07 Crores)(Maximum amount outstanding at any time during the year Rs.1318.32 Crores.)

b) Rs.103.05 Crores with Industrial Development Bank of India (Previous Year Rs. Nil)(Maximum amount outstanding at any time during the year Rs.103.05 Crores.)

Schedule 'H '

Loans and Advances	**As at 31st March, 1996 Rs.**	As at 31st March, 1995 Rs.
Unsecured - (Considered Good)		
Loans to subsidiary companies	**13.43**	592.64
Advances recoverable in cash or in kind or for value to be received	**675.25**	568.95
Deposits	**257.21**	125.18
Balance with Customs, Central Excise Authorities, etc.	**227.23**	84.84
	1,173.12	1,371.61

Notes:

Advances include:

(a) Rs.0.23 Crore to Officers (Maximum amount outstanding at any time during the year Rs. 0.23 Crore)

(b) Rs. 200.00 Crores to Reliance Petroleum Limited, a Company under the same management, towards promoters' contribution. (Previous Year Rs. Nil)

Schedules forming part of the Balance Sheet

Schedule 'I'

(Rs. in crores)

Current Liabilities Provisions	**As at 31st March, 1996**		As at 31st March, 1995	
	Rs.	**Rs.**	Rs.	Rs.
Current Liabilities				
Sundry Creditors	**1,514.54 ***		1,118.23	
Unclaimed Dividends	**9.54**		10.74	
Excess Debenture Application monies refundable/adjustable	**3.14**		3.07	
Interest accrued but not due on loans	**102.39**		62.86	
		1,629.61		1,194.90
Provisions				
Provision for Wealth Tax	**2.40**		1.40	
Provision for Leave Encashment	**3.40**		----	
Proposed Dividend (subject to tax)	**276.22**		200.17	
		282.02		201.57
		1,911.63		1,396.47

*includes for capital expenditure Rs.643.36 Crores (Previous year Rs.286.34 Crores) and acceptances of Rs.209.22 Crores (Previous year Rs.91.31Crores)

Schedules forming part of the Profit and Loss Account

Schedule 'J'

(Rs. in crores)

Other Income	**1995-96**		1994-95	
	Rs.	**Rs.**	Rs.	Rs.
Export Incentives		**----**		0.27
Dividends:				
From Subsidiaries	**12.24**		4.79	
From Long Term Investments	**18.34**		2.13	
From Current Investments	**80.66**		77.07	
[Tax Deducted at source Rs. 26.19 Crores; (Previous Year Rs. 7.37 Crores)]		**111.24**		83.99
Interest Received				
From Current Investments	**16.91**		70.71	
From Others	**96.33**		94.48	
[Tax Deducted at source Rs.t3.03 Crores; (Previous year Rs.9.88 Crores)]		**113.24**		165.19
Profit on Sale of Current Investments (net)		**25.77**		56.05
Profit on Sale of Assets (net)		**0.03**		0.24
Miscellaneous Income		**21.57**		6.85
		271.85		312.59

Schedule 'K'

Variation in Stock				
Stock-in-trade (at close)				
Finished goods	**383.24**		223.73	
Stock-in-process	**41.43**		48.42	
		424.67		272.15
Stock-in-trade (at commencement)				
Finished goods	**223.73**		226.08	
Stock-in-process	**48.42**		41.65	
		272.15		267.73
		152.52		4.42

Schedules forming part of the Profit and Loss Account

Schedule 'L'

(Rs. in crores)

Manufacturing 8 Other Expenses

	1995-1996		1994-1995	
	Rs.	**Rs.**	Rs.	Rs.
Raw Materials Consumed				
Stock at commencement	**221.93**		143.78	
Add: Purchases	**1,197.19**		1,282.02	
	1,419.12		1,425.80	
Less: Stock at close	**148.19**		221.93	
		1,270.93		1,203.87
Inter-Divisional Transfers		**2,059.68**		1,630.63
Manufacturing Expenses				
Stores and Spares	**107.09**		107.42	
Dyes and Chemicals	**166.23**		136.68	
Electric Power, Fuel and Water	**315.89**		289.59	
Machinery Repairs	**45.10**		14.18	
Building Repairs	**24.46**		10.84	
Labour, Processing and Machinery hire Charges	**126.48**		92.96	
Excise Duty	**1,507.83**		1,517.13	
Lease Rent	**97.45**		142.97	
Exchange Differences	**19.05**		1.97	
		2,409.58		2,313.74
Payments to and Provisions for Employees				
Salaries, Wages and Bonus	**134.40**		95.22	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees' State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	**18.28**		12.37	
Employees' Welfare and other amenities	**37.75**		29.68	
		190.43		137.27
Sales & Distribution Expenses				
Samples, Sales Promotion and Advertisement Expenses	**40.76**		27.39	
Brokerage and Commission	**51.46**		57.56	
Packing Expenses	**79.08**		67.26	
Warehousing Charges	**3.65**		2.92	
Freight and Forwarding Charges	**38.80**		48.59	
Octroi Expenses	**5.69**		4.33	
Sales Tax	**13.77**		7.38	
		233.21		215.43
Establishment Expenses				
Insurance	**36.29**		27.53	
Rent	**21.62**		15.23	
Rates and taxes	**21.81**		29.66	
Other repairs	**17.13**		12.65	
Travelling Expenses	**32.44**		22.05	
Payment to Auditors	**1.21**		0.72	
General Expenses	**161.41**		112.85	
Wealth Tax	**1.00**		0.60	
Charity & Donations	**4.34**		4.17	
		297.25		225.46
		6,461.08		5,726.40

Schedule 'M'

Interest		
Debentures	**73.90**	183.26
Fixed Loans	**30.13**	21.24
Others	**6.10**	75.01
	110.13	279.51

Significant Accounting Policies

Schedule 'N'

A. Basis of Preparation of Financial Statements

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

B. Fixed Assets and Depreciation

a) Fixed Assets are stated at cost, net of Modvat, less accumulated depreciation. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised.

b) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except depreciation on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets, which has been amortised over the residual life of the respective assets; depreciation on Development Rights has been provided in proportion of oil production achieved; Premium on leasehold land is amortised over the period of lease; and cost of Jetty is amortised over the period of agreement so however that the aggregate depreciation provided to date is not less than the aggregate rebate availed by the Company.

C. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.

c) Non monetary foreign currency items are carried at cost.

d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit or loss account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

D. Investments

a) Long term investments and unquoted current investments are carried at cost. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

b) Cost is arrived at by applying specific identification method.

E. Inventories

Inventories are valued at cost except for finished goods and by-products. Finished goods are valued at lower of cost or market value and byproducts are valued at net realisable value.

F. Sales

Sales include, inter-divisional transfers, sales during trial run and are net of discounts.

G. Excise Duty

Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.

H. Employee Retirement Benefits

Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave encashment benefit at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

I. Research and Development Expenses

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

J. Leases

Lease rentals are expensed with reference to lease terms and other considerations, except for rentals pertaining to the period upto the date of commissioning of the assets which are capitalised.

K. Accounting for Oil and Gas Activity

Assets and liabilities as well as income and expenditure in respect of the Unincorporated joint venture with Oil and Natural Gas Corporation Ltd. and Enron Oil and Gas India Ltd. are accounted, on the basis of available information, on line by line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

L. Issue Expenses

Issue Expenses pertaining to the projects are capitalised.

Notes on Accounts

Schedule 'O'

1. (a) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
   (b) Figures have been presented in 'crores' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actuals in brackets.
2. As in past, sales include Inter divisional transfers of Rs. 2059.68 crores (Previous Year Rs. 1630.63 crores).
3. A sum of Rs.6.29 crores (net) (Previous Year Rs. 0.14 crore) included in 'Manufacturing and Other Expenses' represents net prior period adjustments.
4. (a) Auditors' Remuneration:

		(Rs.in crores)
	1995-96	1994-95
i) Audit Fees	**0.62**	0.45
ii) Tax Audit Fees	**0.18**	0.14
iii) For Certification and Consultation in finance and tax matters	**0.35**	0.08
iv) Expenses reimbursed	**0.06**	0.05
	1.21	0.72

   (b) Cost Auditor:
   Audit Fees Rs. 0.03 crore (Previous Year Rs. 0.02 crore)
5. (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 has been paid to the Directors. Fixed monthly remuneration has been paid to the Directors as per Schedule XIII to the Companies Act, 1956.
   (b) Directors' Remuneration:

		(Rs.in crores)
	1995-96	1994-95
i) Salaries	**0.79**	0.35
ii) Contribution to Provident Fund and Superannuation Fund	**0.11**	0.02
iii) Provision for Gratuity	**0.09**	0.06
iv) Perquisites	**0.37**	0.03
	1.36	0.46

6. The income-tax assessments of the Company have been completed upto Assessment Year 1993-94. The total demand raised by the Income-Tax Department upto the said Assessment Year is Rs. 176.52 crores which is disputed. Based on the decisions of the Appellate Orders and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and hence the Taxation Reserve created in the past would be adequate enough to meet the liabilities, if any.

   The Company has been advised that no provision for taxation is necessary for the current financial year in view of admissible reliefs under Income Tax Act.
7. **Pre-Operative Expenses**

				(Rs. in crores)
(in respect of Projects upto 31st March 1996, to be capitalised).		**1995-96**		1994-95
Opening Balance		**195.40**		82.65
Add:				
Preoperative expenditure transferred from Profit and Loss Account	**20.99**		**36.89**	
Lease Expenses	**51.75**		**4.47**	
General Expenses	-		**0.06**	
Interest	**235.83**		**101.99**	
Issue Expenses	**11.97**		**27.77**	
		320.54		171.18
		515.94		253.83
Less: Capitalised during the year		**120.27**		58.43
Closing Balance		**395.67**		195.40

8. The Company has an investment of Rs.0.21 crore in the Share Capital, loan of Rs.13.43 crores and receivables on account of sale of goods of Rs. 0.20 crore from Devti Fabrics Ltd., (DFL), a wholly owned subsidiary company. The losses of DFL exceed its paid-up Capital and Reserves as on 31st March,1996. In view of the long term involvement of the Company in the said Company, no provision has been made in the accounts for the probable loss that may arise.
9. The Department of Company Affairs, Government of India vide its Order dated 13th May,1996 issued under Section 211 (4) of the Companies Act,1956 has exempted the Company from publication of certain information in the Profit and Loss Account under paras 3 (i) (a), 3 (ii)(a) and 3 (ii) (b) of Part II of Schedule VI to the Companies Act, 1956.
10. Fixed assets taken on lease amount to Rs.378 24 crores. Future obligations towards lease rentals under the lease agreements as on 31st March,1996 amount to Rs.171.53 crores.
11. (a) In view of the Accounting Standard on "Accounting for the Effects of Changes in Foreign Exchange Rates" (AS-11) issued by the Institute of Chartered Accountants of India, being mandatory with effect from 1st April 1995, foreign currency transactions are translated as per the accounting policy referred to in Item C (b) of Schedule 'N'. Consequent to the change, profit for the year is higher by Rs. 5.79 crores.
    (b) In view of the Accounting Standard referred to in (a) above the expense on account of exchange difference on outstanding forward exchange contracts to be recognised in the Profit and Loss Account of subsequent accounting periods aggregate to Rs. 3.50 crores.

Notes on Accounts

Schedule ‘O’ (Contd.)

12. Hitherto, depreciation on Jetty was provided under straight line method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956. The basis of depreciation has now been changed retrospectively from the date of construction of Jetty on the basis indicated in Item B(b) of Schedule N. Consequent to the change there is an additional depreciation charge for previous years of Rs.1.46 crores which is included in the depreciation for the year.

13. In view of the Accounting Standard on “Accounting for Retirement Benefits in the Financial Statement of Employers” (AS-15) issued by the Institute of Chartered Accountants of India, being mandatory with effect from 1 st April, 1995 the Company has made provision for leave encashment benefit on retirement aggregating to Rs. 3.40 crores.

(Rs.in crores).

14. **Contingent Liabilities**		**As at 31st March,1996**	As at 31st March,1995
(a)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	**1889.98**	706.73
(b)	Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit	**1725.10**	1342.09
(c)	Guarantees to Banks and Financial Institutions against credit facilities extended to third parties 221.61 14.27		
(d)	Liability in respect of bills discounted with Banks	**81.33**	115.49
(e)	Uncalled liability on partly paid Shares/Debentures (Rs. 33,750) .	----	15.60
(f)	Claims against the Company/disputed liabilities not acknowledged as debts	**47.27**	37.71

15. Licensed and Installed Capacity

			Unit	**Licensed Capacity** 1995-96	1994-95	**Installed Capacity** 1995-96	994-95
(a)		Polyester Filament Yarn/Polyester Chips	M.T.	**N.A.**	N.A.	**32,300 +**	32,300 +
(b)		Polyester Staple Fibre/Polyester Chips	M.T.	**N.A.**	N.A.	**75,000**	45,000
(c)		Man-made Fibre spun yarn on worsted system (Spindles)	Nos.	**N.A.**	N.A.	**24,094**	24,094
(d)		Man-made Fibre on cotton system (Spindles)	Nos.	**N.A.**	N.A.	**23,040**	23,040
(e)	(i)	Man-made Fabrics (Looms)	Nos.	**N.A.**	N.A.	**714**	712
	(ii)	Knitting M/c	Nos.	**N.A.**	N.A.	**28**	28
(f)		Purified Terepthalic Acid	M.T.	**N.A.**	N.A.	**200,000**	200,000
(g)		Linear Alkyl Benzene	M.T.	**N.A.**	N.A.	**80,000**	80,000
(h)	(i)	Ethylene	M.T.	**750,000**	750,000	**U.I.**	U.I.
	(ii)	Propylene	M.T.	**365,000**	365,000	**U.I.**	U.I.
	(iii)	Butadiene & Other C4s	M.T.	**225,000**	225,000	**U.I.**	U.I.
	(iv)	Benzene	M.T.	**235,000**	235,000	**U.I.**	U.I.
	(v)	Toluene	M.T.	**197,000**	197,000	**U.I.**	U.I.
	(vi)	Xylene	M.T.	**165 000**	165,000	**U.I.**	U.I.
(i)	(i)	Mono Ethylene Glycol	M.T.	**100,000**	100,000	**80,000**	60,000
	(ii)	Ethylene Oxide	M.T.	**10,000**	10,000	**10,000**	10,000
	(iii)	Higher Ethylene Glycol (By-Product)	M.T.	**12,500**	12,500	**12,500**	5,000
(j)	(i)	Ethylene Oxide	M.T.	**100,000**	100,000	—	—
	(ii)	Ethylene Glycol (Non-Fibre)	M.T.	**18,000**	18,000	—	—
	(iii)	Carbon Dioxide	M.T.	**30,000**	30,000	—	—
(k)		High/Linear Low Density Polyethylene (Swing Plant)	M .T.	**N.A.**	N .A.	**160,000**	160,000
(l)		Poly Vinyl Chloride	M.T.	**N.A.**	N.A.	**135,000**	135,000
(m)		Polyster Filament Yarn	M.T.	**N.A.**	N.A.	**60,000**	U.I.
(n)	(i)	Chlorine	M.T.	**396,000**	396,000	**U.I.**	U.I.
	(ii)	Caustic Soda (By Product)	M.T.	**468,000**	468,000	**U.I.**	U.I.
	(iii)	Hydrogen (By Product)	M.T.	**11 700**	11,700	**U.I.**	U.I.
(o)	(i)	Paraxylene	M.T.	**1,400,000**	1,400,000	—	—
	(ii)	Benzene (By Product)	M.T.	**56,000**	56,000	—	—
(p)	(i)	Mono Ethylene Glycol	M.T.	**100,000**	100,000	**U.I.**	U.I.
	(ii)	Higher Ethylene Glycol (By-Product)	M.T.	**12,500**	12,500	**U.I.**	U.I.
(q)	(i)	Mono Ethylene Glycol	M.T.	**100,000**	—	**U.I.**	—
	(ii)	Ethylene Oxide	M.T.	**10,000**	—	**U.I.**	—
	(iii)	Higher Ethylene Glycol (By-Product)	M.T.	**12,500**	—	**U.I.**	—
(r)	(i)	Mono Ethylene Glycol	M.T.	**200,000**	200,000	—	—
	(ii)	Ethylene Oxide	M.T.	**25,000**	25,000	—	—
	(iii)	Higher Ethylene Glycol (By-Product)	M.T.	**25,000**	25,000	—	—
(s)	(i)	Ethylene	M.T.	**800,000**	800,000	—	—
	(ii)	Propylene	M.T.	**390,000**	390,000	—	—
	(iii)	Butadiene & Other C4s	M.T.	**240,000**	240,000	—	—
(t)	(i)	Naphtha	M.T.	**720,000**	—	—	—
	(ii)	LPG	M.T.	**110,000**	—	—	—
	(iii)	KeroseneM.T.	**180,000**	—	—	—	
	(iv)	Diesel	M.T.	**360,000**	—	—	—
(u)		LDPE.	M.T.	**150,000**	—	—	—
(v)	(i)	Chlorine	M.T.	**708,000**	—	—	—
	(ii)	Caustic Soda	M.T.	**800,000**	—	—	—
	(iii)	Hydrogen	M.T.	**20,160**	—	—	—

N.A. - Delicensed vide Notification No.477 (E) Dated 27th July, 1991 .
+ Based on average Denier of 40 Installed Capacities are based on Certificate of the Management.
U.I. - Under implementation.

Notes on Accounts

Schedule 'O' (Contd.)

16. Production of Finished Products Meant for Sale

	Unit	**1995-96**	1994-95
Fabrics	Mtrs. in Lacs	**492.44**	474.95
Polyester Filament Yarn	M.T.	**104,522**	94,380
Polyester Staple Fibres	M.T.	**93,046**	92,556
PTA	M.T.	**65,726**	86,335
LAB	M.T.	**75,826**	80,508
Ethylene Glycol	M.T.	**52,924**	54,811
PVC	M.T.	**186,511**	186,597
PE	M.T.	**191,324**	166,250
Crude Oil	M.T.	**181,103**	43,719

(Rs.in crores)

17. Value of Imports on C.I.F. basis in respect of

	1995-96	1994-95
(a) Raw Materials	**709.72**	808.58
(b) Stores and Spares, Dyes and Chemicals	**89.28**	67.80
(c) Capital goods	**1,274.57**	386.30

18. Expenditure in Foreign Currency on Account of

Interest in rupees on foreign currency loans	**72.19**	54.38
Interest on Debentures held by Non-residents on repatriation basis (Gross)	**1.42**	2.64
Technical Know-how & Engineering Fees	**755.15**	318.62
Euro Bond & other expenses	**126.38**	53.97

19. Value of Raw Materials Consumed

	1995-96		1994-95	
	Rs.in Crores	**% of total Consumption**	Rs.in Crores	% of total Consumption
Imported	**1037.36**	**81.62**	882.72	73.32
Indigenous	**233.57**	**18.38**	321.15	26.68
	1,270.93	**100.00**	1,203.87	100.00

20. Value of Dyes, Chemicals, Catalysts, Stores and Spares Consumed

Imported	**119.37**	**43.67**	82.45	33.77
Indigenous	**153.95**	**56.33**	161.65	66.23
	273.32	**100.00**	244.10	100.00

(Rs. in crores)

21. Earnings in Foreign Exchange

	1995-96	1994-95
Export of goods on FOB basis	**79.88**	174.45
Interest	**46.21**	24.62
Others	**0.00**	6.74

22. Remittance in Foreign Currency on Account of Dividend

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 share holders	**27,444**	19,726
(b) Number of Equity Shares held by them	**7,45,42,742**	5,95,82,568
(c) (i) Amount of dividend paid (Gross)	**34.11**	18.53
Tax deducted at source: Rs.4.39 crs (Previous Year: Rs.2.51 crs.)		
(ii) Year to which dividend relates	**1994-95**	1993-94

Notes on Accounts

Schedule 'O' (Contd.)

23. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	**19786**	State Code	11
Balance Sheet Date	**31-03-96**		

II. Capital Raised during the year (Amount Rs. in crores)

Public Issue	Rights Issue
Nil	**Nil**
Bonus Issue	Private Placement
Nil	**200.00**

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in crores)

Total Liabilities	Total Assets
13,126.75	**13,126.75**

Sources of Funds

Paid-up Capital	Reserves & Surplus
658.23	**7,747.07**
Secured Loans	Unsecured Loans
3,422.54	**1,298.91**

Application of Funds

Net Fixed Assets	Investments
9,232.87	**1,952.91**
Net Current Assets	Misc. Expenditure
1,940.97	**Nil**
Accumulated Losses	
Nil	

IV. Performance of Company (Amount Rs. in crores)

Turnover	Total Expenditure
7,786.34	**6,905.44**
Profit Before Tax	Profit After Tax
1,305.27	**1,305.27**
Earning per share	Dividend
Rs.27.89	**Rs. 6.00 per share**

V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No (ITC Code)	**29172.00**
Product Description	**Purified Terephthalic Acid (PTA)**
Item Code No (ITC Code)	**540242.00**
Product Description	**Polyester Filament Yarn (PFY)**
Item Code No (ITC Code)	**390120.00**
Product Description	**Polyethylene (PE)**

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 27th May, 1996

For and on behalf of the Board

D.H. Ambani	Chairman
M.D. Ambani	Vice Chairman & Managing Director
A.D. Ambani	Managing Director
N.R. Meswani **H.R. Meswani**	Executive Directors
S.S. Betrabet **Y.D. Patil**	Nominee Directors
R.H. Ambani **N.H Ambani** **M.L Bhakta** **T. Ramesh U. Pai** **Y.R Trivedi**	Directors
V.M. Ambani	Secretary

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in subsidiary Companies.

Name of Subsidiary Company	**Devti Fabrics Ltd.**	**Reliance Industrial Investments and Holdings Ltd.**
1. The financial year of the Subsidiary Companies ended on	31st March, 1996	31st March, 1996
2. Date from which they become subsidiary companies	30th September, 1985	30th December, 1988
3. a. Number of shares held by Reliance Industries Limited with its nominees in the subsidiaries at the end of the financial year of the subsidiary fully paid-up companies.	2,10,070 Equity Shares of the face value of Rs.10 each fully paid-up	14,75,04,400 Equity Shares of the face value of Rs.10 each
b. Extent of interest of holding company at the end of the financial year of the subsidiary companies.	100 %	100 %
4. The net aggregate amount of the subsidiary companies Profit/(Loss) 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 1996	(Rs. 646.70 Lakhs)	Rs. 0.57 Lakh
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries	(Rs. 756.10 Lakhs)	Rs. 149.69 Lakhs
b. Dealt with in holding company's accounts:		
i) For the financial year ended 31st March, 1996	NIL	NIL
ii) For the previous financial years of the subsidiary Companies since they became the holding Company's subsidiaries	NIL	NIL

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 27th May, 1996

For and on behalf of the Board

D.H. Ambani	Chairman
M.D. Ambani	Vice Chairman & Managing Director
A.D. Ambani	Managing Director
N.R. Meswani **H.R. Meswani**	Executive Directors
S.S. Betrabet **Y.D. Patil**	Nominee Directors
R.H. Ambani **N.H Ambani** **M.L Bhakta** **T. Ramesh U. Pai** **Y.R Trivedi**	Directors
V.M. Ambani	Secretary

Cash Flow Statement Annexed to the Balance Sheet for the Period April 1995 - March 1996

(Rs. in crores)

		1995-1996		1994-1995	
		Rs.	**Rs.**	Rs.	Rs.
A.	Cash Flow from Operating Activities				
	Net Profit after tax as per P & L Account		**1,305.27**		1,064.85
	Adjusted for				
	Net Prior Year Expenses		**6.29**		0.14
	Net Profit before tax and extraordinary items		**1,311.56**		1,064.99
	Adjusted for				
	Depreciation	**336.51**		278.24	
	Effects of exchange rate change	**13.71**		1.97	
	Profit on Sale of Investments/Dividend Income	**(137.01)**		(140.04)	
	Interest/Other Income	**(113.27)**		(165.43)	
	Interest Expenses	**110.13**	**210.07**	279.51	254.25
	Operating Profit before working Capital Changes		**1,521.63**		1,319.24
	Adjusted for				
	Trade & Other Receivables	**42.50**		208.54	
	Inventories	**(97.05)**		(77.92)	
	Trade Payables	**44.18**	**(10.37)**	(131.86)	(1.24)
	Cash generated from operations		**1,511.26**		1,318.00
	Interest Paid		**(308.89)**		(382.82)
	Cash Flow before extraordinary items		**1,202.37**		935.18
	Net Prior Year Expenses		**(6.29)**		(0.14)
	Net Cash from Operating Activities		**1,196.08**		935.04
B.	Cash Flow from Investing Activities				
	Purchase of Fixed Assets		**(2,384.73)**		(2,605.08)
	Sale of Fixed Assets		**1.96**		11.27
	Purchase of Investments		**(1,509.18)**		(4,721.33)
	Sale of Investments		**1,575.45**		4,787.16
	Movement in Loans		**439.70**		31.15
	Interest Income		**74.98**		157.89
	Dividend Income		**85.05**		76.62
	Net Cash used in Investing Activities		**(1,716.77)**		(2,262.32)
C.	Cash Flow from Financing Activities				
	Proceeds from issue of Share Capital (Net)		**209.75**		1,328.65
	Increase in Cash & Bank Balance on Amalgamation		**0.00**		48.12
	Proceeds from Long Term Borrowings		**1,754.24**		296.26
	Repayment of Long Term Borrowings		**(209.43)**		(333.81)
	Short term loans		**156.89**		393.55
	Dividends Paid		**(229.35)**		(133.07)
	Effects of exchange rate change		**27.11**		(1.97)
	Net Cash used in Financing Activities		**1,709.21**		1,597.73
	Net increase in Cash and Cash Equivalents (A+B+C)		**1,188.52**		270.45
Opening Balance of Cash and Cash Equivalents			**366.79**		96.34
Closing Balance of Cash and Cash Equivalents			**1,555.31**		366.79

For and on behalf of the Board

Mumbai
Dated: 27th May,1996

A. D. Ambani
Managing Director

Auditors' Report

We have verified the attached Cash Flow Statement of Reliance Industries Limited., derived from audited financial statements and the books and records maintained by the Company for the Years ended 31 st March,1996 and 31 st March,1995 and found the same in agreement therewith.

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R. J. Shah
Partner

Mumbai
Dated 27th May,1996.

Directors' Report

To the Members,

Your Directors present the 10th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1996.

Financial Results

(Rs. in lacs)

		1995-96		1994-95
Profit before tax		**685.28**		647.16
Less: Provision for taxation		**6.00**		60.00
Profit after tax		**679.28**		587.16
Less: Short provision of tax for the earlier year		**0.19**		4.01
		679.09		583.15
Add: Balance in Profit & Loss Account -		**149.69**		172.31
		828.78		755.46
Less: a. Transfer to General Reserve	**70.00**		60.00	
b. Interim Dividend	**678.52**		----	
c. Proposed Dividend	----		545.77	
		748.52		605.77
Balance carried forward to Balance Sheet		**80.26**		149.69

Income

During the year, the Company has received dividend income of Rs. 672.05 lacs from investments.

Dividend

The Directors had approved payment of an interim dividend of Re. 0.46 per share on 14,75,04,400 Equity Shares of Rs.10/- each (subject to deduction of tax at source) for the financial year ended 31st March, 1996, aggregating to Rs.678.52 lacs. This dividend will be fully adjusted against final dividend to be declared at the ensuing Annual General Meeting for the financial year ended 31st March,1996.

Directors

Shri Alok Agarwal retires by rotation and being eligible offers himself for re-appointment.

Personnel

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

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.

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.

Auditors

The Auditors of the Company, M/s. Rajendra & Co. and M/s. Chaturvedi & Shah hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1 -B) of the Companies Act,1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting.

For and on behalf of the Board

Alok Agarwal
S. Seth Directors
Sandeep Junnarkar

Mumbai
Dated: 6th May, 1996

Auditors' Report

To,

The Members of Reliance Industrial Investments and Holdings Limited. We have audited the attached Balance Sheet of Reliance Industrial Investments and Holdings Limited as at 31st March, 1996 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order,1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

   (a) We have obtained ail the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, 1996 and

ii) 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 **Chaturvedi & Shah**	For **Rajendra & Co.**
Chartered Accountants	Chartered Accountants
Rajesh D. Chaturvedi	**R.J. Shah**
Partner	Partner

Mumbai
Dated: 6th May,1996

Annexure to the Auditors' Report

Referred to in Paragraph 1 of our Report of even date

1. As the Company had no Fixed Assets during the year, Clauses 4(A)(i) and (ii) of the said Order are not applicable.

2. Since the Company has not commenced any manufacturing and/ or trading activity, items (iii), (iv), (v), (vi), (x), (xi), (xii),(xiv) and (xvi) of the Clause A of paragraph 4 of the aforesaid Order are not applicable.

3. The Company has received interest free unsecured loans from the holding Company. It has not taken any other loans, secured or unsecured, from companies, firms and other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. The terms and conditions of the above loan are not, in our opinion, prima-facie prejudicial to the interests of the Company.

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 the loans and advances in the nature of loans given by the Company, parties are generally regular both in repaying the principal amounts and payment of interest whenever stipulated.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.

7. In our opinion the Company has an internal audit system commensurate with its size and the nature of its business.

8. According to the information and explanations given to us, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 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, WealthTax, Sales-Tax, Excise Duty and Customs Duty were outstanding as at 31 st March,1996 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 of employees or Directors 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. Adequate documents and records are maintained by the Company for the loans and advances granted 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. In our opinion, the Company has maintained proper records and made timely entries in respect of investments dealt in or traded by the Company. The Company's investments are held in its own name, save and except, those in the process of being transferred in its name.

For **Chaturvedi & Shah**	For **Rajendra & Co.**
Chartered Accountants	Chartered Accountants
Rajesh D. Chaturvedi	**R.J. Shah**
Partner Partner	

Mumbai
Dated: 6th May, 1996

Balance Sheet as at 31 st March, 1996

					(Rs. in crores)
Sources of Funds:		**As at 31st March, 1996**		As at 31st March, 1995	
		Rs.	**Rs.**	Rs.	Rs.
Shareholders' Funds					
Capital	'A'	**14750.44**		14750.44	
Reserves and Surplus	'B'	**475.42**		474.85	
			15225.86		15225.29
Loan Funds					
Unsecured Loans	'C'		**63145.15**		28130.35
Total			**78371.01**		43355.64
Application of Funds:					
Investments	'D'		**78042.69**		42442.64
Current Assets, Loans and Advances	'E'				
Current Assets					
Sundry Debtors		**3.98**		----	
Cash and Bank Balances		**14.56**		1194.16	
		18.54		1194.16	
Loans and Advances		**382.61**		331.29	
		401.15		1525.45	
Less: Current Liabilities and Provisions	'F'				
Current Liabilities		**5.79**		5.64	
Provisions		**67.04**		606.81	
		72.83		612.45	
Net Current Assets			**328.32**		913.00
Total			**78371.01**		43355.64

Notes on Accounts 'I'

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May,1996

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi
J.B. Dholaki
Directors

Profit and Loss Account for the year ended 31st March, 1996

(Rs. in crores)

	Schedule	As at 31st March, 1996 Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Income					
Income on Investments	'G'		**683.07**		573.69
Interest received (Tax deducted at source Rs. 0.03 lac, previous year Rs. Nil)			**6.01**		74.73
Commission & Brokerage			----		3.81
			689.08		652.23
Expenditure					
Establishment & Other Expenses	`H'		**3.80**		5.07
Profit before tax			**685.28**		647.16
Less: Provision for taxation			**6.00**		60.00
Profit after tax			**679.28**		587.16
Less: Short provision of tax for the earlier year			**0.19**		4.01
			679.09		583.15
Add: Balance brought forward from last year			**149.69**		172.31
Amount available for appropriation			**828.78**		755.46
Appropriations					
General Reserve		**70.00**		60.00	
Interim Dividend paid (subject to tax)		**678.52**		----	
Proposed Dividend (subject to tax)		----		545.77	
			748.52		605.77
Balance carried to Balance Sheet			**80.26**		149.69
Notes on Accounts	'I'				

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May,1996

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi Directors
J.B. Dholaki

Schedules forming part of the Balance Sheet

Schedule 'A'

(Rs. in crores)

	As at 31st March, 1996 Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Share Capital				
Authorised:				
149990000 Equity Shares of Rs.10/- each		**14999.00**		14999.00
10000 11 % Non-Cumulative Redeemable Preference Shares of Rs.10/- each		**1.00**		1.00
		15000.00		15000.00
Issued & Subscribed:				
147504400 Equity Shares of Rs. 10/- each fully paid up (held by Reliance Industries Limited, the holding Company)		**14750.44**		14750.44
		14750.44		14750.44

Note : Refer Note of Schedule 'C' in respect of option on unissued share capital.

Schedule 'B'

(Rs. in crores)

	As at 31st March, 1996 Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Reserves and Surplus				
General Reserves				
As per last Balance Sheet	**325.16**		265.16	
Add: Transferred from Profit and Loss Account	**70.00**		60.00	
		395.16		325.16
Profit and Loss Account		**80.26**		149.69
		475.42		474.85

Schedule 'C'

(Rs. in crores)

	As at 31st March, 1996 Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Unsecured Loans				
a. Unsecured loans (from holding Company)		----		28130.35
b. Zero Coupon Convertible Unsecured Redeemable Debentures of Rs. 5000/- each		**63145.15***		----
		63145.15		28130.35

* The Company may give at its option a three months notice to the Debentureholders to opt to convert the Debentures into Equity Shares at par any time after the expiry of 15 years, from the respective dates of allotment of such Debentures. In the event of the option not being granted by the Company or debentureholders not exercising their option to convert, the Debentures will be redeemed at par on the expiry of 25 years Commencing from the said dates of allotment.

Schedules forming part of the Balance Sheet

(Rs. in crores)

Schedule 'D'		As at 31st March, 1996 Rs.	As at 31st March, 1995 Rs.
Investments (Valued, Verified & Certified by Management)			
(A) Long Term Investments			
Quoted:			
Equity Shares - Fully paid-up			
18940162 (13067712)	Larsen & Toubro Ltd. of Rs. 10/- each	**29948.67**	13139.72
882370	Kothari Sugars and Chemicals Ltd. of Rs.10/- each	**337.30**	337.30
#95796000	Reliance Petroleum Ltd. of Rs.10/- each	**9579.60**	9579.60
6839078 (-)	BSES Ltd. of Rs.10/- each	**11284.48**	----
Equity Shares - Partly paid-up			
#95796000 (-)	Reliance Petroleum Ltd. of Rs.10/- each, Rs.5/- paid-up	**4789.80**	----
Debentures - Partly paid-up			
#95796000	Secured Triple Option Convertible Debentures (TOCDs) of Reliance Petroleum Ltd. of Rs. 40/- each, Rs.15/- paid-up	**14369.40**	9579.60
Unquoted:			
Equity Shares - fully paid-up			
22900	Observer (India) Ltd. of Rs.10/- each	**3.79**	3.79
1700 (-)	Farvision Securities Private Ltd. of Rs. 100/- each	**9.35**	----
Calls in Advance			
	Pending Adjustment towards Shares/TOCDS of Reliance Petroleum Ltd., being promoter's contribution	**7184.70**	9579.60
	Total (A)	**77507.09**	42219.61
(B) Current Investments			
Quoted:			
Equity Shares - Fully paid-up			
1250 (-)	Maneklal Harilal Mills and Industries Ltd. of Rs.10/- each	0.47	----
37200 (-)	HDFC Bank Ltd. of Rs. 10/- each	3.72	----
(17800)	Nirma Ltd. of Rs.10/- each	----	19.58
---- (34500)	Global Trust Bank Ltd. of Rs.10/- each	----	3.45
Debentures - Partly paid-up			
1250 (-)	14% Partly Convertible Debentures of Maneklal Harilal Mills and Industries Ltd. Of Rs. 37.50 each. Rs.25/- paid-up	0.31	----
1250 (-)	14% Non-Convertible Debentures of Maneklal Harilal Mills and Industries Ltd. Of Rs. 45/- each, Rs. 22.50 paid-up	0.28	----
Unquoted-Fully Paid-up:			
Bonds - Taxable			
40000 (-)	13% Secured Redeemable, National Hydroelectric Power Corporation Ltd. of Rs.1000/- each	378.85	----
16000 (-)	15.5% Secured Redeemable, Nuclear Power Corporation of India Ltd. of Rs. 1000/- each	151.97	----
	Carried Forward	**535.60**	23.03

Schedules forming part of the Balance Sheet

Schedule 'D' (Contd.)

	As at 31st March,1996 Rs.	As at 31st March, 1995 Rs.
		(Rs. in Lacs)
Brought Forward	**535.60**	23.03
Share Application Money:		
HDFC Bank Ltd.		
2000000 Equity Shares of Rs. 10/- each	**––**	200.00
Total (B)	**535.60**	223.03
Total (A+B)	**78042.69**	42442.64

\# The Company's investment in Reliance Petroleum Ltd. is towards promoters' contribution. This is subject to lock in period of five years from the date of commercial production. The Company has also given an undertaking to Financial Institutions not to dispose of the said holding, till the loans granted by them to Reliance Petroleum Ltd. is outstanding.

Aggregate Value of	As at 31st March,1996		As at 31st March,1995	
	Book Value Rs.	**Market Value Rs.**	Book Value Rs.	Market Value Rs.
Quoted Investments	**70314.03**	**88162.36**	32659.25	86780.10
Unquoted Investments	**7728.66**		9783.39	
	78042.69		42442.64	

Schedule 'E'

(Rs. in Lacs)

		As at 31st March,1996 Rs.		As at 31st March, 1995 Rs.
Current Assets, Loans and Advances				
Unsecured - (Considered Good)				
Current Assets				
Sundry Debtors (subject to confirmation)				
Over six months		**3.98**		–
Cash and Bank Balances				
Cash on hand	**0.04**		0 07	
Balance with a Scheduled Bank:				
In Current Account	**4.52**		1194.09	
In Fixed Deposit Account	**10.00**		––	
		14.56		1194.16
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received	**59.59**		35.67	
Deposit	**–**		100.00	
Advance Payment of Taxes	**323.02**		195.62	
		382.61		331.29
		401.15		1525.45

Schedule 'F'

(Rs. in Lacs)

		As at 31st March,1996 Rs.		As at 31st March, 1995 Rs.
Current Liabilities and Provisions				
Current Liabilities				
Other Liabilities		**5.79**		5.64
Provisions				
For Taxation	**67.04**		61.04	
Proposed Dividend (Subject to tax)	**––**		545.77	
		67.04		606.81
		72.83		612 45

Schedules forming part of the Profit & Loss Account

(Rs. in Lacs)

Schedule `G'	**1995-96**		1994-95	
	Rs.	**Rs.**	Rs.	Rs.
Income on Investments				
Dividend				
From Long Term Investments	672.05		535.36	
From Current Investments	––		0.01	
(Tax deducted at source Rs. 166.16 lacs, previous year Rs.132.32 lacs)		672.05		535.37
Interest				
From Current Investments		32.79		––
(Tax deducted at source Rs. 6.14 lacs, previous year Rs. Nil)				
Profit/Loss on Sale of Investments (Net)				
From Long Term investments	(129.31)		12.85	
From Current Investments	107.54		25.47	
		(21.77)		38.32
		683.07		573.69

(Rs. in Lacs)

Schedule `H'	**1995-96**		1994-95	
	Rs.	**Rs.**	Rs.	Rs.
Establishment & Other Expenses				
Salary, Wages and Bonus		**1.85**		1.28
Legal & Professional charges		**0.15**		––
Filing Fees		**0.01**		0.01
Miscellaneous Expenses				
Brokerage paid	**0.03**		0.06	
Other Administrative Expenses	**0.26**		2.22	
		0.29		2.28
Auditors' Remuneration				
Audit Fees	**1.00**		1.00	
Tax Audit Fees	**0.50**		0.50	
		1.50		1.50
		3.80		5.07

Schedule 'I'

Notes on Accounts

1. Significant Accounting Policies:

   a) Basis of Preparation of Financial Statements

   The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act,1956 as adopted consistently by the Company.

   b) Investments

   i) Long term investments and unquoted current investments are carried at cost. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

   ii) Cost is arrived at by applying specific identification method.

2. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

	As at 31 st March,1996 (Rs. in Lacs)	As at 31 st March,1995 (Rs. in Lacs)
3. Contingent Liabilities		
Uncalled liabilities on partly paid shares/debentures	**21554.54**	28738.80

4. As the Company is not a manufacturing Company, information required under paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.

5. Additional information as required under Part IV of Schedule VI to the Companies Act,1956.

Balance Sheet Abstract and Company's General Business Profile:

1. Registration Details:

Registration No.	41081
State Code	11
Balance Sheet Date	31st March, 1996

2. Capital raised during the year:

	(Rs. in Lacs)
Public Issue	––
Rights Issue	––
Bonus Issue	––
Private Placement	––

3. Position of Mobilisation and Deployment of Funds:

	(Rs. in Lacs)
Total Liabilities	78371.01
Total Assets	78371.01
Sources of Funds:	
Paid up Capital	14750.44
Reserves & Surplus	475.42
Secured Loans	––
Unsecured Loans	63145.15
Application of Funds:	
Net Fixed Assets	
Investments	78042.69
Net Current Assets	328.32
Miscellaneous Expenditure	––
Accumulated Losses	––

4. Performance of Company:

	(Rs. in Lacs)
Turnover/Income	689.08
Total Expenditure	3.80
Profit before Extraordinary item and taxation	685.28
Profit/(Loss) before tax	685.09
Profit/(Loss) after tax	679.09
Earnings per Share (Rs.)	0.46
Dividend Rate	4.60 %

5. Generic Names of principal products, services of the Company:

Item Code No.	N.A.
Product Description	N.A.

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

Alok Agarwal
S. Seth
Sandeep Junnarkar
Directors

Mumbai
Dated: 6th May,1996

Directors' Report

To the Members,

Your Directors present the 12th Annual Report together with the Audited Statement of Accounts for the Financial year ended 31 st March, 1996

Operations

The Company had announced voluntary retirement scheme as approved by The Chief Commissioner of Income-Tax, Maharashtra, and it has received overwhelming response.

The Company has incurred a loss of Rs.646.70 Lacs during the year under review as against profit of Rs.78.03 Lacs in the previous year.

Dividend

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

Directors

Shri. J.B. Dholakia retires by rotation and being eligible offers himself for re-appointment.

Personnel

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 21 7(2A) 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

The particulars as prescribed under Sub-section(e) of Section217(1) 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.

Deposits

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

Auditors

The Auditors of the Company, M/s. Rajendra & Co. and M/s. Chaturvedi & Shah hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting.

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

V.M. Ambani
N. M. Sanghavi Directors
J. B. Dholakia

Mumbai
Dated: 6th May, 1996.

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

The Company continued the energy conservation measures undertaken in the past, and tried to explore possibility of further energy conservation measures.

FORM - A

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

Part - A

A. Power and Fuel Consumption	**1 995-96**	1994-95
1. Electricity		
a. Purchased		
Units	**3,31,410**	24,18,600
Total Amount (Rs)	**16,59,766**	72,28,609
Rate/Unit (Rs)	**4.96**	2.99
b. Own Generation		
i. Through Diesel Generator		
Units	**––**	––
Units per Ltr. of Diesel	**––**	––
Cost/Unit (Rs)	**––**	––
ii. Through Steam Turbine/Generator		
Units	**––**	––
Unit per Ltr. of Fuel Oil/Gas cost/unit	**––**	––
2. Coal		
Quantity (Tonnes)	**152**	352
Total cost (Rs)	**3,76,327**	7,16,290
Average rate (Rs)	**2,475.84**	2,034.91

		1995-96	1994-95
3.	**Furnace Oil**		
	Quantity (Kilo Ltrs.)	–	_
	Total Amount	_	_
	verage rate	_	_
4.	**Others/Internal Generation**		
	Quantity	_	_
	Total Cost	_	_
	Average Rate	_	_

Part- B

B. Consumption per unit of Production

	1995-96		1994 - 95	
	Yarn (Kgs)	**Fabrics (RMtr.)**	Yarn (Kgs)	Fabrics (RMtr.)
Electricity (Units)	57.79	––	8.63	––
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, 1996 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 (Auditor's Report) order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in Paragraph 1 above, we state that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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) Although the Company had incurred substantial losses in the past and also for the year resulting in the erosion of its net worth, the accounts of the Company are prepared on going concern basis. Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
   (i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1996.
   (ii) in so far as it relates to the Profit and Loss Account of the 'loss' of the Company for the year ended on that date. For Chaturvedi & Shah For Rajendra & Co. Chartered Accountants Chartered Accountants H.P. Chaturvedi R.J. Shah Partner PartnerMumbai Dated: 6th May, 1996.

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May, 1996.

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 explanations 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 the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on 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 loans, secured or unsecured, from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(1B) of the Companies Act,1956. The terms and conditions of the above loan are not, in our opinion, prima-facie prejudicial to the interests of the Company.

8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act,1956 or to companies under the same management within the meaning of Section 370(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 and 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 arrangement entered in the register 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 by us.

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, customs duty, sales tax and excise duty were outstanding as on 31 st March,1996 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. According to the information and explanations given to us and in our opinion the Company has become 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 provision for any loss is required to be made in the accounts.

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May, 1996.

Balance Sheer as at 31st March, 1996

					(Rs. in Lacs)
		1995-96		1994-95	
	Schedule	**Rs.**	**Rs.**	Rs.	Rs.
Sources Of Funds:					
Shareholders' Funds					
Share Capital	'A'		**21.01**		21.01
Loan Funds					
Unsecured Loans (From Holding Company)			**1342.84**		676.00
Total			**1363.85**		697.01
Application of Funds:					
Fixed Assets					
Gross Block		**225.61**		226.50	
Less: Depreciation		**171.03**		160.70	
Net Block	'B'		**54.58**		65.80
Current Assets, Loans and Advances					
Current Assets	'C'				
Inventories		**9.32**		40.97	
Sundry Debtors		**–**		13.09	
Cash and Bank Balances		**11.19**		29.15	
		20.51		83.21	
Loans and Advances	'D'	**13.67**		17.21	
		34.18		100.42	
Less: **Current Liabilities and Provisions**	'E'				
Current Liabilities		**127.71**		225.31	
		127.71		225.31	
			(93.53)		(124.89)
Profit and Loss Account			**1402.80**		756.10
	Total		**1363.85**		697.01
Notes on Accounts	'J'				

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi
J.B. Dholaki
Directors

Mumbai
Dated: 6th May,1996

Profit and Loss Account for the year ended 31st March, 1996

(Rs. in Lacs)

	Schedule	1995-96 Rs.	1995-96 Rs.	1994-95 Rs.	1994-95 Rs.
Income					
Sales (Net)		**122.10**		314.42	
Other Income	‘F’	**2.75**		467.34	
Variation in Stock	‘G’	**(30.86)**		(13.71)	
			93.99		768.05
Expenditure					
Purchases		**83.54**		–	
Manufacturing and Other Expenses	‘H’	**646.63**		648.81	
Interest	‘I’	–		11.70	
Depreciation		**10.52**		29.51	
			740.69		690.02
Profit/(Loss) for the year			**(646.70)**		78.03
Add: Balance brought forward from last year			**(756.10)**		(834.13)
Balance carried to Balance Sheet			**(1402.80)**		(756.10)
Notes on Accounts	‘J’				

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May,1996

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi Directors
J.B. Dholaki

Schedules forming part of the Balance Sheet

Schedule 'A' (Rs. in Lacs)

Share Capital		**As at 31st March,1996** Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Authorised:					
2,50,000	Equity Shares of Rs.10/- each.		**25.00**		25.00
Issued & Subscribed:					
2,10,070	Equity Shares of Rs. 10/- each fully paid-up (Held by Reliance Industries Limited, the Holding Company		**21.01**		21.01
			21.01		21.01

Schedule 'B' (Rs. in Lacs)

Fixed Assets	Gross Block				Depreciation				NetBlock	
DESCRIPTION	As at 1.4.95	Additions	Deductions	**As at 31.3.96**	As at 1.4.95	For the year	Written Back	**As at 31.3.96**	**As at 31.3.96**	As at 31.3.95
Buildings	27.48	–	–	**27.48**	6.85	0.92	–	**7.77**	**19.71**	20.62
Plant & Machinery	174.59	–	–	**174.59**	144.77	8.69	–	**153.46**	**21.13**	29.82
Electric Installation	17.23	–	–	**17.23**	6.16	0.58	–	**6.74**	**10.49**	11.07
Factory Equipment	2.89	–	0.03	**2.86**	1.41	0.15	0.02	**1.54**	**1.32**	1.48
Furniture & Fixture	4.30	–	0.86	**3.44**	1.50	0.18	0.17	**1.51**	**1.93**	2.80
Vehicles	0.01	–	–	**0.01**	0.01	–	–	**0.01**	**–**	0.01
Total	226.50	–	0.89	**225.61**	160.70	10.52	0.19	**171.03**	**54.58**	65.80
Previous Year	559.44	–	332.94	**226.50**	401.55	29.51	270.36	**160.70**	**65.80**	

Schedule 'C' (Rs. in Lacs)

Current Assets	**As at 31st March,1996** Rs.	Rs.	As at 31st March, 1995 Rs.	Rs.
Inventories (at cost or market value whichever is lower except otherwise stated)				
Stores, spares, dyes & chemicals	**7.40**		8.19	
Raw materials	**1.92**		1.92	
Stock-in-process	**–**		7.75	
Finished goods	–		23.00	
Others	**–**		0.11	
		9.32		40.97
Sundry Debtors (Unsecured)				
Others: Considered good		**–**		13.09
Cash and Bank Balances				
Cash on hand	**–**		1.49	
Balance with Scheduled Banks:				
In Current Accounts	**10.29**		26.76	
In Fixed Deposit Account	**0.90**		0.90	
		11.19		29.15
		20.51		83.21

Schedules forming part of the Balance Sheet

Schedule 'D'

	As at 31st March,1996 Rs.	As at 31st March, 1995 Rs.
		(Rs. in Lacs)
Loans and Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	----	3.57
Deposits	**13.67**	12.82
Prepaid expenses	----	0.53
Balance with Customs, Central Excise Authorities, etc.	----	0.29
	13.67	17.21

Schedule 'E'

	As at 31st March,1996 Rs.	As at 31st March, 1995 Rs.
		(Rs. in Lacs)
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors	**84.54**	4.51
Other Liabilities	**43.17**	220.75
Interest accrued but not due on loans	––	0.05
	127.71	225.31

Schedules forming part of the Profit and Loss Account

Schedule 'F'

	1995-96 Rs.	1994-95 Rs.
		(Rs. in Lacs)
Other Income		
Processing charges	––	18.75
Profit on sale of assets	––	434.41
Interest received	**0.17**	1.04
Miscellaneous Income	**2.58**	8.73
Excess provision for expenses no longer required	––	4.41
	2.75	467.34

Schedule 'E'

	As at 1995-96 Rs.	As at 1995-96 Rs.	As at 1994-95 Rs.	As at 1994-95 Rs.
				(Rs. in Lacs)
Variation in Stock				
Stock-in-Trade (at close)				
Finished goods	––		23.00	
Stock-in-process	––		7.75	
Others	––		0.11	
		––		30.86
Stock-in-Trade (at commencement)				
Finished goods	**23.00**		27.79	
Stock-in-process	**7.75**		15.78	
Others	**0.11**		1.00	
		30.86		44.57
		(30.86)		(13.71)

Schedules forming part of the Profit and Loss Account

Schedule 'H'

				(Rs. in Lacs)
	As at 31st March,1996		As at 31st March, 1995	
Reserves & Surplus	**Rs.**	**Rs.**	Rs.	Rs.
Manufacturing and Other Expenses				
Raw Materials Consumed				
Stock at commencement	**1.92**		14.11	
Add: Purchases	**----**		178.68	
	1.92		192.79	
Less: Stock at close	**1.92**		1.92	
		----		190.87
Manufacturing Expenses				
Carriage inward	**----**		0.06	
Stores and spare parts	**1.25**		5.42	
Dyes & Chemicals	**----**		0.11	
Electric Power, fuel and water	**20.45**		79.67	
Machinery repairs	**----**		0.11	
Labour, Processing and machinery hire charges	**----**		2.29	
		21.70		87.66
Payments to and Provisions for Employees				
Salaries, Wages and Bonus	**113.50**		195.27	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employees' State Insurance Scheme,Pension Scheme, Labour Welfare Fund etc.	**43.73**		61.23	
Employees' Welfare and other amenities	**8.07**		18.33	
Retrenchment NRS Compensation	**367.42**		54.79	
Ex-Gratia Wages	**79.50**		----	
		612.22		329.62
Sales and Distribution Expenses				
Samples, Sales Promotion and Advertisement Expenses	**0.31**		0.05	
Brokerage and Commission	**0.20**		3.03	
Packing Expenses	**0.16**		6.02	
Freight and forwarding charges	**----**		2.63	
Sales Tax	**0.39**		13.75	
		1.06		25.48
Establishment Expenses				
Insurance	**2.01**		3.59	
Rent	**----**		1.10	
Rates and taxes	**1.18**		0.54	
Other repairs	**0.33**		0.44	
Travelling expenses	**0.30**		0.25	
Payment to Auditors	**0.35**		0.35	
General Expenses	**6.93**		8.91	
Loss on sale of assets (Net)	**0.55**		----	
		11.65		15.18
		646.63		648.81

Schedule 'I'

	1995-96	1994-95
	Rs.	Rs.
Interest		
Fixed Loans	----	5.86
Others	----	5.84
	----	11.70

Schedule 'J'

Notes On Accounts

1. Significant Accounting Policies

A. Basis of preparation of Financial Statements

i) The Financial Statements have been prepared under the Historical Cost Convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. The same are prepared on a going concern basis.

ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

B. Fixed Assets and Depreciation

i) Fixed assets are stated at acquisition cost less accumulated depreciation.

ii) Depreciation on fixed assets is provided under the straight line method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956.

C. Inventories

i) Raw Materials, Stores, Spares, Dyes & Chemicals are valued at cost.

ii) Stock-in-process is valued at cost including related overheads.

iii) Finished Goods are valued at cost or market value, whichever is lower. Cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.

D. Sales

Sales is net of excise & sales tax collected from customers.

E. Employee/Retirement Benefits

i) Company's contributions to Provident Fund, Superannuation Fund and other funds for the year are charged to Profit and Loss Account.

ii) Gratuity is charged to Profit and Loss Account on the basis of actuarial valuation and any shortfall is charged in the year of payment to employees.

2. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

3. Auditors' Remuneration

	1995-96	(Rs. in Lacs) 1994-95
(a) Audit fees	**0.25**	0.25
(b) Tax audit fees	**0.10**	0.10
	0.35	0.35

4. Contingent Liabilities

	As at 31st March, 1996	(Rs in Lacs) As at 31st March, 1995
Claims against the Company not acknowledged as debts	**3.88**	1.50

Schedule 'J' (Contd.)

			Licenced Capacity		Installed Capacity	
5.	Licenced & Installed Capacity (As certified by the Management)		**31.3.96**	31.3.95	**31.3.96**	31.3.95
	Spindles (Nos.)		**N.A.**	N.A.	**11816**	11816

		UNIT	1995-1996	1994-1995
6.	Production of finished products meant for sale			
	Blended Yarn	**M.T.**	8	243
7.	Value of imports on CIF basis		—	—
8.	Expenditure in foreign currency		—	—

		UNIT	1995-1996 Quantity	1995-1996 Rs.in Lacs	1994-1995 Quantity	1994-1995 Rs.in Lacs
9.	Quantitative Information					
	a) Opening Stock					
	i) Finished Stock (Yarn)	M.T.	**18**	**23.00**	26	27.79
	ii) Stock in process(Yarn)			**7.75**		5.78
	iii) Others			**0.11**		1.00
	b) Closing Stock					
	i) Finished Stock (Yarn)	M.T.	—	—	18	23.00
	ii) Stock in process (Yarn)			—		7.75
	iii) Others			—		0.11
	c) Purchases					
	Fabrics	Mtrs.in lacs	**2.16**	**83.54**	—	—
	d) Sales					
	Yarn	M.T.	**26**	**34.38**	251	314.42
	Fabrics	Mtrs.in lacs	**2.16**	**87.72**	—	—
	e) Raw Material Consumed					
	Cotton	M.T.	—	—	104	55.23
	Fibre	M.T.	—	—	142	119.36
	Viscose	M.T.	—	—	32	16.28

		1995-1996 Rs.in Lacs	1995-1996 % of total Consumption	1994-1995 Rs.in Lacs	1994-1995 %of total Consumption
10.	Value of Raw Material Consumed				
	Indigenous	—	—	190.87	100.00
11.	Value of stores, spare parts dyes & chemicals				
	Indigenous	1.25	100.00	5.53	100.00

		1995-1996	1994-1995
12.	Earnings in foreign exchange	—	—

13. Additional information as required under Part IV of Schedule VI to the Compaines Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

1. Registration Details:	
Registration No.	31593
State Code	11
Balance Sheet Date	31st March, 1996
2. Capital raised during the year:	(Rs. in lacs)
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
3. Position of mobilisation and deployment of funds:	(Rs. in lacs)
Total Liabilities	1363.85
Total Assets	1363.85
Source of Funds:	
Paid up Capital	21.01
Reserves & Surplus	-
Secured Loans	-
Unsecured Loans	1342.84
Application of Funds:	
Net Fixed Assets	54.58
Investments	-
Net Current Assets	(93.52)
Miscellaneous Expenditure	-
Accumulated Losses	1402.79
4. Performance of Company:	(Rs. in lacs)
Turnover	122.10
Total Expenditure	740.69
Profit/(Loss) before tax	(646.70)
Profit/(Loss) after tax	(646.70)
Earnings per Share (Rs)	-
Dividend Rate	-
5. Generic Names of principal products, services of the Company:	
Item Code No.	550953.00
Product Description	Blended Yarn

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 6th May,1996

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi
J.B. Dholaki
Directors

Reliance Industries Limited's Equity Shares are listed on the stock exchanges in the following cities:

• Mumbai • Ahmedabad • Bangalore • Calcutta • New Delhi
• Madras • Cochin • Kanpur • Pune
as also with
The National Stock Exchange (NSE).

Symbol in Mumbai Stock Exchange is **'RIL 325'**
Symbol in National Stock Exchange is **'RELIANCE EQ'**

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are listed on the Luxembourg Stock Exchange
and traded on PORTAL System (NASDAQ, USA)
and SEAQ System (London Stock Exchange).

Symbol on SEAQ System is 'RIDGq.LT'

Euro-Convertible Bonds

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