

Reliance Textile Industries Limited

Annual Report 1981

ANNUAL REPORT 1981

ANNUAL GENERAL MEETING

on Tuesday, the 15th June 1982
at Birla Matushri Sabhagar
19 Sir Vithaldas Thackersey Marg
Bombay - 400 020
at 4.30 p.m.

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

REGISTERED OFFICE

COURT HOUSE, TILAK MARG,
DHOB TALAO, BOMBAY 400 002

MAIN OFFICE

TULSIANI CHAMBERS, 10TH FLOOR, PLOT NO. 212,
NARIMAN POINT, BOMBAY 400 021

MILLS

1031106, NARODA INDUSTRIAL ESTATE,
NARODA, AI-IMEDABAD

SIDHPUR UNIT:

SIDHPUR, MEHSANA DIST. NORTH GUJARAT

POLYESTER FILAMENTARY PROJECT (Under Construction)

PATALGANGA. OFF BOMBAY - POONA ROAD,
NEAR PANVEL. DIST. RAIGAD
MAHARASHTRA

BOARD OF DIRECTORS

DHIRUBHAI H. AMBANI (Chairman & Managing Director)
RAMNIKLAL H. AMBANI (Joint Managing Director)
K. GOPAL RAO
JAYANTILAL R. SHAH
MANSINGH L. BHAKTA
K. SANTHAPPA SHENOY (Nominee Director - G.I.C)
ARJAN J. ADVANI (Nominee Director - I.C.I.C.I.)
T. RAMESH U. PAI
NATVARLAL H. AMBANI (Executive Director)
RAMANLAL C. PATEL (Executive Director)
RASIKLAL L. MESWANI (Executive Director)
MUKESH D. AMBANI (Executive Director)

SECRETARY

S. NATARAJAN
VINOD M. AMBANI

SOLICITORS & ADVOCATES

KANGA & CO.
DAVE & CO.

AUDITORS

RAJENDRA & CO.
CHATURVEDI & SHAH.

BANKERS

SYNDICATE BANK, BANK OF BARODA, CANARA BANK,
INDIAN BANK, STATE BANK OF INDIA
GRINDLAYS BANK - ANDHERI (EAST)

FINANCIAL HIGHLIGHTS

| | | 1981 | 1980 | 1979 | 1977-78 (15 Months) |
|---|-----|-----------------|-----------------|----------------|------------------------|
| | | | | | (Rs.in Lacs) |
| Sales | | 30165.77 | 20767.51 | 15512.53 | 12010.91 |
| Other Income | | 363.66 | 255.07 | 250.18 | 197.65 |
| Profit on sale and/or discard of Assets (Net) | | <u>—</u> | <u>—</u> | <u>—</u> | <u>1.66</u> |
| Manufacturing Expenses | (A) | 30529.43 | 21022.58 | 15762.71 | 12210.22 |
| Loss on sale and/or discard of Assets (Net) | | 25783.08 | 18097.54 | 13800.24 | 10700.71 |
| Interest | | <u>1678.95</u> | <u>1113.28</u> | <u>704.84</u> | <u>494.45</u> |
| Gross Profit (A-B) | (B) | 27462.03 | 19213.45 | 14506.36 | 11195.16 |
| Depreciation | (C) | 3067.40 | 1809.13 | 1256.35 | 1015.06 |
| Provision for Taxation | | 1097.72 | 688.52 | 435.10 | 339.73 |
| | | <u>—</u> | <u>—</u> | <u>—</u> | <u>20.00</u> |
| Net Profit (C-D) | (D) | 1097.72 | 688.52 | 435.10 | 359.73 |
| | | <u>1969.68</u> | <u>1120.61</u> | <u>821.25</u> | <u>655.33</u> |
| WHAT THE COMPANY OWNED | | | | | |
| Fixed Assets | | | | | |
| Gross Block | | 13346.20 | 7496.85 | 4795.68 | 3090.58 |
| Less: Depreciation | | <u>2790.13</u> | <u>1701.64</u> | <u>1021.20</u> | <u>587.21</u> |
| NET BLOCK | | 10556.07 | 5795.21 | 3774.48 | 2503.37 |
| Investments | | 7.09 | 7.87 | 7.28 | 3.84 |
| Net Current Assets | | 11688.47 | 6663.29 | 4755.46. | 3285.02 |
| (Excess of Current Assets Loans & Advances over Current Liabilities & Provisions) | | | | | |
| TOTAL | | <u>22251.63</u> | <u>12466.37</u> | <u>8537.22</u> | <u>5792.23</u> |
| WHAT THE COMPANY OWED | | | | | |
| Secured Loans | | 14906.21 | 8384.04 | 5584.44 | 3957.36 |
| Unsecured Loans | | <u>1635.35</u> | <u>903.11</u> | <u>589.31</u> | <u>390.41</u> |
| TOTAL | | <u>16541.56</u> | <u>9287.15</u> | <u>6173.75</u> | <u>4347.77</u> |
| NET WORTH OF THE COMPANY | | | | | |
| Share Capital | | 1697.38 | 1236.23 | 783.89 | 62.5.11 |
| Share Application Monies | | .20 | — | — | — |
| Reserves & Surplus | | <u>4012.49</u> | <u>1942.99</u> | <u>1579.58</u> | <u>819.35</u> |
| | | <u>5710.07</u> | <u>3179.22</u> | <u>2363.47</u> | <u>1144.46</u> |

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in submitting the 8th Annual Report, together with the Audited Statement of Accounts for the year ended 31st December 1981.

FINANCIAL RESULTS

| | 1981 | 1980 |
|---|----------------|---------|
| | 3067.40 | 1809.13 |
| Gross Profits: | | |
| Of the above, the following provisions and/or appropriations have been made | | |
| (a) Depreciation | 1097.72 | 688.52 |
| (b) Investment Allowance Reserve | 660.00 | 440.00 |
| (c) Taxation | NIL | NIL |
| There remains a balance of | 1309.68 | 680.61 |
| Adding thereto: | | |
| Balance brought forward from previous year | 3.86 | 3.10 |
| Provision for taxation written back | 15.00 | — |
| | 1328.54 | 683.71 |
| Less: Recommended Dividends: | | |
| (a) on 11 % Cumulative Redeemable Preference Shares (subject to deduction of tax) | 3 30 | 3.30 |
| (b) on Equity Shares at Rs. 3.50 per share, including an extra dividend of Re. 1 per share (subject to deduction of tax) | 479.95 | 301.56 |
| Retained profits | 845.28 | 378.85 |
| Less: Transferred to General Reserve: | 845.28 | 375.00 |
| Leaving balance to be carried forward to next year s accounts | — | 3.85 |

DIVIDENDS

Your Directors recommended for consideration at the Annual General Meeting, declaration and payment of following Dividends (subject to deduction of tax at source)

| | | (Rs. in lacs) |
|--|--|---------------|
| On Preference Shares | | |
| On 30,000 11% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up at the rate of 11 % per annum i.e. at Rs. 11 per share (subject to deduction of tax) | | 3.30 |
| On Equity Shares | | |
| (a) Dividend at Rs. 3.50 per share, including an extra dividend of Re.1 per share (subject to deduction of tax) on 1,29,27,539 Equity Shares of Rs. 10/- each fully paid-up | | 452.47 |
| (b) Dividend at Rs.3.50 per share, including extra Dividend of Re.1 per share. (subject to deduction of tax) on 28,76,518 Equity Shares of Rs. 10/- each on (pro rata basis) | | 27.48 |

ADDITIONAL CAPITAL

In terms of the Permission received from the Controller of Capital Issues, New Delhi and pursuant to the Resolution passed at the Annual General Meeting of the Members of the Company, the Board of Directors allotted during the year Equity Shares detailed as under.

- (a) 8,92,416 Equity Shares of Rs.10/- each to the Debentureholders of Series I against conversion option exercised by them;
- (b) 8,42,529 Equity Shares of Rs.10/-each to the Debentureholders of Series II against conversion option exercised by them;
- (c) 3,84,000 Equity Shares of Rs. 10/-,each to the Financial Institutions against conversion of Term Loans/Subsription to Privately Placed Debentures and
- (d) 23,80,518 Equity Shares of Rs.10/- each to the Shareholders of the Company by way of Rights.

ISSUE OF DEBENTURES

In terms of the Permission received from the Controller of Capital Issues, New Delhi and pursuant to the Resolution passed at the Meeting of the Shareholders held on 24th April, 1981, 19,20,000 13.5% Convertible Secured Debentures (Series III) of Rs.125/- each for cash at par aggregating to a nominal value of Rs. 24 crores through Prospectus was issued to the Public for financing the Company's Polyester Filament Yarn Project at Patalganga.

The issue was oversubscribed by about seven times attracting applications from 5.6 lacs investors. In keeping with the tradition of the Company, these Debentures were once again allotted in a record time of 8 working days. These Debentures are now listed with Stock Exchanges at Bombay, Ahmedabad, Bangalore, New Delhi, Madras and Calcutta.

INCREASE IN AUTHORISED SHARE CAPITAL

Keeping in view the capital requirements for expansion and modernisation the Company at its Extra Ordinary General Meeting held on 23rd February 1982 passed a Resolution increasing the Authorised Share Capital of the Company from Rs. 20 crores to Rs. 60 crores.

EXPANSION & MODERNISATION

The Company has completed in the year under review the installation of the balance imported Shuttleless Automatic Sulzer and Saurer Looms, Draw Texturising and Twisting Machines and Diesel Generating Sets. Further the installation of Balancing and Service equipments under its Replacement and Modernisation taken yet another modernisation and balancing Scheme at Naroda unit at Ahmedabad at a Capital outlay of Rs.61.5 crores. The Scheme envisages mainly the import of twisting coning, dyeing and other related and related equipments for producing

higher value-added yarn. The Scheme also envisages the installation of processing, printing and service equipments.

On completion of the above modernisation programme the Company will be able to up grade its products resulting in substantial improvements in turnover and profitability.

For this purpose and to augment the long term working capital requirements the company has offered on a right basis to its existing investors 40,00,000- 13.5% Convertible Secured Debentures of Rs. 125/- each (Series IV) for an aggregate face value of Rs. 50 crores. The company proposes to meet foreign currency requirements of Rs. 12 crores by foreign exchange loans from ICICI and suppliers' deferred payments credits. The company is also issuing on a right basis to the Equity Shareholders 5,50,000- 13.5% Redeemable Preference Shares of Rs.100/- each aggregating to Rs. 5.5 crores to meet the cost of the project. The financial arrangements have been tied up for the project which is now in an advanced stage of implementation.

The Company has obtained the approval of the Shareholders at the Extra Ordinary General Meeting of the Company held on 23rd February, 1982 as also of the permission of the Controller of Capital Issues. Government of India, for the above issues.

This offer of Debentures is exclusively being made to the Company's investors, as desired by the shareholders.

AMALGAMATION OF THE SIDHPUR MILLS COMPANY LIMITED

Your Directors are pleased to inform you that the Amalgamation of The Sidhpur Mills Company Limited (SMCL) with your Company has been approved by the High Courts of Bombay and Gujarat with effect from 29th August 1981 and it has become a unit of the Company. Consequently, the Company would be eligible for carry forward losses and unabsorbed depreciation to the tune of Rs. 247 lacs.

Modernisation of Sidhpur Unit is now under implementation at a cost of Rs. 12 crores. The Company has negotiated Soft Loan of Rs. 8 crores from Financial Institutions which is free of convertibility clause; the balance being financed out of internal accruals. Orders for major machineries have already been placed. Pursuant to the Scheme of Amalgamation, creditors of the SMCL are being paid their dues as laid down in the Scheme and the employees of SMCL have been absorbed by your Company. The Shareholders of SMCL have been requested to exchange 3.2 Equity Shares (including 1.2 shares on account of bonus shares issued by the Company) and one Unsecured non-transferable Bond of Rs. 8/- each of the Company carrying interest at the rate of 10% per annum against a holding of every one Equity Share of SMCL. These Shareholders would be paid a pro-rata dividend for the year 1981 with effect from 29th August 1981 subject to approval of the Shareholders at the ensuing Annual General Meeting.

POLYESTER FILAMENT YARN PROJECT

After obtaining necessary Licence, the Company has initiated various steps in implementing the project for the manufacture of Polyester Filament Yarn being located at Patalganga in the State of Maharashtra. Technical collaboration with

the world renowned, E. I. Du Pont DE NEMOURS AND COMPANY, U.S.A. The project is expected to commence production in the third quarter of 1982.

YEAR IN RETROSPECT

The turnover during the year under review has crossed Rs. 301 Crores as against Rs. 208 Crores in the previous year. Your Company have consistently sustained the rate of growth inspite of various constraints in the economy.

RESEARCH & DEVELOPMENT

The Company has continued its further programme on Research and Development this year. In order to improve the efficiency in product range and profitability, the Company has installed a good number of sophisticated machinery and instruments including Computer Color Control System.

The Company obtained recognition from Government of India, Department of Science & Technology for a further period of three years.

The Research & Development Wing during the year have developed different techniques inter-alia for (a) blending of fibres to suit for the Indian conditions, (b) techniques of preparation of Warp for high count polyester yarn, (c) Colour matching by computer, (d) studies on thermomigration behaviour of disperse colours. This has resulted in substantial savings of foreign exchange due to import substitution and cost reduction.

AWARDS: 1981-82

Your Company has been bestowed with numerous awards. It won 3 National Awards from Government of India for excellence in advertising in the category of colour advertisement. The Company has also received awards from Public Relations World Conference for the Company's Annual Report 1980.

FIXED DEPOSITS

Deposits of Rs. 1,01,000 from 31 depositors which fell due for repayment at the close of the financial year remained unclaimed by the depositors, as on 31st December 1981, despite communication to the depositors for taking appropriate steps. Of these, deposits of Rs. 33,000 from 10 depositors were subsequently renewed/repaid.

PARTICULARS OF EMPLOYEES

Information as per sub-section (2-A) of Section 217 of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31st December 1981 is annexed.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sarvashree Ramanlal C. Patel, Mukesh D. Ambani and Jayantilal R. Shah, the Directors of your Company, retire by rotation, but being eligible offer themselves for reappointment.

AUDITORS

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

Shri Rajendra J. Shah, proprietor of Messrs. Rajendra & Company, Chartered Accountants and a Joint Auditor of the Company is a relative of Shri Jayantilal Shah, a Director of the Company. Your attention is invited to the explanatory statement under item No. 7 annexed to the Notice of the Annual General Meeting.

AUDITORS' REPORT

Your Directors consider adequate the Explanation furnished in Notes No. 12 and 13 forming part of Accounts for the year ended 31st December 1981 as they are self-explanatory.

APPRECIATION

The Directors acknowledge with gratitude the cooperation and assistance given by the Financial Institutions, Banks during the year under review.

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executives, Staff and Workers of the Company for yet another successful year.

Registered Office:
Court House, Tilak Marg
Dhobi Talao, Bombay 400 002
Dated: 3rd May 1982

On behalf of the Board of Directors

DHIRUBHAI H. AMBANI
Chairman & Managing Director

AUDITORS' REPORT

To
The Members of Reliance Textile Industries Limited

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED as at 31st December, 1981 and also the annexed Profit & Loss Account of the Company for the year ended on that date in which the accounts of The Sidhpur Mills Company Limited are incorporated in terms of the scheme of amalgamation. We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
 3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account.
 4. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes thereon and subject to Note No. 12 regarding amalgamation and Note No. 13 regarding non-provision of interest, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1981 and
 - ii) in the case of the Profit & Loss Account of the 'Profit' for the year ended on that date.
- As required by the Manufacturing and other Companies (Auditors' Report) Order 1975 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:
- i) The Company has maintained proper records showing full particulars including quantitative details and situation of Land and Buildings, Plant and Machinery, Electrical Installations and Vehicles only. The above Fixed Assets have been physically verified by the management during the year and no serious discrepancies were noticed on such verification as compared with the available records. With regard to the other Fixed Assets, we are informed that the Company has taken up the compilation of records and verification shall thereafter be done in phased manner.
 - ii) None of the Fixed Assets have been revalued during the year.
- iii) Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare-parts and raw materials save and except goods lying with third parties. The discrepancies noticed on such verification and in the stocks taken-over from The Sidhpur Mills Company Limited as compared with the book records were not significant and the same have been properly dealt with in the Books of Account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
 - iv) The Company has not taken any loans from Companies, Firms or other parties listed in the registers maintained under Section 301 and 370(1-C) of the Companies Act, 1956.
 - v) Loans and Advances in the nature of loans have been given to employees free of interest. The terms of repayment of loans in a few cases are not separately specified. The recovery of the principal amount was regular in most of the cases.
 - vi) On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for purchase of stores, raw materials including components, plant and machinery, equipments and other assets.
 - vii) There are no purchases during the year of stores, raw materials or components from the Firms or Companies or other parties in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has no subsidiaries.
 - viii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
 - ix) In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Rules made thereunder, with regard to Fixed Deposits accepted from the Public.
 - x) The Company has no by-products and in our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable scrap.

- xi) The Company has an internal audit system commensurate with the size and nature of its business.
- xii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the manufacturing activities of the Company, except in respect of activities of Sidhpur Unit, for which, prescribed accounts and records have, prima-facie, been maintained. We have not, however, made a detailed examination of the same.
- xiii) Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- xiv) 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.
- xv) In respect of processing activities there is a reasonable system of authorisation at proper levels with necessary controls on the issue of stores and the allocation of stores and man-hours to specific jobs and there is a system of internal control commensurate with the size of the Company and the nature of its business.

For **RAJENDRA & CO.,**
CHARTERED ACCOUNTANTS

R. J. SHAH
PROPRIETOR

BOMBAY:
Dated: 4th March, 1992

For **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS,

D. CHATURVEDI
PARTNER

**BALANCE SHEET
AND
PROFIT & LOSS ACCOUNT**

BALANCE SHEET AS AT 31ST DECEMBER, 1981

| SOURCES OF FUNDS | Schedule | 1981 | | 1980 | |
|--|----------|----------|------------|------------|------------|
| | | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Shareholders' Funds | | | | | |
| Capital | 'A' | | 16,97,38 | | 12,36,23 |
| Share Application Monies | | | 20 | | — |
| Reserves and Surplus | 'B' | | 40,12,49 | | 19,42,99 |
| | | | | 57,10,07 | |
| Loan Funds | | | | | |
| Secured Loans | 'C' | | 1,49,06,21 | | 83,84,04 |
| Unsecured Loans | 'D' | | 16,35,35 | | 9,03,11 |
| | | | | 1,65,41,56 | |
| | | | | 2,22,51,63 | |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | | | 1,33,46,20 | | 74,96,85 |
| Less: Depreciation | | | 27,90,13 | | 17,01,64 |
| Net Block | 'E' | | | 1,05,56,07 | |
| Investments | | | | 7,09 | |
| Current Assets, Loans & Advances | | | | | 57,95,21 |
| Current Assets | 'G' | | | | 7,87 |
| Inventories | | 82,79,34 | | | 45,03,99 |
| Sundry Debtors | | 55,15,27 | | | 38,03,58 |
| Cash and Bank Balances | | 3,02,49 | | | 2,35,34 |
| Other Current Assets | | 13,57 | | | 91,49 |
| | | | 1,41,10,67 | | 86,34,40 |
| Loans and Advances | 'H' | | 15,29,07 | | 7,41,87 |
| Less: Current Liabilities & Provisions | 'I' | | 1,56,39,74 | | 93,76,27 |
| Liabilities | | 33,77,69 | | | 23,57,82 |
| Provisions | | 5,73,58 | | | 3,55,16 |
| | | | 39,51,27 | | 27,12,98 |
| Net Current Assets | | | | 1,16,88,47 | |
| | | | | 2,22,51,63 | |
| NOTES AND CONTINGENT LIABILITIES | 'N' | | | | 66,63,29 |
| | | | | | 1,24,66,37 |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. SHAH
Proprietor

For **CHATURVEDI & SHAH,**
Chartered Accountants,

D. CHATURVEDI
Partner

S. NATARAJAN
Company Secretary

S. S. BHANDARI
Controller of Accounts

D. H. AMBANI
Chairman & Managing Director

K. GOPAL RAO
J. R. SHAH
M.L. BHAKTA
K. S. SHENOY
A. J. ADVANI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

BOMBAY
Dated: 4th March, 1982

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1981

| INCOME | Schedule | 1981 | | 1980 | |
|---|----------|-----------------|-----------------|----------------|-----------------|
| | | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Sales (Net) | | 3,01,65,77 | | 2,07,67,51 | |
| Other Income | | 3,63,66 | | 2,55,07 | |
| Increase in Stocks | 'K' | <u>22,13,86</u> | 3,27,43,29 | <u>98,56</u> | 2,11,21,14 |
| EXPENDITURE | | | | | |
| Purchases | | 39,91,77 | | 27,34,99 | |
| Manufacturing and Other Expenses | 'L' | 2,40,05,17 | | 1,54,63,74 | |
| Interest | 'M' | 16,78,95 | | 11,13,28 | |
| Depreciation | | <u>10,97,72</u> | 3,07,73,61 | <u>6,88,52</u> | 2,00,00,53 |
| Profit for the year | | | <u>19,69,68</u> | | 11,20,61 |
| Add: Balance as per last Balance Sheet | | | 3,85 | | 3,10 |
| Provision for taxation no longer required | | | <u>15,00</u> | | — |
| | | | <u>19,88,53</u> | | <u>11,23,71</u> |
| APPROPRIATIONS | | | | | |
| Transfer to Investment Allowance Reserve | | 6,60,00 | | 4,40,00 | |
| Proposed Dividends (subject to tax) on: | | | | | |
| Preference Shares | | 3,30 | | 3,30 | |
| Equity Shares | | 4,79,95 | | 3,01,56 | |
| Transfer to General Reserve | | <u>8,45,28</u> | 19,88,53 | <u>3,75,00</u> | 11,19,86 |
| Balance carried to Balance Sheet | 'N' | | — | | 3,85 |

NOTES AND CONTINGENT LIABILITIES

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

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

S. NATARAJAN
 Company Secretary

S. S. BI-IANDARI
 Controller of Accounts

D. H. AMBANI
 Chairman & Managing Director

K. GOPAL RAO
J. R. SHAH
M.L. BHAKTA
K. S. SHENOY
A. J. ADVANI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

BOMBAY
 Dated: 4th March, 1982

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL

| | 1981 Rs. '000 | 1980 Rs. '000 |
|--|------------------------|------------------------|
| Authorised | | |
| 1,90,00,000 Equity Shares of Rs. 10 each | 19,00,00 | 18,00,00 |
| 1,00,000 11 % Cumulative Redeemable Preference Shares of Rs. 100 each | 1,00,00 | 1,00,00 |
| 10,00, 000 Unclassified Shares of Rs. 10 each - classified during the year into Equity Shares | — | 1,00,00 |
| | <u>20,00,00</u> | <u>20,00,00</u> |
| Issued | | |
| 1,66,74,569 Equity Shares of Rs. 10 each | 16,67,46 | 12,06,23 |
| 30,000 11 % Cumulative Redeemable Preference Shares of Rs. 100 each | 30,00 | 30,00 |
| | <u>16,97,46</u> | <u>12,36,23</u> |
| Subscribed | | |
| 1,65,61,754 Equity Shares of Rs. 10 each fully paid-up | 16,56,18 | 12,06,23 |
| 1,12,000 Equity Shares of Rs. 10 each reserved for allotment to the Shareholders of The Sidhpur Mills Co. Ltd., pursuant to the Scheme of Amalgamation (without payments being received in Cash) | 11,20 | — |
| 30,000 11 % Cumulative Redeemable Preference Shares of Rt. 100 each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 1 5th March, 1993) | 30,00 | 30,00 |
| | <u>16,97,38</u> | <u>12,36,23</u> |

Of the above:

- (a) 45,23,359 Equity Shares were allotted as fully paid-up Bonus Shares by capitalisation of Reserves.
- (b) 59,50,000 Equity Shares were allotted as fully paid-up, pursuant to a Scheme of Amalgamation without payments being received in Cash.
- (c) 30,58,945 Equity Shares were allotted as fully paid-up shares on conversion of Debentures/Term Loans.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'B'

| RESERVES & SURPLUS | 1981 | | 1980 | |
|--|-----------------|-----------------|----------------|-----------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Capital Reserve | | | | |
| Excess of net assets of The Sidhpur Mills Co. Ltd. over the face value of Shares and Bonds reserved for allotment in terms of amalgamation | | 3,02 | | — |
| Share Premium Account | | | | |
| As per last Balance Sheet | — | | 97,17 | |
| Add: Received during the year on: | | | | |
| Issue of Right Equity Shares | 3,57,08 | | — | |
| Conversion of Term Loans/Debentures | 1,98,18 | | — | |
| | <u>5,55,26</u> | | <u>97,17</u> | |
| Less: Utilised for issue of Bonus Shares | — | | 97,17 | |
| Development Rebate Reserve | | 5,55,26 | | — |
| As per last Balance Sheet | 84,10 | | 84,10 | |
| Add: Taken-over in terms of amalgamation | 9,62 | | — | |
| | <u>93,72</u> | | <u>84,10</u> | |
| Investment Allowance Reserve | | | | |
| As per last Balance Sheet | 4,40,00 | | 2,90,00 | |
| Less: Utilised for purchase of machinery during 1981 -transferred to Investment Allowance (Utilised) Reserve | 4,40,00 | | 2,90,00 | |
| | — | | — | |
| Add: Transferred from Profit & loss Account | 6,60,00 | | 4,40,00 | |
| Taken-over in terms of amalgamation | 17 | | — | |
| | <u>6,60,17</u> | | <u>4,40,00</u> | |
| Investment Allowance (Utilised) Reserve | | | | |
| As per last Balance Sheet | 6,05,00 | | 3,15,00 | |
| Add: Transferred from Investment Allowance Reserve | 4,40,00 | | 2,90,00 | |
| | <u>10,45,00</u> | | <u>6,05,00</u> | |
| General Reserve | | | | |
| As per last Balance Sheet | 8,10,04 | | 7,90,20 | |
| Less: Utilised for issue of Bonus Shares | — | | 3,55,16 | |
| | 8,10,04 | | 4,35,04 | |
| Add : Amount transferred from Profit & Loss Account | 8,45,28 | | 3,75,00 | |
| | <u>16,55,32</u> | | <u>8,10,04</u> | |
| Profit & Loss Account | | | | |
| | | — | | 3,85 |
| | | <u>40,12,49</u> | | <u>19,42,99</u> |

SCHEDULE 'C' (Contd.)

| | | 1981 | | 1980 | |
|--|----------------------------|----------------------------|--------------------------|----------------------|------------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Brought forward | | 6,15,30 | 65,88,79 | 7,76,12 | 45,27,70 |
| d) 8,64,000 12% Convertible Mortgage Debentures of Rs. 125 each fully paid (Series-II)- Balance amount is redeemable in five annual instalments between 14th November, 1988 and 14th November, 1992 Less: Converted | 10,80,00 <u>2,10,63</u> | | | 10,80,00 <u>—</u> | |
| e) 19,20,000 13.5% Convertible Mortgage Debentures of Rs. 125 each (Series-III) | | 8,69,37 <u>24,00,00</u> | | 10,80,00 <u>—</u> | |
| f) Interest accrued and due | | <u>—</u> | | <u>34,48</u> | |
| | | | 38,84,67 | | 18,90,60 |
| D TERM LOANS | | | | | |
| 1) From Banks | | | | | |
| a) Foreign Exchange Loan in Euro Dollars at floating rate | 15,04,88 | | | 5,39,10 | |
| b) Rupee Loans | <u>1,58,57</u> | | | <u>1,77,29</u> | |
| | | 16,63,45 | | | 7,16,39 |
| 2) From Financial Institutions | | | | | |
| a) Foreign Currency Loans | 5,20,76 | | | 6,56,18 | |
| b) Rupee Loans | <u>3,80,65</u> | | | <u>5,02,45</u> | |
| | | 9,01,41 | | | 11,58,63 |
| 3) From Others - Lazard Brothers & Company Limited, London | | <u>5,85,06</u> | | <u>—</u> | |
| | | | 31,49,92 | | 18,75,02 |
| E BRIDGE LOANS | | | | | |
| In Foreign Currencies-from a | | | | | |
| i) Financial Institution | | 49,71 | | | 12,21 |
| ii) Bank-Out of Euro Dollar Loans at floating rate sanctioned by State Bank of India, New York, Exim Bank, U.S.A. - Line of Credit and Private Export Funding Corporation of U.S.A. | | <u>11,82,32</u> | | <u>—</u> | |
| | | | 12,32,03 | | 12,21 |
| F DEFERRED PAYMENT LIABILITIES | | | | | |
| a) To Foreign machinery suppliers (guaranteed by Banks) | | 49,83 | | | 64,06 |
| b) To Indigenous machinery suppliers (guaranteed by a Bank) | | <u>97</u> | | <u>14,45</u> | |
| | | | 50,80 | | 78,51 |
| | | | <u>1,49,06,21</u> | | <u>83,84,04</u> |

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'C' (Contd.)

Of the above:

- 1 Working Capital Term Loan represents working capital facilities granted by Bank of Baroda to The Sidhpur Mills Co. Ltd. In terms of the scheme of amalgamation, portion of the said facilities to the extent not covered by -Bankers' Goods- is to be converted into Term Loan, amount whereof is to be determined. Amount of the said Term Loan alongwith the Term Loan of Rs. 25 lacs granted by them and included under D(1) (b) is to be secured by charge on the Fixed Assets of Sidhpur Unit.
- 2 Term Loans from Banks referred in D(1) (excluding Rs. 25 lacs from Bank of Baroda referred hereinabove) are to be secured by hypothecation of specific items of Plant and Machinery by way of prior charge in their favour.
- 3 Term Loan referred in D(3) is guaranteed by a Bank which in turn is secured by hypothecation of specific items of Plant and Machinery by way of prior charge in their favour.
- 4 Debentures referred in C(a), C(d) and Term Loan from a Financial Institution to the extent of Rs. 63.50 lacs included in D(2) (b) are secured by Legal Mortgage in English Form of the Fixed Assets situate at Naroda save and except referred in (2) and (3) hereinabove.
- 5 Debentures referred in C(e) are secured by Legal Mortgage in English Form of, present and future, fixed assets, moveables, floating charge on current assets, uncalled capital and entire undertaking pertaining to Polyester Filament Yarn Project situate at Patalganga. The said charge shall rank, pari-passu, inter-se, with the Term Loans sanctioned by Banks for the said project.
The said Debentures to the extent of 20% of the nominal value of each Debenture shall be converted on 31st August, 1982 into one Equity Share of Rs. 10 each credited as fully paid at a premium of Rs. 15 per Share. The balance value of Debentures, after conversion, shall be redeemable in four equal annual instalments between 23rd June, 1990 and 23rd June, 1993.
- 6 Debentures referred in C(b), C(c), Term Loans referred in D(2) and Deferred Payment Liabilities referred in '4' above are secured by Joint Equitable Mortgage of immoveable properties, present and future, by deposit of Title Deeds and hypothecation of, present and future, moveable assets situate at Naroda. The said charge shall rank, pari-passu, inter-se, and with the charge referred in '4' above, subject to prior charge referred in '2' and '3' above and -Bankers' Goods".
- 7 Bridge Loan referred in E(i) is secured by hypothecation of moveable assets situate at Naroda subject to prior charge in respect of -Bankers' Goods".
8. Bridge Loan referred in E(ii) is secured by guarantees of some of the Directors in their personal capacity and upon conversion thereof into Term Loan, the same shall be secured by Equitable Mortgage of the assets referred in '5' above and shall rank, pari-passu, therewith.

SCHEDULE 'D'

| | 1981 Rs.'000 | 1980 Rs.'000 |
|---|-----------------|-----------------|
| UNSECURED LOANS | | |
| Fixed Deposits | 15,63,24 | 8,62,74 |
| From Scheduled Banks: | | |
| Overdrawn balance in Current Accounts (As per Books of Accounts) | 69,31 | 40,37 |
| 35,000 10% 3 Year Bonds of Rs. 8 each, reserved for allotment to the Shareholders of The Sidhpur Mills Co. Ltd., without payment being received in cash, pursuant to the Scheme of Amalgamation (Redeemable with interest on 28th August, 1984) | 2,80 | — |
| | <u>16,35,35</u> | <u>9,03,11</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

| Nature of Fixed Assets | GROSS BLOCK (AT COST) | | | | As at 31-12-81 | DEPRECIATION | NET BLOCK | |
|--|-----------------------|---|-------------------------|--------------------------|-------------------|---------------------------|-------------------|-------------------|
| | Cost as at 1-1-81 | Assets taken over on amalgamation | Additions/ Transfers | Deductions/ Transfers | | Total upto 31-12-81 | As at 31-12-81 | As at 31-12-80 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Goodwill | 1,26,24 | — | — | — | 1,26,24 | — | 1,26,24 | 1,26,24 |
| Leasehold Land | 1,98,06 | — | 23,74 | — | 2,21,80(a) | — | 2,21,80 | 1,98,06 |
| Freehold Land | 1,49 | 10,00 | — | — | 11,49 | — | 11,49 | 1,49 |
| Buildings | 7,82,91 | 30,00 | 6,69,51 | — | 14,82,42(b) | 58,52 | 14,23,90 | 7,42,53 |
| Railway Siding | — | 50 | — | — | 50 | 5 | 45 | - |
| Plant & Machinery | 59,02,81 | 1,63,19 | 41,86,25 | 23,27 | 1,02,28,98(c) | 26,50,71 | 75,78,27 | 42,95,09 |
| Electric Installation | 1,58,60 | 22,05 | 1,08,64 | — | 2,89,29 | 24,07 | 2,65,22 | 1,43,28 |
| Factory Equipments | 60,12 | 4,26 | 30,49 | — | 94,87 | 8,55 | 86,32 | 54,77 |
| Furniture & Fixtures | 2,14,43 | 2,39 | 72,57 | 72 | 2,88,67 | 33,75 | 2,54,92 | 1,92,01 |
| Vehicles | 48,83 | 45 | 26,21 | 3,41 | 72,08 | 14,48 | 57,60 | 38,38 |
| incidental expenditure awaiting allocation | 3,36 | — | 5,26,50 | — | 5,29,86 | — | 5,29,86 | 3,36 |
| | 74,96,85 | 2,32,84 | 56,43,91 | 27,40 | 1,33,46,20 | 27,90,13 | 1,05,56,07 | 57,95,21 |
| Previous Year | 47,95,68 | — | 27,18,34 | 17,17 | 74,96,85 | 17,01,64 | 57,95,21 | |

(a) Includes Leasehold Land to the extent of Rs. 1,98.67,076 in respect of which Lease Deeds are pending execution.

(b) Includes (i) under construction Rs. 5,58,22,419 and (5) cost of ownership premises in co-operative societies Rs. 3,97,535.

(c) Includes (i) in-transit Rs. 3.87.66,751 and (ii) under installation Rs. 6,87,87,556.

(d) No write-off has been made in respect of lease premium paid for Leasehold Land since the lease are granted for a long period

(e) Depreciation is provided in accordance with the provisions of section 205(2) (b) of the Companies Act, 1956.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'F'

| | 1981 | | 1980 | |
|--|-------------------|---------------------|-------------------|---------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| INVESTMENTS (at cost) | | | | |
| Trade Investments - Unquoted | | | | |
| 6 Equity Shares of New Piece Goods Bazar Co. Ltd., of Rs. 1000 each, fully paid-up | 17 | | 17 | |
| 5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd., of Rs. 200 each, fully paid-up | 1 | | 1 | |
| 165 Shares of The Art Silk Co-operative Ltd., of Rs. 100 each, fully paid-up | 16 | | 16 | |
| 225 Shares of Crimpers Industrial Co-operative Society Ltd., of Rs. 100 each, Rs. 25 per share paid-up | 6 | | 6 | |
| 20 Shares of The Bombay Market Art Silk Co-operative (Shops and Warehouses) Society Ltd., of Rs. 200 each, fully paid-up | 4 | | — | |
| | | 44 | | 40 |
| Other Investments | | | | |
| In Government Securities | | | | |
| Unquoted | | | | |
| 12 Years National Defence Savings Certificates-face value . Rs. 3000 (deposited with Post & Telegraph Department) | 3 | | 4 | |
| 7 Years National Savings Certificates face value Rs. 79,100 (deposited with Central Excise Collectorate Rs. 79,000) | 79 | | 63 | |
| Quoted | | 82 | | 67 |
| 3% Conversion Loan of 1946 -face value Rs. 47,000 (deposited with Central Excise Collectorate) | | 28 | | — |
| In Shares | | | | |
| Quoted | | | | |
| 5,000 Equity Shares of Housing Development Finance Corporation of India Ltd., of Rs. 100 each, fully paid-up | 5,00 | | 6,80 | |
| 1,000 Equity Shares of Air Control & Chemicals Engineering Co. Ltd., of Rs. 100 each, fully paid-up | 55 | | — | |
| | | 5,55 | | 6,80 |
| | | 7,09 | | 7,87 |
| AGGREGATE VALUE OF | Book Value | Market Value | Book Value | Market Value |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Quoted Investments | 5,83 | 5,47 | 6,80 | 6,73 |
| Unquoted Investments | 1,26 | | 1,07 | |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'G' | 1981 | | 1980 | |
|--|-----------------|-------------------|-----------------|-----------------|
| CURRENT ASSETS | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Inventories (at cost) | | | | |
| (Certified and valued by the Managing Director) | | | | |
| Stores, Spares, Dyes, Chemicals | 4,60,21 | | 3,43,15 | |
| Raw Materials | 20,87,50 | | 13,79,19 | |
| Stock-in-transit | 8,31,68 | | 2,50,63 | |
| Stock-in-process | 20,98,40 | | 13,32,23 | |
| Finished Goods | 26,43,71 | | 11,38,88 | |
| Others (include discarded machinery Rs. 6,45,926 and Building Materials Rs. 93,95,369) | <u>1,57,84</u> | | <u>59,91</u> | |
| | | 82,79,34 | | 45,03,99 |
| Sundry Debtors (Unsecured) | | | | |
| Over Six Months: | | | | |
| Considered Good | 3,08,61 | | 3,66,17 | |
| Considered Doubtful | <u>14,77</u> | | <u>12,51</u> | |
| | 3,23,38 | | 3,78,68 | |
| Less: Provision | <u>14,77</u> | | <u>12,51</u> | |
| | 3,08,61 | | 3,66,17 | |
| Others, considered good | <u>52,06,66</u> | | <u>34,37,41</u> | |
| | | 55,15,27 | | 38,03,58 |
| Cash on hand | 15,96 | | 4,53 | |
| Balance with Scheduled Banks: | | | | |
| In Current Accounts (include excess Share and Debenture Application Monies refundable Rs. 1,87,31,005) | 2,50,98 | | 2,28,76 | |
| In Fixed Deposit Accounts (include Rs. 95,000 lodged with Central Excise Authorities and Rs. 4,31,229 endorsed in favour of the Bankers) | <u>35,55</u> | | <u>2,05</u> | |
| | | 3,02,49 | | 2,35,34 |
| Cost of Import Entitlements | | 13,57 | | 91,49 |
| (Under Export Promotion Scheme) | | <u>1,41,10,67</u> | | <u>86,34,40</u> |

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE `H'

| | 1981 Rs.'000 | 1980 Rs.'000 |
|---|-----------------|-----------------|
| LOANS & ADVANCES | | |
| Unsecured Considered Good | | |
| Advances recoverable in Cash or in Kind or for value to be received (including from officers Rs. 89,103 - Maximum Balance Rs. 1,27,800) | 2,21,44 * | 2,80,69 |
| Advances against Capital Expenditure | 11,75,84 | 3,67,78 |
| Deposits (include Rs. 12,08,5 50 with a firm in which some of the Directors are interested as partners) | 69,31 † | 53,39 |
| Prepaid Expenses | 46,89 | 25,15 |
| Balances with Customs, Central Excise Authorities, etc. | 15,59 | 14,86 |
| | <u>15,29,07</u> | <u>7,41,87</u> |

* Excluding Rs. 22,120 considered doubtful and provided for

† Excluding Rs. 24,890 considered doubtful and provided for

SCHEDULE `I'

| | 1981 | | 1980 | |
|--|----------|-----------------|----------|-----------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| CURRENT LIABILITIES & PROVISIONS | | | | |
| CURRENT LIABILITIES | | | | |
| Sundry Deposits | 1,42,16 | | 1,17,70 | |
| Sundry Creditors | 26,25,00 | | 19,94,73 | |
| Unclaimed Dividends | 1,57 | | 1,54 | |
| Interest accrued but not due on loans | 4,21,65 | | 87,05 | |
| Excess Share and Debenture Application Monies refundable | 1,87,31 | | 1,56,80 | |
| | | <u>33,77,69</u> | | 23,57,82 |
| PROVISIONS | | | | |
| Taxation (Net of payments and tax at source) | 4,77 | | 33,81 | |
| Gratuity and Superannuation Funds | 85,56 | | 16,49 | |
| Proposed Dividends | 4,83,25 | | 3,04,86 | |
| | | <u>5,73,58</u> | | 3,55,16 |
| | | <u>39,51,27</u> | | <u>27,12,98</u> |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'J' OTHER INCOME

| | 1981 | | 1980 | |
|--|-----------|----------------|----------|----------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Incentives, Assistance & Drawbacks on Exports received | | 1,76,45 | | 1,58,91 |
| Processing Charges | | 66,58 | | 45,85 |
| Refund of Lease Rent* | | 25,42 | | — |
| Dividend, Gross on | | | | |
| Trade Investments (Rs. 375) (Tax at source Rs. 82) | — | | — | |
| Other Investments (Tax at source Rs. 5,572) | <u>25</u> | | <u>—</u> | |
| | | 25 | | — |
| Profit on sale/discard of Assets (Net) | | 16 | | — |
| Miscellaneous Income | | 94,80 | | 50,31 |
| | | <u>3,63,66</u> | | <u>2,55,07</u> |

* Represents receipts by Official Liquidator of lease rent paid by the Company from 10th December, 1979 to 31st December, 1980 accounted for in the respective years.

SCHEDULE 'K'

| | 1981 | | 1980 | |
|--|--------------|-----------------|----------|-----------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| INCREASE IN STOCKS | | | | |
| Stock-in-trade (at close) | | | | |
| Finished Goods | | 26,43,71 | | 11,38,88 |
| Stock-in-process | | 20,98,40 | | 13,32,23 |
| Others | | 57,42 | | 26,61 |
| | | <u>47,99,53</u> | | <u>24,97,72</u> |
| Stock-in-trade (at commencement) | | | | |
| Finished Goods | | 11,38,88 | | 16,21,89 |
| Stock-in-process | | 13,32,23 | | 7,62,59 |
| Others | | 26,61 | | 14,68 |
| | | <u>24,97,72</u> | | <u>23,99,16</u> |
| Taken-over from The Sidhpur Mills Company Limited in terms of the scheme of amalgamation | | | | |
| Finished Goods | 33,25 | | — | |
| Stock-in-process | <u>54,70</u> | | <u>—</u> | |
| | | 87,95 | | — |
| | | <u>25,85,67</u> | | <u>23,99,16</u> |
| | | <u>22,13,86</u> | | <u>98,56</u> |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'L'

MANUFACTURING AND OTHER EXPENSES

| | 1981 | 1980 |
|--|-------------------|-------------------|
| | Rs.'000 | Rs.'000 |
| Raw Materials Consumed | | |
| Stock at Commencement | 13,79,19 | 7,23,71 |
| Add: Value of Stock taken-over on amalgamation | 17,66 | — |
| Purchases | <u>1,82,97,69</u> | <u>1,19,98,98</u> |
| | 1,96,94,54 | 1,27,22,69 |
| Less: Stock at close | <u>20,87,50</u> | <u>13,79,19</u> |
| | 1,76,07,04 | 1,13,43,50 |
| Manufacturing Expenses | | |
| Carriage Inward | 67,80 | 53,16 |
| Stores & Spare Parts consumed | 3,20,34 | 2,54,55 |
| Dyes & Chemicals | 8,32,58 | 5,99,25 |
| Electric Power, Fuel & Water | 9,17,10 | 5,09,97 |
| Machinery Repairs | 38,83 | 25,70 |
| Building Repairs | 33,10 | 20,56 |
| Labour, Processing & Machinery Hire Charges | 4,69,12 | 1,58,08 |
| Excise Duty on Yarn | <u>8,27,98</u> | <u>5,17,28</u> |
| | 35,06,85 | 21,38,55 |
| Payments to and Provision for Employees | | |
| Salaries, Wages and Bonus | 8,74,93 | 6,28,60 |
| Contributions to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc. | 1,42,30 | 79,99 |
| Employees' Welfare and other amenities (including contribution of Rs. 3,50,000 to Reliance Employees' Welfare Association) | <u>75,15</u> | <u>47,76</u> |
| | 10,92,38 | 7,56,35 |
| Sales & Distribution Expenses | | |
| Samples, Sales Promotion & Advertisement Expenses | 3,89,22 | 3,27,19 |
| Brokerage & Commission | 1,90,18 | 1,41,42 |
| Export Expenses | 18,39 | 4,87 |
| Packing Expenses | 5,52,88 | 3,36,41 |
| Warehousing Charges | 7,38 | 8,27 |
| Freight and forwarding charges | <u>1,72,38</u> | <u>74,31</u> |
| | 13,30,43 | 8,92,47 |
| Carried forward | 2,35,36,70 | 1,51,30,87 |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

| SCHEDULE 'L' (Contd.) | 1981 | | 1980 | |
|--|---------|-------------------|---------|-------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Brought forward | | 2,35,36,70 | | 1,51,30,87 |
| Establishment Expenses | | | | |
| Insurance | 32,25 | | 23,40 | |
| Rent | 30,90 | | 23,26 | |
| Rates & Taxes | 8,01 | | 3,99 | |
| Other Repairs | 16,69 | | 18,25 | |
| Travelling Expenses (including Rs. 3,03,060 for Directors) | 49,14 | | 40,50 | |
| Payments to Auditors | 4,69 | | 2,84 | |
| Directors' Fees | 10 | | 11 | |
| Liquidator's Remuneration | 1,22 | | — | |
| General Expenses | 3,13,20 | | 2,04,00 | |
| Loss on sale/discard of Assets (Net) | — | | 2,63 | |
| Loss on sale of Investment | 7 | | — | |
| Provision for Doubtful Recoveries | 2,73 | | 4,03 | |
| Charity & Donation | 9,47 | | 9,86 | |
| | | <u>4,68,47</u> | | <u>3,32,87</u> |
| | | <u>2,40,05,17</u> | | <u>1,54,63,74</u> |
| SCHEDULE 'M' | | | | |
| INTEREST | | | | |
| Debentures | | 1,98,78 | | 1,12,97 |
| Fixed Loans | | 5,22,43 | | 3,22,24 |
| Others (Net) | | 9,57,74 | | 6,78,07 |
| | | <u>16,78,95</u> | | <u>11,13,28</u> |

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The previous year's figures have been regrouped wherever necessary. The figures for the current year include the figures of The Sidhpur Mills Company Limited, which has amalgamated with the Company, and therefore, are not comparable with those of previous year.
2. The Company is accounting the following on cash basis:
 - (a) Export Incentives and other claims
 - (b) Drawback on return of cops
 - (c) Interest on investments
3. As per the past practice, foreign currency loans availed during the year have been accounted for in terms of Indian Rupees at the exchange rates prevailing as on the last day of the year and differences on account of fluctuations in exchange rates 091 repayment of instalments of earlier foreign currency loans have been charged to Profit & Loss Account.
4. The Company does not expect any income-tax liability for the pending assessments. No provision for the current year has been made in the absence of any tax able income under Income-Tax Act, 1961.
5. Interest - Others (Net) is arrived at after deducting Rs. 2,28,52,299 (Tax at source Rs. 67,321) being interest received/receivable.
6. The figure of 'Sales' has been arrived at after adjusting:

| | 1981 | 1980 |
|----------------------|---------|---------|
| | Rs.'000 | Rs.'000 |
| (1) Excise Duty paid | 7,06,40 | 4,58,91 |
| (2) Sales Tax | 3,49,97 | 2,31,50 |

7. AUDITORS' REMUNERATION

I. Statutory Auditors

| | | |
|---|-------------|-------------|
| (a) Audit Fees | 2,50 | 1,50 |
| (b) For certification and consultation in finance matters | 1,05 | 94 |
| (c) Out-of-pocket expenses | 1,09 | 40 |
| | <u>4,64</u> | <u>2,84</u> |
| (d) For Report and Certification work in connection with Issue of Right Shares and Debentures | 1,10 | |

II. Cost Auditor

| | | |
|------------|---|--|
| Audit Fees | 5 | |
|------------|---|--|

8. Secured term loans and unsecured loans include Rs. 4,13,39,277 and Rs. 3,34,68,000 respectively due within one year.
9. Share Application Monies represent monies received on 815 Equity Shares of Rs. 10 each offered by way of Rights at a premium of Rs. 15 per share to non-resident Shareholders, awaiting approval of Reserve Bank of India for allotment.
10. Sundry Creditors includes

| | 1981 | 1980 |
|---|---------|---------|
| | Rs.'000 | Rs.'000 |
| (a) For Capital Expenditure | 3,98,14 | 5,31,15 |
| (b) Fixed Deposits matured but unclaimed and unpaid | 7,20 | — |
11. Advances recoverable in Cash or in Kind include a sum of Rs. 6,60,563 being amount under realisation in respect of Debentures - (Series-III), issued during the year.

SCHEDULE `N' (Contd.)

12. The Honourable High Courts of Bombay and Gujarat, during the year, have approved the Scheme of Amalgamation of The Sidhpur Mills Co. Ltd. (hereinafter referred as 'SMCL') with the Company effective from 31st January, 1979. Pursuant to the said Scheme, the Company has taken over all the assets, liabilities, obligations and entire undertaking of SMCL and have, incorporated the same on the basis of accounts certified by a firm of Chartered Accountants.

Fixed Assets excluding furniture, fixtures and vehicles of SMCL have been incorporated as per the Valuation Reports of approved Chartered Architects and Chartered Engineers. Quoted investments have been incorporated at market value. Other assets and liabilities have been incorporated at book value. The unprovided liability for gratuity amounting to Rs. 30.75 lacs has also been taken into consideration.

The Company has received Receipt and Payment statement from the Official Liquidator for the period ended 31st December, 1980. The same have been incorporated in the accounts after making appropriate adjustments therein. The statement of accounts from the Official Liquidator from 1st January, 1981 till year end has not been received. However, the Company carried out an inspection of the Books of Accounts of the Liquidator and obtained the details of receipts and payments by him and incorporated the same in accounts. Necessary adjustments, if any, would be made upon receipt of final statement of account.

The current year's accounts, therefore, include the consequential effects of amalgamation, subsequent to 31st January, 1979.

| | | |
|---|----------------|----------------|
| Computation of Capital Reserve | Rs.'000 | Rs.'000 |
| Net value of assets taken-over of the SMCL | | 26,81 |
| Less: Face value of Bonds of Rs. 2,80,000 & Equity Shares of Rs. 11,20,000 to the Shareholders of the SMCL reserved for allotment | | 14,00 |
| | | 12,81 |
| Less: Amount transferred to: | | |
| Development Rebate Reserve | 9,62 | |
| Investment Allowance Reserve | 17 | |
| | 9,79 | |
| | | 3,02 |

13. Bank of Baroda, the Bankers of The Sidhpur Mills Company Limited, has charged interest to the extent of Rs. 70.29 lacs from 12th January, 1979 to 29th August, 1981 which, in the opinion of the Company, is not as per the Scheme of Amalgamation and hence, not payable. Therefore, no provision thereof has been made in the accounts. For the period from the 30th August, 1981 till the year end, although in the opinion of the company bank has charged excessive interest, full provision thereof has been made in the accounts. the matter is under 'negotiation and adjustments, if any, will be made in the accounts as and when it is finally settled.

14. (a) The Company has been advised that the computation of net profit (for the purpose of calculation of Directors' remuneration under Section 349 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and only remuneration has been paid to the Directors as per approval of the Central Government received under Section 198 and Section 309 of the Companies Act, 1956.

| | | |
|--|----------------|---------|
| | 1981 | 1980 |
| | Rs.'000 | Rs.'000 |
| (b) Managing and Joint Managing Directors: | | |
| i) Salaries | 1,08 | 1,08 |
| ii) Contribution to Provident Fund & Superannuation Fund | 27 | 27 |
| iii) Provision for Gratuity (as per actuarial valuation) | 6 | 6 |
| iv) Perquisites | 63 | 61 |
| (c) Executive Directors: | | |
| i) Salaries | 1,65 | 1,32 |
| ii) Contribution to Provident Fund and Superannuation Fund | 41 | 33 |
| iii) Provision for Gratuity (as per actuarial valuation) | 8 | 7 |
| iv) Perquisites | 1,13 | 85 |

SCHEDULE 'N' (Contd.)

| | 1981 | | 1980 | |
|--|------------|---------------------------|---------|----------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 15. Break-up of Incidental Expenditure awaiting allocation on Polyester Filament Yarn | | | | |
| Salaries, Wages and Bonus | | 10,38 | | 1,26 |
| Contribution to Provident Fund, Employees' State Insurance Scheme etc. | | 1,36 | | 9 |
| Employees' welfare and other amenities | | 3,57 | | 9 |
| Rent | | 3,53 | | — |
| Rates & Taxes | | 6 | | — |
| Travelling Expenses (including Rs. 2,98,017 for a Director) | | 9,48 | | 64 |
| General Expenses | | 50,08 | | 1,28 |
| Interest | | | | |
| Debentures | 1,79,31 | | — | |
| Others | 75,68 | | — | |
| | | 2,54,99 | | — |
| Equity Share & Debenture Issue Expenses | | 2,06,41 | | |
| Depreciation | | 1,58 | | — |
| | | 5,41,44 | | 3,36 |
| Less: Interest received | | 14,94 | | — |
| | | 5,26,50 | | 3,36 |
| Total | Rs.'000 | 5,29,86 | | |
| 16. CONTINGENT LIABILITIES | | | | |
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Advances paid Rs. 11,75,83,719 - Previous Year Rs. 3,67,77,829) | | 64,15,76 | | 20,73,24 |
| b) Outstanding guarantees furnished by State Bank of India on behalf of the Company (secured by hypothecation of specific items of machinery by way of prior charge relating to Polyester Filament Yarn Project and ranking, pari-passu, with the Charge referred in Note No. 5 to Schedule 'C') | | 1,16,26 | | — |
| c) Other outstanding guarantees furnished by Bankers | | 2,46,86 | | 67,04 |
| d) Bonds executed in favour of Excise and Customs Authorities | | 47,19,11 | | 38,83,47 |
| e) Uncalled liability on partly paid shares | | 17 | | 17 |
| f) Claims against the Company not acknowledged as debts | | 10,23 | | 3,92 |
| g) Export bills discounted against Irrevocable Letters of Credit | | 6,98,12 | | 1,53,18 |
| h) Indemnities towards Export obligations against capital goods imports | | 25,00 | | 20,00 |
| 17. a) Licenced Capacity: | Unit | | | |
| Polyester Filament Yarn | M.T. | 10,000 | | — |
| Spindles | | 50,868 | | 12,500 |
| Looms | | 940 | | 450 |
| Knitting Machines (As per Textile Commissioner's permit) | | 22 | | 22 |
| b) Installed Capacity (As certified by the Management): | | | | |
| Polyster Filament Yarn | | Under Imple- mentation | | — |
| Spindles | | 50,862 | | 12,494 |
| Looms | | 940 | | 450 |
| Knitting Machines | | 22 | | 22 |
| Crimping and Twisting Machines | | 130 | | 122 |
| 18. PRODUCTION: | | | | |
| Yarn (Crimped, Twisted, Cotton, Worsted etc.) | M.T. | 1,23,31 * | | 77,20 * |
| Fabrics | Mtrs. '000 | 4,77,08 | | 3,55,90 |
| * Including for captive use | | | | |

SCHEDULE 'N' (Contd.)

| 19. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF (based on retirement of documents) | | 1981 | 1980 | | |
|--|------------|----------|------------|---------|------------|
| | | Rs. '000 | Rs. '000 | | |
| i) Yarn | | 25,83,45 | 12,99,43 | | |
| ii) Fibre | | 1,42,95 | 1,31,02 | | |
| iii) Dyes & Chemicals and Stores & Spare parts | | 78,02 | 83,25 | | |
| iv) Capital Goods | | 20,63,23 | 8,20,43 | | |
| 20. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF | | | | | |
| Interest on Foreign Currency Loans | | 4,09,34 | 1,02,09 | | |
| Other matters (including commitment charges Rs. 6,13,713 on foreign currency loans - Previous year Rs. 1,78,538) | | 47,72 | 84,83 | | |
| 21. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS | | | | | |
| | | 1981 | 1980 | | |
| (a) Opening Stock: | Unit | Qty | Rs.'000 | Qty | Rs.'000 |
| Yarn | M.T. | 3,24 | 2,63,36 | 3,55 | 1,83,39 |
| Fabrics | Mtrs. '000 | 40,32 | 9,01,38 | 54,64 | 14,53,18 |
| Stock-in-process (Fabrics) | Mtrs. '000 | 66,53 | 10,35,90 | 36,63 | 7,60,16 |
| Stock-in-process (Yarn) | M.T. | 1,96 | 2,96,33 | 3 | 2,43 |
| Others | M.T. | 17 | 75 | — | — |
| (b) Taken over from The Sidhpur Mills Co. Ltd. | | | | | |
| on amalgamation: | | | | | |
| Fabrics | Mtrs. '000 | 7,96 | 33,25 | — | — |
| Stock-in-process (Fabrics) | Mtrs. '000 | 12,77 | 46,26 | — | — |
| Stock-in-process (Yarn) | M.T. | 38 | 8,44 | — | — |
| (c) Closing Stock: | | | | | |
| Yarn | M.T. | 15,85 | 11,47,09 | 3,24 | 2,63,36 |
| Fabrics | Mtrs. '000 | 62,89 | 15,53,08 | 40,32 | 9,01,38 |
| Stock-in-process (Fabrics) | Mtrs. '000 | 1,04,41 | 17,25,84 | 66,53 | 10,35,90 |
| Stock-in-process (Yarn) | M.T. | 2,63 | 3,72,56 | 1,96 | 2,96,33 |
| Others | M.T. | 6 | 96 | 17 | 75 |
| (d) Purchases | | | | | |
| Yarn | M.T. | 12,02 | 18,84,35 | 6,32 | 8,54,64 |
| Fabrics | Mtrs. '000 | 1,30,76 | 13,65,27 | 58,24 | 10,17,50 |
| Fibre | M.T. | 1,08 | 71,72 | — | — |
| Sea Foods | M.T. | 15,54 | 6,70,19 | 26,60 | 8,62,85 |
| Sundries | — | — | 24 | — | — |
| (e) Sales | | | | | |
| Yarn (Crimped, Twisted, Cotton and Blended) | M.T. | 85,04 | 1,42,69,34 | 61,54 | 91,61,48 |
| Fabrics | Mtrs. '000 | 5,93,23 | 1,51,47,48 | 4,28,47 | 1,07,43,18 |
| Fibre | M.T. | 1,08 | 78,48 | — | — |
| Sea Foods | M.T. | 15,54 | 6,70,19 | 26,60 | 8,62,85 |
| Sundries | — | — | 28 | — | — |
| (f) Raw Materials Consumed | | | | | |
| Yarn | M.T. | 1,25,03 | 1,41,44,08 | 73,74 | 83,16,29 |
| Fabrics (Grey) | Mtrs. '000 | 1,17,66 | 24,56,30 | 1,43,60 | 24,01,33 |
| Fibre | M.T. | 11,84 | 8,70,38 | 7,05 | 4,95,64 |
| Cotton | M.T. | 9,31 | 1,36,28 | 10,99 | 1,30,24 |

SCHEDULE 'N' (Contd.)

| 22. VALUE OF RAW MATERIALS CONSUMED | 1981 | | 1980 | |
|---|-------------------|------------------------|-------------------|------------------------|
| | Rs.'000 | % of total consumption | Rs.'000 | % of total consumption |
| Imported (including Import Duty of Rs. 79,95,71,996) | 1,02,02,32 | 57.94 | 63,61,23 | 56.08 |
| Indigenous | 74,04,72 | 42.06 | 49,82,27 | 43.92 |
| | 1,76,07,04 | 100.00 | 1,13,43,50 | 100.00 |
| 23. VALUE OF DYES AND CHEMICALS, STORES AND SPARE PARTS CONSUMED | | | | |
| Imported | 1,29,49 | 11.23 | 1,12,54 | 13.18 |
| Indigenous | 10,23,43 | 88.77 | 7,41,26 | 86.82 |
| | 11,52,92 | 100.00 | 8,53,80 | 100.00 |
| 24. EARNINGS IN FOREIGN EXCHANGE | | | 1981 | 1980 |
| Export of goods on F.O.B. basis | | | Rs.'000 | Rs.'000 |
| Interest | | | 12,19,50 | 14,79,15 |
| Others (including Technical know-how and services fee Rs. 4,55,000 - Previous year Rs. 7,08,795) | | | 42,56 | 73,50 |
| 25. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND | | | 4,55 | 7,59 |
| 26. (a) Break-up of expenditure incurred on employees, who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 per annum | | | Nil | Nil |
| Number of employees | | 161 | | 122 |
| Salaries & Bonus | | | 61,59 | 46,56 |
| Contribution to Provident Fund & Superannuation Fund | | | 13,76 | 10,49 |
| Other Perquisites | | | 22,87 | 15,09 |
| (b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 per month: | | | | |
| Number of employees | | 35 | | 25 |
| Salaries & Bonus | | | 6,04 | 5,87 |
| Contribution to Provident Fund & Superannuation Fund | | | 1,08 | 64 |
| Other Perquisites' | | | 1,79 | 1,40 |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants.

For **CHATURVEDI & SHAH,**
Chartered Accountants,

S. NATARAJAN
Company Secretary

S. S. BHANDARI
Controller of Accounts

D. H. AMBANI
Chairman & Managing Director

R. J. SHAH
Proprietor

D. CHATURVEDI
Partner

K. GOPAL RAO
J. R. SHAH
M.L. BHAKTA
K. S. SHENOY
A. J. ADVANI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

BOMBAY
Dated: 4th March, 1982