

Indo Rama Synthetics (I) Ltd

Annual Report, 2000-2001

INDO RAMA

FINANCIAL HIGHLIGHTS

		2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Sales and other Income	Rs./Millions	19969	17621	13789	14528	11827	8608	2006	1509	1315	738
(of which Exports turnover)	"	6025	4130	2365	4269	2481	2053	1000	749	640	417
PBDIT	"	2977	2669	1232	1564	1533	850	309	364	297	209
Interest & Financial Charges	"	1739	1712	1791	1476	908	470	99	83	113	81
Profit before Depreciation	"	1238	957	-560	88	625	380	210	281	184	129
Depreciation / DRE-W/O	"	1051	1036	1036	961	607	369	72	67	77	52
Profit / (Loss) before Tax	"	187	-79	-1596	-873	18	11	138	214	107	77
Profit / (Loss) after Tax	"	187	-76	-1596	-873	15	11	138	214	107	77
Earning / Share	Rs.	1.13	—	—	—	0.10	0.09	2.41	6.70	4.85	4.85
Gross Fixed Assets	Rs./Millions	*22653	*22212	19351	18508	15897	7929	5925	1396	947	734
Net Current Assets	"	1157	1256	1086	2380	1594	1240	1240	917	287	271
Equity Capital	"	1662	1560	1557	1557	1557	1300	572	320	220	160
Reserves & Surplus	"	*4382	*4468	1672	3280	4175	3515	2745	901	247	89
Loan Funds	"	12554	13611	14321	14173	12293	9078	5109	2913	862	701
Net Worth	"	*5901	*5842	3088	4673	5536	4589	3293	1204	461	243
Book Value / Share	Rs.	35	37	20	30	36	35	57	37	21	15
Sales / Share Capital	Times	12	11	9	9	7	7	3	5	6	5

* Includes Revaluation of Assets.

INFORMATION RELATED TO CORPORATE GOVERNANCE

The essence of Corporate Governance is that of making the management of corporate businesses more transparent, qualitative and institutionally sound. A business corporation ought to conduct its affairs to safeguard and add value to the interests of its various stakeholders which include Shareholders, Financial Institutions, Community at large and its Employees. A good corporate governance, as an objective, strengthens investors' trust and ensures a long term partnership which manifests into sustained growth and profitability.

SEBI has introduced a comprehensive code on Corporate Governance, by which the Company is required to comply with the code in the Financial Year 2001-2002. Towards this end, the Company has initiated the process of reviewing its own practices and procedures in line with the guidelines of the Kumar Mangalam Birla Committee Report on Corporate Governance and is in the process of complying with most of the conditions in the current year. Towards this goal, the following information is placed before the shareholders.

BOARD OF DIRECTORS

The Company has a broad-based Board and meets the 'composition' level. The Board comprises of nine Directors, the majority of whom are non-executive Directors. The Non-Executive Directors are eminent professionals drawn from amongst persons with experience in business, finance, law and public enterprises. Mr.O.P.Lohia, the Managing Director, is the Director in executive capacity. The composition of the Board is as under:

Name of the Director	Category of Director	No. of other Directorships held
Mr.M.L.Lohia	Non-executive Chairman	13
Mr.O.P.Lohia	Executive Director	4
Mr.O.P.Vaish	Non-executive Director	10
Mr.A.D.Rege	Non-executive Director	3
Mr.A.K.Ladha	Non-executive Director	7
Mr.U.K.Khaitan	Non-executive Director	15
Mr.H.Hirako	Non-executive Director	—
Mr.D.U.Rao	IFCI Nominee (Non-executive Director)	—
Mr.P.K.Rai	MPSIDC Nominee (Non-executive Director)	2

BOARD'S PROCESSES

It has always been the Company's policy and practice that apart from matters requiring the Board's approval by statute, all major decisions including quarterly results of the Company as a whole and of divisions/business segments, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc., are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports and minutes of all Committee Meetings.

The Board has been meeting more frequently than required by the code. During the year 2000-2001, six meetings of the Board were held with a maximum gap of less than four months between two meetings.

COMMITTEES OF THE BOARD

The Board has constituted certain Board Committees. These are:

AUDIT COMMITTEE OF DIRECTORS

The Company has an Audit Committee of the Board comprising essentially of an institutional nominee Director, namely Mr.D.U.Rao

INDO RAMA

and two Non-Executive Directors, namely, Mr.A.K.Ladha and Mr.A.D.Rege. Mr.A.K.Ladha is the Chairman of the Audit Committee. The Committee has powers similar to those stated in the listing agreements and shall exercise most of the functions as per the terms of reference in line with the requirements of the code.

BANKING AND FINANCE COMMITTEE

The Committee comprises of Mr.O.P.Lohia, Mr.A.K.Ladha and Mr.U.K.Khaitan. The Committee is authorised to decide and implement matters relating to banking operations and to decide the investment strategy with regard to the available surplus funds with the company as well as small borrowings. The Committee enjoys the delegation of the Board in matters relating to the borrowings / placement of funds to the extent of Rs.50 crores outstanding at any time during a Financial Year.

MANAGEMENT COMMITTEE

The Management Committee comprises of Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan, Mr.P.K.Rai and Mr.D.U.Rao, to overview the operational efficiencies and to consider and dispose of routine matters of urgent nature which helps in hastening the process of effective decision making.

ALLOTMENT AND SHARE TRANSFER COMMITTEE

The Company has a Share Allotment and Transfer Committee comprising of Mr.O.P.Lohia, Mr.A.K.Ladha and Mr.U.K.Khaitan. The Committee essentially meets at least once a month to approve all transfers of shares and allied matters. All shareholders' complaints will be reported to the Share Transfer Committee as required.

MEANS OF COMMUNICATION

The quarterly results of the Company are published in leading English/Hindi national/regional newspapers and are also displayed on the corporate website, which is operational. In addition, the Company regularly updates the media and investor community on its financial as well as other organisational developments.

DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS:-

Year	Location	Date	Time
2000	51-A, Industrial Area, Sector- III, Pithampur-453 001, Dist. Dhar (M.P.)	22.09.2000	11.00 A.M.
1999	-do-	24.09.1999	3.30 P.M.
1998	-do-	25.09.1998	3.00 P.M.

There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any authority, on any matter related to capital markets, during the last three years.

SHAREHOLDER INFORMATION**1. Registrars and Share Transfer Agent (Physical Segments only).**

M/s.Computech International Ltd.,
Sri Venkatesh Bhawan,
212-A, Ground Floor, Shahpur Jat,
New Delhi - 110 049.

Tel.No. : 91-11- 6499903/04/05/06/07.

Fax No.: 91-11- 6499908.

E-mail : computec@del2.vsnl.net.in

2. Investors Correspondence

All queries of investors regarding the Company's shares in Physical / D'mat form may be sent at the following address :

Indo Rama Synthetics (India) Limited
903, Mohandev,
13, Tolstoy Marg,
New Delhi – 110 001.
Tel.: 91-11- 3737686
Fax.: 91-11- 3355364
E-mail: ncjain.d@indorama-ind.com

3. Name of the Stock Exchanges in which the shares of the Company are currently listed/permited for trading with stock codes:

Stock Exchange	Code
The Delhi Stock Exchange Association Limited	09008
The Stock Exchange, Ahmedabad	26350 / INDO RAMA
The Stock Exchange, Mumbai	500207
The Calcutta Stock Exchange Association Limited	19016
Madhya Pradesh Stock Exchange (Indore)	INDO RAMA
National Stock Exchange of India Limited, Mumbai	INDO RAMA (Permitted)
ISIN	INE 156 A 01012

The Company's GDRs are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, Societe Anonyme/ R.C.B. 6222, B.P. 165, L-2011, Luxembourg.

4. Shareholding Pattern of the Company as on 31st March, 2001

Particulars	% age
NRI's Promoters (including associated OCBs)	33.27
Indian Promoter Directors, relatives & Associates.	16.44
Banks / Financial Institutions / Mutual Funds	12.45
Foreign Financial Institution	4.82
Other NRIs/FIIs/GDR holders	15.67
Public including Indian Companies	17.35

INDO RAMA

5. Distribution of Shareholding as on 31st March, 2001

Slab	Shareholders		Shares	
	No. of Shares	Number	% to total holders	Numbers
Upto 500	31385	91.46	9770216	5.88
501 1,000	1949	5.68	2553021	1.54
1001 2,000	611	1.78	1937258	1.16
2,001 3,000	147	0.43	865335	0.52
3,001 4,000	66	0.19	582197	0.35
4,001 5,000	32	0.09	388221	0.23
5,001 10,000	55	0.16	1410671	0.85
10,001 and above	73	0.21	148758896	89.47
Total	34318	100	166265815	100

6. Share Transfer System

Share transfers in physical form are registered by the Registrars and returned to the respective transferees within a period ranging from fifteen days to one month, provided the documents lodged with the Registrars/Company are clear in all respects.

7. Dematerialisation of Shares

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialised form w.e.f. 31.05.1999. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The Company has also started transfer-cum-D'mat scheme with a view to facilitate the shareholders.

Share Dematerialisation record : The following data indicates the extent of Dematerialisation of Company's shares.

No. of Shares Dematerialised	7,89,85,449	47.51% of the total share capital.
No. of Shareholders in D'mat form.	12,542	37% of the total no. of shareholders.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 15th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS	(2000-2001)	(Rs./Million) (1999-2000)
Sales & Other income	19969.12	17621.49
Profit before Interest & Finance charges, Depreciation and Taxation	2976.60	2668.52
Less: Interest & Finance charges	1738.54	1711.51
Gross Profit	1238.06	957.01
Less : Depreciation (including Deferred Revenue Expenditure written off).	1050.69	1035.77
Profit /(Loss) before taxation	187.37	(78.76)
Less : Excess Provision for tax of earlier years written back	—	2.30
Net Profit /(Loss) for the year	187.37	(76.46)
Balance brought forward from previous year	(2544.29)	(2467.83)
Deficit carried to Balance Sheet	(2356.92)	(2544.29)

OPERATIONS

After a prolonged period of difficult market conditions, the year 2000-2001 was significant for Indo Rama. Your Directors are pleased to report that your Company has recorded an impressive performance for the year ended 31st March, 2001, achieving a gross turnover of Rs.19.86 billion during 2000-2001 as against Rs.17.51 billion in 1999-2000, thus registering a growth of 13.42%. The year has witnessed improved trading conditions alongwith integrated efforts towards cost reduction, improvement of internal processes and better capacity utilisation that have helped to achieve a turn around successfully. With a better product-mix planning and improved product prices, your Company closed the year with a Net Profit of Rs.187.37 million as against a net loss of Rs.76.46 million last year.

During the year under review, the performance of the Polyester industry was characterised by an increase in demand by about 7-8%, thus more or less matching the domestic available capacity of about 1.50 million tonnes which remained almost at previous year's level. This increased demand growth coupled with the Company's successive and consistent efforts towards improving capacity utilisation to 113% and improved customer service focus resulted in increased sales volume in Polyesters (PSF, PFY and Chips) at 256167 tonnes in 2000-2001 as against 231731 tonnes in 1999-2000 recording a growth of 10.54%. Correspondingly, the sales turn-over of Polyesters too increased to Rs.14.42 billion during the year from Rs.12.65 billion in 1999-2000, i.e., an increase of 14%.

Spun and Draw Texturised Yarn (DTY) sales volume increased to 62,981 tonnes during 2000-2001 from 58,401 tonnes in the previous year due to better capacity utilisation achieving 7.84% higher volumes. The combined turn-over of these products also recorded a higher value of Rs.5.44 billion compared to Rs.4.86 billion, a growth of 12% over the previous year since the unit value realisation in these products has also shown increased margins.

The operating profit of your Company for the year increased to Rs.2.98 billion from Rs.2.67 billion witnessing an increase of 11.61% over the previous year indicating that the Company had responded well in a challenging and competitive business environment especially in the light of the import and excise duty anomalies that existed. The Company recorded a cash profit of Rs.1238.06 million as against Rs.957.01 million last year.

These results were achieved through better cost control, productivity enhancement, continuous improvement in products and services, and on-line availability of data at all locations through the newly implemented ERP (SAP R/3) enabling a well informed decision making.

As the single largest dedicated producer of Polyester with an 18% market share, Indo Rama has been continuously striving to strengthen its position further in the polyester business. However, in view of the accumulated losses of the previous years, your Directors are unable to recommend any dividend for the year under report.

INDO RAMA

FUTURE OUTLOOK

The Union Budget 2001-2002 is overall positive and growth oriented and augurs well for the economy of the country, particularly the textile industry. There has been a realisation that a negative duty differential between the crucial raw-materials like PTA and DMT on the one hand and finished products like PSF and PFY on the other, has long restrained the growth of the synthetic fibre industry in the country. The industry's repeated appeals made to the government for removal of these anomalies have been partially met by bringing the custom duties of our raw-materials at par with that of finished products at 20%. However, there still exists an anomaly as the duty on raw-material (PTA) should be lower than the finished product (Polyesters) keeping with the overall industrial policy guideline of the Government. We expect the government to ultimately provide a duty differential between Raw Materials and finished goods.

The emergence of a second PTA supplier in the country and expansion of MEG capacities have helped ease availability of the raw-material indigenously and this will further impact the Indian Polyester Industry favourably.

Despite the domestic Polyester industry growth by over 10 percent in the last decade – the highest growth recorded in the world, the per capita consumption of Polyesters in India is only at around 1.4 Kg, whereas, it is at 3.5 Kg, in China and 7.9 Kg, in USA. There is a significant shift towards enhanced use of Polyester fibre alternatives owing to global fashion trends integrating with the emerging needs and requirements of the Indian consumer. Polyester thus becomes a preferred fibre in terms of cost and durability and is branded as the fibre of the future which leaves considerable scope for increased Polyester demand in the coming years.

The world Polyester (PSF/PFY) demand is expected to grow at a CAGR of 6 - 7%. Asia is likely to witness a CAGR of 7 – 8%, mainly due to substitution of other fibres and the expected increase in the economic growth rate. India, being one of the fastest growing markets globally, with around 10% annual growth, it is anticipated that there will be a shortage of polyester products in the domestic market. With no new domestic capacity additions forthcoming in the next two years, the margins of polyester producers are likely to improve further due to increase in the landed cost of PSF/PFY as a result of an increase in international prices and on account of an increase of domestic demand.

ANTI-DUMPING DUTY

The domestic polyester industry as a whole had suffered due to dumping by South-East Asian units leading to a dramatic fall in the product prices. Your Company has shown a resilience to withstand the onslaught of cheap imports by earning strong operating profits due to a continuous improvement of its operating efficiencies. Finally, the Government of India has acknowledged the existence of dumping of these products and in a move that would have a major impact on the bottomline of a large number of POY manufacturers, has imposed the Anti-Dumping duty on POY imports from these countries.

Your Company is strategically placed in an advantageous position with low cost and high quality products in a fast growing Polyester market in the world. Our own competitive strengths based on continuous cost reduction programmes during last three years have delivered great benefits and these will continue as a mega advantage for the Company. With the international prices of Polyester products firming up, it will give a pricing edge to the Company in the domestic as well as international markets.

Hence, your Directors hope to close the current financial year with encouraging results.

EXPORTS

On the exports front, the Company has maintained its competitive edge and the export business during 2000-2001 ended on a more than satisfactory note despite difficult market conditions in South America and Turkey. The Company achieved an export turnover (including deemed exports) of Rs.6.02 billion during the year 2000-2001 as compared to Rs.4.13 billion last year. Your Company has renewed its thirst on the development of new products and markets internationally. This has helped the Company capture certain niche markets. In recognition of its export performance, your Company has won the SRTEPC (Synthetic and Rayon Textile Export Promotion Council) Special Award for the best overall export performance for the year 1999-2000. Further, the Company has also been awarded the coveted 'Certificate of Merit' for commendable exports during the year 1999-2000 from the Federation of Indian Exports Organisation (FIEO). The Company has now been accorded the status of a Star Trading House from DGFT. The Company expects further growth in exports in the current year with a renewed focus on new products and new markets to provide added impetus to its exports.

FINANCE

The Company has generated strong cash flow during the year due to improved performance resulting into enhancement of the

Company's debt servicing capability substantially. Despite a high interest burden, the Company has been able to pay-off all its principal/interest overdues in line with the reschedulements already accepted and acted upon by all the domestic and foreign lenders having majority exposure except International Finance Corporation, Washington (IFC-W), who, instead of joining the majority lenders for a moratorium of its debt instalments, resorted to legal proceedings. Your Directors are of the opinion that the Company has a strong case and the recovery suit filed by IFC-W is not sustainable. Pending Court decision in the matter, in a spirit to resolve the issue and in terms of on-going discussions with IFC-W, your Company has since paid the over-due interest which was held back in prejudice to the legal notice and recovery suit filed by IFC-W.

With the prudent cash flow management, the Company expects to reduce its dependence on fund based working capital limits from banks leading to lower borrowing costs. The Company has also initiated steps to manage its forex exposure to take maximum advantage of hedging opportunities and the forex desk is in the process of being upgraded with better systems and skills.

IT INITIATIVES

Information Technology is poised to play a very critical role in reshaping business opportunities of a company and in the growth of its business operations. As a first step toward leveraging information for value creation, your Company has re-built Indo Rama's information backbone around an ERP application by implementing SAP R/3 package that links all business activities of the organisation. Our focus now shall be on other strategic IT initiatives notably in the area of e-enabling, supply chain management and CRM to improve the existing ways of doing business and prepare for doing future business on-line.

The management of your Company strongly believes that deployment of such innovative business models would enable us to have superior consumer understanding, provide us an opportunity to better reach potential customer and would help the company in gaining a competitive advantage in the marketplace and also help in differentiating its products and services from its competitors through transparency, efficiency and professionalism.

REDEMPTION OF DEBENTURES

During the year under report the Company has redeemed in full the Non-convertible Portion (NCD) of the face value of Rs.100 each of 1,202,221-14% secured partly convertible debentures issued in 1991 by making payment of the 3rd and the last installment of the residual face value of Rs.34 each debenture due on 17th June, 2000, thus fully extinguishing the said debentures.

FIXED DEPOSITS

Your Company has not accepted any Deposits within the meaning of Section 58 A of the Companies Act, 1956 and the Rules made thereunder.

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

The prescribed details as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure I forming part of this Report.

PARTICULARS OF EMPLOYEES

The details required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended), are given in Annexure II and form a part of this Report.

DIRECTORS

During the year Mr.P.R.Latey had resigned from the Board and relinquished his Directorship from the Company w.e.f. 26th March, 2001.

Mr.A.P.Lohia resigned as Director from the Board and relinquished office of Director w.e.f. 21st May, 2001.

Mr.Y.Kowata, Director, resigned and relinquished his Directorship from the Company w.e.f. 4th May, 2001 and in his place Mr.H.Hirako has been appointed by the Board on 21st May, 2001 to hold office till the date of ensuing Annual General Meeting (AGM). Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing appointment of Mr.H.Hirako as a Director of the Company in the ensuing AGM.

INDO RAMA

Your Directors have placed on record their appreciation for the valuable advice, guidance and support provided by Mr.P.R.Latey, Mr.A.P.Lohia and Mr.Y.Kowata during their respective tenures.

Mr.A.K.Ladha and Mr.O.P.Vaish shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The present term of office of Mr.O.P.Lohia as the Managing Director of the Company has commenced w.e.f. 26th December, 2000 initially for a period of 2 years as per the approval received from the Central Government at a consolidated remuneration of Rs.3.75 lacs per month (Rs.45.00 lacs per annum) which has been bifurcated suitably into various heads of salary and perquisites. A revised abstract under Section 302 of the Companies Act, 1956 has already been sent in this regards to our esteemed shareholders.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, (Act), your Directors report as under:

- (i) that in the preparaton of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently (read with Note Nos.14 & 15 in Schedule 15) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE OF THE BOARD

Your Directors are happy to report that the Board of Directors of the Company has constituted certain Board Committees one of which is an Audit Committee comprising essentially of an institutional nominee director, besides two non-executives directors. The Committee has powers similar to those stated in the listing agreements and shall exercise most of the functions as per the terms of references in line with the requirement of the code on Corporate Governance.

AUDITORS AND THEIR OBSERVATIONS

M/s S.R.Batliboi & Company, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

The observations of the Auditors referred to in the Auditors' Report have been suitably explained in the Notes on Accounts.

COST AUDITORS

Pursuant to a directive of the Central Government, the Company is required to conduct Cost Audit in respect of its Polyester as well as Spinning Units for the year 2001-2002. Accordingly, qualified cost auditors have been appointed to carry out audit of the cost accounts maintained by the Company for the year 2001-2002.

CORPORATE GOVERNANCE

Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance, by amendment to the Listing Agreement. Your Company falls in the category of companies, which are required to comply with the code by the financial year 2001-2002.

Your Company has been observing certain key principles of the code and will work towards achieving full compliance within the stipulated time. As a matter of a pro-active approach towards transparency and sound corporate governance, your Directors would like to share with you some of the key recommendations of SEBI Code to the extent and manner as stated in the Annual Report.

HUMAN RESOURCE DEVELOPMENT AND EMPLOYEE RELATIONS

Your Company firmly believes that high caliber talent is a key source of competitive advantage. The future requires us to build a high performing workforce, ready to face opportunities and challenges thrown up by the forces of globalisation, competition

and technological advancement.

Your Company's human resource strategy aims to align individual aspirations with organisational goals in order that it continues to grow consistently. Appropriate employee development initiatives at all levels continue to remain an area of priority. The Company is actively engaged in developing processes and systems that foster performance, transparency, fairness and empowerment at all levels and promote a culture of knowledge sharing. The appraisal system has been institutionalised. A Performance based reward mechanism has also been implemented.

Your Company continues its tradition of harmonious Industrial relations at all of its units. Your Directors wish to place on record their appreciation of the spirit of partnership and commitment of all its workers, staff and executives. This has resulted in the Company evolving a common objective aimed at enhancing productivity through efficient management of the Company's operations and resources.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to offer their sincere thanks to various Departments of the Central and State Governments, Financial Institutions, Banks and Investors for their unstinted support and assistance and look forward to their continuing support and encouragement for a brighter tomorrow.

On behalf of the Board of Directors

O. P. LOHIA
Managing Director

Place : New Delhi
Dated : 21st May, 2001

A.K. LADHA
Director

ANNEXURE - I TO DIRECTORS' REPORT

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

Energy Saving Measures taken and proposals under implementation :-

POLYESTER

- Enhancing of TTP (Tertiary Treatment Plant) Capacity for recycled water by 200 M3/Day, thereby reducing Raw Water requirement.
- Replacement of high capacity Hot Water Pumps with low capacity pumps in CP-2/CP-3 POY Air Washer, resulting in savings.
- Reduction in Pulley Size of CP-2/CP-3 POY Quench Return Air Fans, resulting in power consumption saving.
- Use of Electronic Chokes against conventional chokes.
- Reduction in heat losses through Top Inserts of HTM Furnaces by replacement of Lower Density Insulating Material with that of higher density.
- Use of Mechanical Seals in place of Gland Packing :-
 - In Cooling Water Circulation Pumps thus avoiding wastage of Cooling Water.
 - in Steam Condensate Transfer Pumps thus avoiding waste of condensate.
- Virgin EG supply to all the 3 CPs from a Common Pump thereby reducing Power Requirement.
- Reduction in the run time of CP2/ CP3 Catalyst Mix and Feed Tank Agitators.
- Replacement of high capacity motor with lower capacity motor for CP2/CP3 Stripping Column Blower, thus saving in energy.
- Overflow of overhead water tanks in colony and plants are stopped by providing proper level control system resulting in saving of potable water.
- Improvement of Natural Light by providing transparent sheets in warehouse and plant, resulting in power saving.
- Stoppage of POY-1 pack pre heater resulting in saving of power.
- Increasing Quality Control Labs Temp from 24 to 25 deg.C thereby resulting in saving of refrigeration load.
- Stoppage of steam super heater in PSF Draw Lines thereby resulting in saving in energy.
- Improving Power Factor to 0.99 in grid power supply resulting saving in energy.
- Saving of Energy through minimizing the idle running of Air Compressors, Pumps, Fans, Air Conditioning System, lights, etc.
- Attending leakage of compressed air thereby resulting in saving of power.
- Further saving of power by reducing voltage of lighting network to 380 V.
- Reduction of Plant Air Compressor discharge pressure from 16 to 12 kg for FDY resulting in saving of power.
- Reducing insulation losses in Dowtherm & Steam system by close monitoring and maintenance.
- Steam Trap Losses minimized by continuous monitoring resulting in saving of steam.
- Optimisation of Air Compressor operation at 100% loading from partial load.
- Connection of CP-1/2/3 esterifiers to common stripping column resulting in saving of power.
- Optimisation of POY & PSF Quench AHU condition (temp & RH) resulting in reduction in chilled water load (TR).
- Reduction in Air Conditioning Losses in the plant resulting in saving in chilled water load.
- Optimisation of street lighting operating hours by providing timers resulting in saving of power.
- Optimisation of chilled water pump operation by distribution system modification.
- Metallic Air Fans replaced with FRP fans in two Air Handling Units.

Yarn (SPUN & DTY)

- Optimisation of Air conditioning and air washers operation to save refrigeration load and power consumption.
- Installation of energy saving Suction Fans and reduction in Suction tubes diameter in Ring Frame to reduce power consumption.
- Operation of overhead cleaning system of TFO optimised to save 50% power consumption.
- DTY machines, Heaters System optimised for Micro denier high bulk Yarn production.
- Installation of Power Factor Improvement Capacitors on low tension Power Distribution System, resulting reduction in line losses.
- Installation of "On Load Stem Turbine Washing System" to avoid Power Interruption.

Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form – A

FORM – A

Form for Disclosure of Particulars with respect to Conservation of Energy:-

	Year Ended 31.03.2001	Year Ended 31.03.2000
A POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchases		
Units (kwh in '000)	14758	15791
Total Amount (Rs in '000)	68148	71669
Rate / kwh (in Rs)	4.62	4.54
(b) Own Generation		
i) Through Diesel Generation		
— Units (kwh in '000)	267579	252185
— Units/Ltr of Diesel/FO	4.41	4.39
— Cost/Unit (Rs/Unit)	2.15	1.75
ii) Through Steam Turbine/Generation Unit		
— Units/Ltr of Fuel Oil	NIL	NIL
— Gas	NIL	NIL
— Cost/Unit (Rs/Unit)	NIL	NIL
2. COAL		
Quantity in MT	37587	33059
Total Cost (Rs in '000)	47794	41484
Average Rate (Rs/MT)	1272	1255
3. FURNACE OIL		
Quantity (KL)	90512	84689
Total Cost (Rs in '000)	856574	653693
Average Rate (Rs/Lt)	9.46	7.72
4. OTHER INTERNAL GENERATION		—
B CONSUMPTION PER UNIT OF PRODUCTION		
Production - Spun Yarn & Polymer (M.T.)	330945	286998
Electricity/Kg (in kwh)	0.85	0.93

B. TECHNOLOGY ABSORPTION

Form for Disclosure of Particulars with respect to Absorption (Form-B)

RESEARCH & DEVELOPMENT (R&D) :-

1. Specific Areas in which R&D carried out by the Company :-

- Development of POY suitable for high-speed texturising on ICBT Texturising Machines.
- Optimisation of Process, Winding Parameters, Pack, Formulae for reducing breakages in POY/FDY.
- New product development in FDY at higher winding speed of 5200 MPM (100/48 D).
- Increase in FDY/DTY/Spun Yarn Package Weight to reduce cost.
- Development of Super Jumbo Boxes (1.2 MT) for dedicated high-speed texturising customers to reduce transit damage.
- Reduction in Paper Tube diameter CP1 – POY to reduce packing cost.
- Optimisation of Process Conditions at increased speed in PSF Spinning resulting in enhanced machine productivity.
- 100/48 FDY product development at higher winding speed.
- Optimisation of process parameters at 15% higher CP throughput over the rated capacity.

INDO RAMA

- Optimisation of TiO₂ consumption in CP plant.
- Reduction in weight of adopters in automated packing.
- Optimisation of wiping schedule in PSF spinning.
- Testing of I.V. in place of LRV to reduce chemical cost.
- In-house repairing of imported inverters.
- New process development for Polyester/Cotton combed Yarn to improve Yarn quality.
- Stabilised process for low DPF (Denier per Filament Yarns).
- Multifold Yarn production capacity increased by 20-25% by overall balancing and optimisation.

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

- Improvement in POY/Spun and other finished products quality leading to better performance at Customer's end.
- Packing/Freight Cost Reduction as a result of increased Package Weight and Reduction in Paper Tube diameter, reduction in weight of adopters and reduction in gauge of polythene.
- Established capability to produce Micro Denier Polyester Filament Yarn.
- Increase in machine productivity by increasing PSF spinning speeds.
- Achieved 15% higher polymer throughput in CP.
- Reduction in TiO₂ & Silicon Oil consumption.
- Reduction of Hexa-Floro Isoproponal consumption.
- Improved utilization/productivity of existing manufacturing facilities, material and energy resulting in cost reduction.
- Significant quality improvement in P/C Combed Yarn.

3. Import Substitution

- Hot Godets for Draw Frame – 3 in PSF Fibre Line.
- Crimper Gear Box, Crimper Rollers and Crimper Doctor Plates – For PSF Fibre Line Crimper.
- Draw Frame Gears.
- Various Guide Rollers pertaining to Tow Assemblers and Cutters.
- PSF Cyclo Converter Panel Snubber Board.
- Slurry Pumps for PTA/MEG Slurry transfer.
- Agitator Assembly for TiO₂ Dispersion Mill.
- Chipper Cutter Panel Alpha Numeric Board.
- Automation Packing ROBOT, SRU – Rollers and Wheels.
- Low Lift Truck Logic Box.
- CP-2 Finisher Hydraulic Probe cylinder.
- CP-2 UFPP Hydraulic Probe cylinder.
- Gasket for Polymer Filters in CP-2/3.
- Stellite coating on T Type diverter valve ram.
- TA Oiling Roller Sleeves in PSF.
- Indigenised Pressure fingers and paddles for speed frame.
- Development of Power Supply Unit, Unitens Software, TYT Motor Control Card for DTY in India.

4. Future Plan of Action :-

- Reduction of Steam cost by replacing present Oil Fired Boiler with new Fluidized Bed Coal Boiler.
- Replacement of Metallic Fan with FRP Fan in CP2/CP3 POY Take Up and Lag Area Air Washers, thereby reducing Power Consumption.
- Utilization of Waste Heat from Process Column of Continuous Polycondensation Plant and to utilise for producing refrigeration.
- Waste Heat from Diesel Generating Set Hot Water System to be used to produce refrigeration through Hot Water Fired Chillers.
- Reduction of Steam Consumption in PSF 2/3 Draw Line Area by replacing existing Inverted Bucket Steam Traps with Float Type Steam Traps.
- De-bottlenecking of Continuous Poly Condensation Plants to increase Polymer Productivity.
- Trials with different types of Spin Finishes for POY/FDY/Draw Warming to improve on texturising operating speeds.
- Cooling of Inlet charge air cooling in DG set for reduction in fuel consumption.
- LONOX system in DG set for reduction in fuel consumption.
- Provision of interlock for CMT pumps/TiO₂ sand mill for saving power.
- Reuse of Waste Alkali in TEG.
- Reduction of TEG consumption in PSF packs cleaning.
- Modification of Furnace Oil line in DG Sets to reduce Furnace Oil losses during pump changing and filter cleaning.

- Increasing the capacity of reactor DOW Pressure control valve of heat exchanger.
- Improving productivity in PSF-2/3 with higher no. of holes spinnrettes.
- UFPP/Finisher Glycol circulation pump (CP1/2/3/) impeller trimming.

5. Expenditure on Research and Development

(a) Capital (Rs.In'000)	—
(b) Recurring—	
(c) Total	—
(d) Total R & D expenditure as % of Turnover.	—

6. Technology Absorption, Adaptation and Innovation

- Development of New Deniers in POY/FDY and Micro Denier in DTY.
- Online monitoring system & MIS Reports for all the POY/FDY machines.
- Increased productivity in CP, PSF and DTY by optimising process conditions.
- Training of Personal for exposure to the latest products/technologies.
- Participation in Conferences/Seminars to enhance knowledge for technical upgradation & savings.
- Analysis of feedback from customers to improve products and services.
- ERP implementation.
- Increase in multifold Spun Yarn production by 20-25% and an overall reduction of freight and packing cost.
- Re-engineering of Poloyester/Viscose and Viscose Unit number of lines for optimising process parameters for getting consistent quality.
- Integration of data from packing to warehouse.

7. Benefits derived as a result of above efforts:-

- Introduction of new products in the market.
- Productivity improvement due to machine speed and process improvement.
- Cost Reduction and competitive pricing
- Import Substitution.
- Improved quality & safety standards.
- Better & quick services to the customers.
- Better service to customer through Data integration.
- Overall improvement in product quality and customised production

C. Foreign Exchange Earnings and outgo of the Company (Rs.in '000)

	Year ended 31.03.2001	Year ended 31.03.2000
a) Foreign Exchange earnings of the Company :		
i) Exports (FOB value)	3,635,763	3,078,558
ii) Others	6,682	-
	3,642,445	3,078,558
b) Foreign Exchange Outgo		
i) CIF value of Imports :		
a) Raw Material	1,438,317	1,581,578
b) Stores and Spares	142,920	142,617
ii) Others:		
Technical know-how and Engineering fees	317	961
Travelling	3,430	2,460
Claims and Commission	24,171	28,025
Interest and other Finance Charges	979,876	1,033,807
Others	2,325	795
Total	2,591,356	2,790,243

AUDITORS' REPORT**TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED**

We have audited the attached Balance Sheet of Indo Rama Synthetics (India) Limited as at 31st March, 2001 and the attached Profit & Loss Account of the Company for the year ended on that date.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to and in terms of the above, we also report 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 attached Balance Sheet and the Profit and Loss Account are in agreement with the books of account;
 - d) in our opinion, the attached Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) The Department of Company Affairs has clarified that Section 274 (1)(g) of the Companies Act, 1956 will have prospective effect and hence it does not apply to the Company as at 31 March, 2001.
3. *Attention is drawn to Note No. 6 in Schedule 15 regarding non-provision of debts and interest receivable outstanding since long amounting to Rs. 429,073 thousand. As stated in the said Note, the Company has initiated legal action against some of the parties while it is also in the process of arriving at settlement with some of the other parties. In view thereof, the exact impact on the Company's operational results for the year and on its accumulated losses as at the balance sheet date due to above non-provision is presently not ascertainable.*

Subject to our comments in para 3 above and also read with our comments in paras 1 and 2 above, in our opinion and to the best of our information and according to the explanations given to us, the said statements of account, read together with the Notes appearing in Schedule "15", 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and
- ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

S.R. BATLIBOI & CO.
Chartered Accountants
Per

Place : New Delhi
Date : 21st May, 2001

RAJ K. AGRAWAL
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2001.

1. The Company has generally maintained proper records showing full particulars including quantitative details and location of its Fixed Assets. The management has physically verified the Fixed Assets at reasonable intervals and no material discrepancies are reported to have been observed on such verification as compared to book records.
2. None of the Fixed Assets of the Company have been revalued during the year.
3.
 - a) The stocks of finished goods, stores and spares, raw materials etc., have been physically verified by the management at reasonable intervals during the year.
 - b) The discrepancies between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
 - c) The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate

in relation to the size of the Company and the nature of its business.

- d) In our opinion, the valuation of stocks is fair and proper in accordance with the generally accepted accounting principles and except to the extent stated in Note Nos. 10 & 14 in Schedule 15, is on the same basis as followed in the previous year.
4. The Company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there is no Company under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
 5. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there is no Company under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
 6. Advances in the nature of interest free loans given to the employees are generally being realised as per stipulations, wherever made.
 7. 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 purchase of stores and spares, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
 8. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party.
 9. As informed to us, the Company generally has a reasonable system of determination of unserviceable or damaged stores & spares, raw materials and finished goods and adequate provision for the loss arising on such items has been made during the year under review.
 10. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
 11. In our opinion, the Company has maintained reasonable records for the sale and disposal of its realisable scrap. The Company does not have any by-products.
 12. The Company has an adequate internal audit system commensurate with the size and the nature of its business.
 13. Cost records as required to be maintained under Section 209(1)(d) of the Companies Act, 1956 have prima facie been maintained by the Company. We have, however, not made a detailed examination of such records with a view to ascertain whether these are complete and accurate.
 14. The Company has generally been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities in time. However, there are no arrears of dues as at the end of the year.
 15. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31st March, 2001 for a period exceeding six months from the date they became payable.
 16. The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to the revenue account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
 17. The Company is not a Sick Industrial Company as defined in the Sick Industrial Companies (Special Provisions) Act, 1985.

S.R. BATLIBOI & CO.
Chartered Accountants
Per

Place : New Delhi
Date : 21st May, 2001

RAJ K. AGRAWAL
Partner

INDO RAMA**BALANCE SHEET AS AT 31st MARCH, 2001**

	SCHEDULES	As at 31.03.2001		As at 31.03.2000	
		(Rs.'000)		(Rs.'000)	
SOURCES OF FUNDS					
Shareholders' Funds					
a) Share Capital	1	1,662,471		1,559,771	
b) Reserves & Surplus	2	6,738,809	8,401,280	7,012,556	8,572,327
Loan Funds					
a) Secured Loans	3	11,861,480		12,661,926	
b) Unsecured Loans		692,746	12,554,226	949,289	13,611,215
TOTAL :			20,955,506		22,183,542
APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	4	22,652,908		22,211,873	
b) Less : Depreciation		5,418,969		4,147,007	
c) Net Block		17,233,939		18,064,866	
d) Capital Work-in-Progress		19,635	17,253,574	48,810	18,113,676
Expenditure During Construction Period (Pending Capitalisation/Allocation)					
	5		18,898		14,442
Investments					
	6		25,012		69,247
Current Assets, Loans & Advances					
a) Inventories	7	2,790,140		2,330,359	
b) Sundry Debtors		1,215,870		1,287,040	
c) Cash & Bank Balances		147,076		107,838	
d) Other Current Assets		192,364		205,942	
e) Loans & Advances		440,527		507,143	
		4,785,977		4,438,322	
Less : Current Liabilities & Provisions					
Current Liabilities	8	3,628,517		3,182,663	
Net Current Assets					
			1,157,460		1,255,659
Miscellaneous Expenditure (to the extent not written off or adjusted)					
	9		143,637		186,228
Profit & Loss Account					
			2,356,925		2,544,290
TOTAL :			20,955,506		22,183,542
Notes on Accounts					
	15				

In terms of our attached report of even date.

S.R. BATLIBOI & CO.
Chartered Accountants
Per

RAJ K. AGRAWAL
Partner

N.C. JAIN
Company Secretary

GOVINDER SINGH
General Manager
Corporate-F&A

A.K. LADHA
Director

O.P. LOHIA
Managing Director

Place : New Delhi
Dated : 21st May, 2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2001

	SCHEDULES	For the year ended 31.03.2001 (Rs.'000)	For the year ended 31.03.2000 (Rs.'000)
INCOME			
Sales		19,860,274	17,513,640
Other Income	10	108,842	107,854
Increase in Stocks	11	566,722	534,131
TOTAL : (A)		<u>20,535,838</u>	<u>18,155,625</u>
EXPENDITURE			
Purchase of Goods for Resale		2,341	21,068
Raw Materials Consumed		11,675,760	9,635,679
Excise Duty		2,365,709	2,643,105
Payments to & Provisions for Employees	12	481,676	446,172
Manufacturing , Administrative & Selling Expenses	13	2,989,184	2,741,083
Interest & Finance Charges	14	1,738,540	1,711,508
Provision against Diminution in the Value of Investments		44,574	—
Preliminary Expenses & Deferred Revenue Expenditure Written off	9	36,157	46,955
TOTAL : (B)		<u>19,333,941</u>	<u>17,245,570</u>
Profit before Depreciation (A-B)		1,201,897	910,055
Less : Depreciation		1,275,706	988,811
Less : Transfer From Revaluation Reserve (Refer Note No. 1.IV (e))		261,174	—
Profit / (Loss) before Tax		187,365	(78,756)
Excess Provision for Tax of earlier years written back		—	2,300
Profit / (Loss) for the year		187,365	(76,456)
Add : Balance brought forward from Previous year		(2,544,290)	(2,467,834)
Deficit carried to Balance Sheet		<u>(2,356,925)</u>	<u>(2,544,290)</u>
Notes on Accounts	15		

In terms of our attached report of even date.

S.R. BATLIBOI & CO.
Chartered Accountants
Per

RAJ K. AGRAWAL
Partner

N.C. JAIN
Company Secretary

GOVINDER SINGH
General Manager
Corporate-F&A

A.K. LADHA
Director

O.P. LOHIA
Managing Director

Place : New Delhi
Dated : 21st May, 2001

INDO RAMA

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2001

SCHEDULE 1: SHARE CAPITAL

	As at 31.03.2001 (Rs.'000)	As at 31.03.2000 (Rs.'000)
AUTHORISED		
185,000,000 (Previous Year 160,000,000) Equity Shares of Rs.10 each	<u>1,850,000</u>	<u>1,600,000</u>
ISSUED & SUBSCRIBED		
166,265,815 (Previous Year 155,995,815) Equity Shares of Rs.10 each	<u>1,662,658</u>	<u>1,559,958</u>
PAID-UP		
166,265,815 (Previous Year 155,995,815) Equity Shares of Rs.10 each	<u>1,662,658</u>	1,559,958
Less : Allotment Money in Arrears	<u>187</u>	187
TOTAL :	<u>1,662,471</u>	<u>1,559,771</u>

Of the above :

1. 406,500 Equity Shares of Rs. 10 each have been issued for consideration other than cash.
2. 28,659,086 Equity Shares of Rs.10 each have been allotted as Bonus Shares by way of capitalisation of Share Premium.
3. 43,975,380 Equity Shares of Rs.10 each have been allotted against 4,397,538 Global Depository Receipts.

SCHEDULE 2: RESERVES & SURPLUS

A. Capital Reserve			
As per last Balance Sheet		6,286	6,286
B. Revaluation Reserves			
As per last Balance Sheet	2,885,819		
Less : Adjustment on account of Difference of Depreciation for the year on Revalued amount and on the Original Cost	<u>261,174</u>	2,624,645	2,885,819
C. Debenture Redemption Reserve			
As per last Balance Sheet		75,469	75,469
D. Share Premium Account			
As per last Balance Sheet	4,017,983	4,030,660	
Add : Received during the year	—	1	
Less : Share, Debenture and GDR Issue Expenses Adjusted	(9,757)	(9,862)	
Premium on Redemption of Debentures Adjusted	<u>(2,816)</u>	<u>(2,816)</u>	4,017,983
E. Investment Allowance Reserve			
As per last Balance Sheet		26,999	26,999
TOTAL :	<u>6,738,809</u>	<u>7,012,556</u>	

SCHEDULE 3: LOAN FUNDS

	<u>As at 31.03.2001</u> (Rs.'000)	<u>As at 31.03.2000</u> (Rs.'000)
A) SECURED LOANS		
I) Debentures		
a) Nil (Previous Year 1,202,221 - 14% Redeemable Non-Convertible Debentures of Rs. 34 each)	—	40,867
b) 11,000,000 - 16.5 % Redeemable Non-Convertible Debentures of Rs.100 each	1,100,000	1,100,000
II) Term Loans		
1. From Banks		
a) Rupee Loans	1,362,069	—
b) Foreign Currency Loans	1,688,680	2,062,256
2. From Financial Institutions		
a) Rupee Loans	420,277	463,331
b) Foreign Currency Loans	6,818,956	7,081,292
III) Working Capital Loans		
a) From Banks	394,723	1,557,734
b) From a Financial Institution	—	60,000
IV) Others		
a) Car Finance Loans from Banks	1,486	1,480
b) Hire Purchase Arrangements with Bodies Corporate	1,370	1,822
Interest Accrued & Due on Loans	73,919	293,144
TOTAL : (A)	<u>11,861,480</u>	<u>12,661,926</u>
B) UNSECURED LOANS		
I) Term Loans		
Foreign Currency Loan from a Financial Institution	642,746	844,381
II) Short Term Rupee Loans		
From Bodies Corporate	50,000	100,000
Interest Accrued & Due on above	—	4,908
TOTAL : (B)	<u>692,746</u>	<u>949,289</u>
TOTAL : (A+B)	<u>12,554,226</u>	<u>13,611,215</u>

NOTES:

- a) Debentures referred to in A (I) (a) above were secured by way of equitable mortgage of land in the state of Gujarat and further secured on pari-passu basis by equitable mortgage on all immovable properties by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools & accessories, both present and future, subject to prior charges created and / or to be created in favour of the Company's Bankers on specified movables for securing borrowings for working capital requirements. These debentures were to be redeemed at par in three equal annual instalments, commencing from the expiry of the seventh year from the date of allotment i.e. with effect from 17th June, 1998. The last such instalment has been paid during the year. However, the charge in respect thereof is yet to be satisfied.

SCHEDULE 3 (Contd.)

- b) Debentures referred to in A (I) (b) above are secured by equitable mortgage on all immovable properties (excluding the land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created in favour of Banks and Financial Institutions for securing Rupee and Foreign Currency Term Loans, subject to prior charges created and / or to be created in favour of the Company's Bankers on specified movables for securing borrowings for working capital requirements. These debentures are privately placed with The Industrial Finance Corporation of India Ltd. (IFCI) and are redeemable at a premium of 5%. According to the redemption schedule fixed by IFCI, Rs.330,000 thousand are payable in five equal half yearly instalments commencing from 13.1.2002 and Rs.770,000 thousand are payable in eight equal half yearly instalments commencing from 13.7.2004. The premium of 5% on full amount of Debentures is payable on 13.01.2008 together with the instalment of redemption payable as at that date.
2. Rupee Term Loans referred to in A (II) (2) (a) above amounting to Rs.420,277 thousand under various schemes of Financial Institutions (IFCI & ICICI), Foreign Currency Term Loans referred to in A (II) (1) (b) above to the extent of Rs.1,429,679 thousand (from State Bank of India - New York and State Bank of India - Singapore), Foreign Currency Term Loans referred to in A (II) (2) (b) amounting to Rs.6,818,956 thousand (from International Finance Corporation, IKB Deutsche Industriebank AG, DEG - Deutsche Investitions-und Entwicklungsgesellschaft GmbH, The ICICI Ltd. and The Industrial Finance Corporation of India Ltd.) and Rupee Term Loans from Banks referred to in A(II)(I)(a) above amounting to Rs.1,362,069 thousand (including Rs.896,946 thousand in respect of which security is yet to be created) are secured by equitable mortgage on all the immovable properties (excluding the land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movables (save & except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools & accessories, both present and future, ranking pari-passu with the charges created in favour of The Industrial Finance Corporation of India Ltd. as trustees for Debenture Holders, subject to prior charges created and / or to be created in favour of the Company's Bankers on specified movables for securing borrowings for working capital requirements. Rupee Term Loan to the extent of Rs.896,946 thousand are further secured by personal guarantee of Managing Director of the Company.
 3. Foreign Currency Term Loan referred to in A(II) (1) (b) above to the extent of Rs. 259,000 thousand from KBC Bank N.V, Belgium is guaranteed by IFCI which, in turn, is guaranteed by the Managing Director of the Company and further secured on pari-passu basis by way of equitable mortgage on all immovable properties (excluding the land in the state of Gujarat) and hypothecation of movable assets of the Company including its movable plant and machinery, machinery spares, tools and accessories, both present and future (save and except book debts, stocks of raw material, work in progress and finished goods and assets exclusively hypothecated to Banks and Bodies Corporate).
 4. Working Capital Loans from Banks amounting to Rs.394,723 thousand referred to in A (III) (a) above are secured by way of hypothecation of stocks of raw materials, goods under process, finished goods, stores & spares and book debts, both present and future. These loans are further secured by second charge on all the immovable properties of the Company.
 5. Car Finance Loans from Banks referred to in A (IV) (a) above amounting to Rs.1,486 thousand are to be secured by way of hypothecation of specific vehicles acquired out of loan proceeds by the Company. Hire Purchase Arrangements with Bodies Corporate referred to in A (IV) (b) above amounting to Rs.1,370 thousand are in respect of vehicles acquired by the Company and are secured by way of hypothecation of the specific vehicles acquired under the arrangements.
 6. Some of the Financial Institutions, who have provided Rupee and Foreign Currency Term Loans to the Company, have the option, in the event of default in the payment of the principal amount of loan or interest due thereon, to convert 20% of the loan amount taken by the Company or the outstanding amount due to such Institutions, whichever is lower, into Equity Shares of the Company of Rs.10 each at par. Accordingly, Term Loan of Rs.102,700 thousand from IFCI has been converted into Equity Shares during the year.
 7. Loans and Debentures aggregating to Rs.2,756,013 thousand (Previous year Rs. 1,618,748 thousand) including overdue instalments of Rs.710,175 thousand (taking into account the original repayment schedule in case of International Finance Corporation) (Previous Year Rs. 541,032 thousand) are repayable within one year.

SCHEDULE 4: FIXED ASSETS (AS REVALUED)
(Rs. '000)

Particulars	Gross Block					Depreciation				Net Block	
	As at 01.04.2000 Rs.	Additions during the year Rs.	Increase on Re- valuation Rs.	Deductions & Adjustments Rs.	As at 31.03.2001 Rs.	Upto 1.04.2000 Rs.	Deductions & Adjustments Rs.	Provided during the year Rs.	Upto 31.03.2001 Rs.	As at 31.03.2001 Rs.	As at 31.03.2000 Rs.
1. Freehold Land	1,361	—	—	—	1,361	—	—	—	—	1,361	1,361
2. Leasehold Land	122,164	—	—	—	122,164	3,411	—	1,385	4,796	117,368	118,753
3. Roads & Buildings	1,630,573	36	—	—	1,630,609	149,328	—	46,284	195,612	1,434,997	1,481,245
4. Plant & Machinery	20,194,037	485,246	—	66,156	20,613,127	3,881,727	4	1,206,168	5,087,891	15,525,236	16,312,310
5. Furniture & Office Equipments	229,691	29,330	—	4,720	254,301	102,801	2,059	18,787	119,529	134,772	126,890
6. Vehicles	34,047	2,312	—	5,013	31,346	9,740	1,681	3,082	11,141	20,205	24,307
TOTAL (A)	22,211,873	516,924	—	75,889	22,652,908	4,147,007	3,744	1,275,706	5,418,969	17,233,939	18,064,866
CAPITAL WORK-IN-PROGRESS											
Plant & Machinery										11,548	14,119
Furniture & Office Equipments										—	17,400
Capital Advances (Unsecured, Considered Good)										8,087	17,291
TOTAL (B)	—	—	—	—	—	—	—	—	—	19,635	48,810
TOTAL (A+B)	22,211,873	516,924	—	75,889	22,652,908	4,147,007	3,744	1,275,706	5,418,969	17,253,574	18,113,676
Previous year	19,350,763	277,078	2,885,819	301,787	22,211,873	3,170,641	12,445	988,811	4,147,007	18,113,676	

NOTES:

- Additions to and deductions from fixed assets include Rs. 785 thousand and Rs. 6,499 thousand respectively on account of adjustments in value of assets capitalised in earlier years.
- Leasehold Land worth Rs. 991 thousand (previous year Rs. 991 thousand) is pending for registration in the name of the Company.
- Cost of Leasehold Land includes Rs. 2,561 thousand (previous year Rs. 2,561 thousand) on account of site development.
- Buildings include Rs. 7,251 thousand (Previous year Rs. 7,251 thousand) on account of Leasehold improvements.
- Additions to and deductions from Plant and Machinery include Rs. 425,201 thousand and Rs. 59,631 thousand respectively on account of foreign exchange fluctuations.
- Vehicles include Rs. 4,792 thousand (Previous year Rs. 5,160 thousand) acquired on hire purchase basis.
- Buildings include Rs. 1 thousand (Previous year Rs.1 thousand) being cost of shares in a Co-operative Housing Society.
- Fixed Assets comprising of Land, Buildings and Plant & Machinery were revalued by a reputed firm of valuers as on 31st March, 2000 resulting in increase in their net book values by Rs. 2,885,819 thousand, which was credited to Revaluation Reserve.

SCHEDULE 5: EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING CAPITALISATION/ALLOCATION)

	As at 31.03.2001	As at 31.03.2000
	(Rs. '000)	(Rs. '000)
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Allowances, Gratuity & Bonus	3,903	3,042
Contribution to Provident & Other Funds	—	233
Staff & Labour Welfare Expenses	—	51
Recruitment Expenses	—	73
TOTAL : (A)	3,903	3,399
Rent (Including Lease Rent)	452	920
Miscellaneous Expenses	1,531	2,258
TOTAL : (B)	1,983	3,178
TOTAL : (A+B)	5,886	6,577
TOTAL :	5,886	6,577
Add : Expenses brought forward from previous year	14,442	14,993
Less : Textile Project Expenses Written off	—	6,448
Less : Insurance Charges Written off	—	680
Less : Allocated to Fixed Assets of Nagpur Project	1,430	—
Balance carried forward	18,898	14,442

INDO RAMA

SCHEDULE 6: INVESTMENTS

(Current)	No. of Shares/ Debentures/Units Transferred in Company's Name	As at 31.03.2001 No. (Rs. '000)		As at 31.03.2000 No. (Rs. '000)	
A) In Government Securities (Unquoted)					
National Savings Certificates VIth Issue (Pledged with Sales Tax Authorities)		3		3	
TOTAL : (A)		3		3	
B) Non-Trade					
I. Fully Paid-up Equity Shares of Rs.10 each (Quoted)					
Arvind Mills Ltd.	1,150	1,150	280	1,150	280
Asian Hotels Ltd.	5,000	5,000	1,297	5,000	1,297
Bharat Hotels Ltd.	28,166	28,166	3,563	28,116	3,563
B.S.E.S Ltd.	10,800	10,800	2,458	10,700	2,436
DCL Polyesters Ltd.	374,660	374,660	8,409	374,010	8,394
Garden Silk Mills Ltd.	13,180	13,180	408	13,180	408
Grasim Industries Ltd.	1,553	1,553	—	1,553	—
Gujarat Flourochemicals Ltd.	10,200	10,200	601	10,200	601
Hotel Leela Venture Ltd.	24,000	24,000	2,082	24,000	2,082
Ispat Alloys Ltd.	84,540	84,540	1,934	84,540	1,934
Indo Gulf Corporation Ltd.	200	200	23	200	23
Matsushita Television & Audio (India) Ltd.	88,000	88,000	—	88,000	—
Nahar International Ltd.	7,900	7,900	684	7,900	684
Optel Telecommunications Ltd.	98,600	98,600	6,902	98,600	6,902
Pasupati Spinning & Weaving Mills Ltd.	4,050	4,050	275	4,050	275
Reliance Industries Ltd.	2,390	2,976	686	1,476	385
Reliance Petroleum Ltd.	1,200	1,200	15	1,200	15
Sanghi Polyesters Ltd.	709,900	709,900	23,440	709,900	23,440
Videocon Appliances Ltd.	22,300	22,300	1,525	22,300	1,525
TOTAL : (I)		54,582		54,244	
II. Fully Paid-up Equity Shares of Rs.10 each (Unquoted)					
Ritspin Synthetics Ltd.	1,500,000	1,500,000	15,000	1,500,000	15,000
TOTAL : (II)		15,000		15,000	
III. Fully Paid-up Units of Rs. 10 each (Quoted)					
UTI Master Gain		100	1		—
TOTAL : (III)			1		—
TOTAL : (B) (I+II+III)			69,583		69,244
TOTAL : (A+B)			69,586		69,247
Less: Provision for difference between Market Value and Cost of Quoted Investments			44,574		—
TOTAL :			25,012		69,247
Aggregate Market Value of Quoted Investments			10,009		15,333
Cost of Quoted Investments			54,583		54,244

SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES

	<u>As at 31.03.2001</u> (Rs. '000)	<u>As at 31.03.2000</u> (Rs. '000)
A. CURRENT ASSETS		
I. Inventories (As valued and certified by the Management)		
Raw Materials (Including in transit Rs.89,698 thousand, Previous year Rs.210,307 thousand)	212,794	342,729
Stores & Spares (Including in transit Rs.13,508 thousand, Previous year Rs.1,475 thousand)	238,211	215,217
Goods under Process	164,075	135,911
Finished Goods (Including in transit Rs.36,294 thousand, Previous year Rs.71,267 thousand)	2,171,801	1,632,094
Waste	3,259	4,408
TOTAL : (I)	<u>2,790,140</u>	<u>2,330,359</u>
II. Sundry Debtors (Unsecured, considered good except to the extent stated)		
Over Six Months (Including Rs. 26,637 thousand considered doubtful of recovery, Previous year Rs.29,520 thousand)	636,232	662,376
Less : Provision for Doubtful Debts	<u>26,637</u>	<u>29,520</u>
Within Six Months	609,595	632,856
TOTAL : (II)	<u>1,215,870</u>	<u>1,287,040</u>
III. Cash & Bank Balances		
Cash in hand (Including Cheques in hand Rs.Nil, Previous year Rs.105 thousand and Money in transit Rs.99,078 thousand, Previous year Rs.78,448 thousand)	100,700	82,164
Balances with Scheduled Banks in -		
Current Accounts	10,599	22,519
Cash Credit Accounts	3,267	—
Fixed Deposit Account (Receipts of Rs.29,213 thousand, Previous year Rs.311 thousand, pledged with Banks and Sales Tax Authorities)	29,313	454
Shares/Debentures Application Money Refund Account	321	329
Unpaid Interest on Debenture Account	1,814	1,303
Unpaid Dividend Account	1,062	1,069
TOTAL : (III)	<u>147,076</u>	<u>107,838</u>

INDO RAMA

SCHEDULE 7 (Contd.)

	<u>As at 31.03.2001</u> (Rs.'000)	<u>As at 31.03.2000</u> (Rs.'000)
IV. Other Current Assets		
Interest Accrued on Deposits & Others	129,431	132,906
Claims and Other Receivables	62,933	71,869
Property held for Resale	—	1,167
TOTAL : (IV)	<u>192,364</u>	<u>205,942</u>
TOTAL : (A) (I+II+III+IV)	<u>4,345,450</u>	<u>3,931,179</u>
B. LOANS & ADVANCES		
(Unsecured, considered good except to the extent stated)		
Loans to Employees	5,579	9,405
Advances Recoverable in Cash or in Kind or for Value to be Received or Pending Adjustments (including Rs. 4,370 thousand considered doubtful of recovery, Previous year Rs.691 thousand)	303,849	318,633
Less : Provision for Doubtful Advances	<u>4,370</u>	<u>691</u>
Balance with Excise & Customs Authorities	99,820	113,445
Tax Deducted at Source	2,636	8,280
Security & Other Deposits	33,013	58,071
TOTAL : (B)	<u>440,527</u>	<u>507,143</u>
TOTAL : (A+B)	<u>4,785,977</u>	<u>4,438,322</u>

SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors for Goods & Expenses (Including Book Overdraft from Banks Rs.146 thousand, Previous year Rs.5,480 thousand and Acceptances Rs.1,712,746 thousand, Previous year Rs.1,574,956 thousand)	3,336,582	2,803,425
Other Liabilities	39,400	64,427
Advances and Credit Balances of Customers	27,104	72,062
Deposits from Dealers & Others	8,018	6,657
Shares/Debentures Application Money Refundable	347	355
Interest on Debentures Payable	1,820	1,303
Unpaid Dividend	1,063	1,069
Interest Accrued but not Due	213,545	231,425
Unaccrued Income	638	1,940
TOTAL :	<u>3,628,517</u>	<u>3,182,663</u>

SCHEDULE 9: MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)	<u>As at 31.03.2001</u>		<u>As at 31.03.2000</u>	
	(Rs.'000)		(Rs.'000)	
A. Preliminary Expenses	—		3	
Less : Written off	—	—	3	—
B. Share/Debenture Issue Expenses	16,370		19,756	
Less : Written off	3,281	13,089	3,386	16,370
C. GDR Issue Expenses	38,856		45,332	
Less : Written off	6,476	32,380	6,476	38,856
D. Deferred Revenue Expenditure	131,002		75,992	
Add : Incurred during the year	3,323		101,962	
	134,325		177,954	
Less : Written off	36,157	98,168	46,952	131,002
TOTAL :		143,637		186,228

SCHEDULE 10: OTHER INCOME

	<u>For the year ended</u>	<u>For the year ended</u>
	31.03.2001	31.03.2000
	(Rs.'000)	(Rs.'000)
Rent Received	10,766	4,323
Dividend Received	223	321
Sale of Scrap	28,871	27,838
Profit on Sale of Investments (Net)	—	10,695
Unspent Liabilities Written Back	44,340	39,631
Foreign Exchange Fluctuation (Net)	—	9,888
Miscellaneous Receipts	24,642	15,158
TOTAL :	108,842	107,854

INDO RAMA

SCHEDULE 11 : INCREASE IN STOCKS

	For the year ended 31.03.2001		For the year ended 31.03.2000
	(Rs.'000)		(Rs.'000)
CLOSING STOCKS			
Finished Goods	2,171,801		1,632,094
Goods under Process	164,075		135,911
Waste	3,259	2,339,135	4,408
			1,772,413
Less : OPENING STOCKS			
Finished Goods	1,632,094		1,099,566
Goods under Process	135,911		129,211
Waste	4,408	1,772,413	9,505
			1,238,282
Increase in Stocks		566,722	534,131

SCHEDULE 12 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries , Wages, Allowances, Gratuity & Bonus	406,328	373,721
Contribution to Provident & Other Funds	30,797	29,590
Staff & Labour Welfare Expenses	37,413	38,734
Recruitment Expenses	7,138	4,127
TOTAL :	481,676	446,172

SCHEDULE 13 : MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES

A. MANUFACTURING EXPENSES			
Stores & Spares Consumed	469,220		450,064
Packing Materials Consumed	371,013		320,551
Power, Fuel and Water Charges	997,786		794,492
Repairs & Maintenance :			
Machinery (Excluding Stores Consumption)	20,956		18,225
Buildings	9,555		4,655
Others	10,721	41,232	13,749
Other Manufacturing Expenses		9,546	8,963
TOTAL : (A)		1,888,797	1,610,699

SCHEDULE 13 (Contd.)

	For the year ended 31.03.2001	For the year ended 31.03.2000
	(Rs.'000)	(Rs.'000)
B. ADMINISTRATIVE EXPENSES		
Rent (Including Lease Rent and Hire charges of Rs.4,800 thousand, Previous year Rs.6,656 thousand)	32,584	39,095
Insurance (Net)	34,612	40,890
Rates & Taxes	11,994	9,921
Loss on Sale of Raw Material & Stores (Net)	263	6,789
Loss on Fixed Assets Sold/Discarded (Net)	1,852	5,042
Charity and Donations	1,214	67
Bad Debts & other Balances Written Off (Net)	23,968	9,798
Provision for Doubtful Advances	4,563	691
Miscellaneous Expenses	178,459	167,527
TOTAL : (B)	289,509	279,820
C. SELLING EXPENSES		
Brokerage & Commission on Sales	93,217	90,068
Discounts, Rebates & Claims	211,231	348,057
Freight & Forwarding Charges	604,525	506,549
Less : Recovery	109,018	107,006
Other Selling Expenses	10,923	12,896
TOTAL : (C)	810,878	850,564
TOTAL : (A+B+C)	2,989,184	2,741,083

SCHEDULE 14: INTEREST & FINANCE CHARGES**INTEREST**

On Debentures	191,931	189,164
On Fixed Loans	1,064,868	896,389
To Banks & Others	391,875	549,116
	1,648,674	1,634,669
Less : Interest Received (Gross, Tax Deducted at Source Rs.433 thousand, Previous Year Rs.1,293 thousand)	40,421	31,155
	1,608,253	1,603,514
Foreign Exchange Fluctuation (Net)	6,287	---
Other Finance Charges	124,000	107,994
TOTAL :	1,738,540	1,711,508

SCHEDULE 15: NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Accounting

The Accounts of the Company are prepared under the historical cost convention except for revaluation of fixed assets and in accordance with the applicable accounting standards, except where otherwise stated. For recognition of income and expenses, accrual basis of accounting is being followed, except in respect of income on account of claims lodged with insurance company but not settled and interest receivable from customers on delayed payments and expenditure on account of fuel escalation charges by the electricity board, where the exact quantum cannot be ascertained with reasonable accuracy.

II. Fixed Assets

Fixed Assets are stated at cost or revalued amount less accumulated depreciation. Net increase in Fixed Assets on account of revaluation is credited to the Revaluation Reserve Account.

III. Expenditure During Construction Period

Expenditure incurred during construction period (net of income, if any) on new Projects is carried forward and is allocated to Fixed Assets on the commissioning of the Projects.

IV. Depreciation

- (a) Premium on Leasehold Land and cost of Leasehold Improvements is amortised over the period of Lease.
- (b) Depreciation on other fixed assets is provided using the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on the amount of additions made to fixed assets on account of foreign exchange fluctuations is provided for over the remaining useful life of the assets.
- (d) Depreciation on the insurance spares / standby equipments capitalised with mother assets is provided over the remaining useful life of such assets.
- (e) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost has been recouped from the Revaluation Reserve Account.

V. Investments

Current Investments are stated at the lower of cost and fair value.

VI. Inventories

- a) Inventories are valued as follows :

Raw Materials and Stores & Spares,	-	At cost or net realisable value, whichever
Goods under Process and Finished Goods		is lower;
Waste	-	At net realisable value.
- b) Cost of inventories of Raw Materials, Stores & Spares, Goods under Process and Finished Goods are ascertained on weighted average basis.
- c) Cost of Goods under process and Finished Goods comprises of cost of materials, production overheads and depreciation.

VII. Export Benefits

Export benefits under Duty Exemption Advance Licence and Duty Exemption Pass Book Schemes are accounted for in the year of manufacture of goods for export.

VIII. Foreign Currency Transactions

Foreign currency transactions arising during the year are recorded at the exchange rates prevailing at the date of the transactions. Foreign currency assets and liabilities are converted into Rupee equivalent at the

SCHEDULE 15 (Contd.)

exchange rates prevailing at the date of Balance Sheet. Where the Company has entered into forward exchange contracts, the liabilities / assets are recorded at the contracted rate and the difference between the contracted rate and the rate at the date of transaction is recognised over the period of the contract. Gain or loss on the restatement of the foreign currency transactions and /or on cancellation of forward exchange contracts, if any, is reflected in the Profit & Loss account, except gain or loss on transactions relating to acquisition of fixed assets, which is adjusted to the carrying amount of fixed assets.

IX. Inter Divisional Transfers

Inter Divisional Transfers of goods, as marketable products produced by separate Divisions of the Company, for captive consumption are included in Turnover. Any unrealised profit on unsold stocks is eliminated while valuing inventories.

X. Customs & Excise Duty

Customs Duty on materials lying in bonded warehouses and Excise Duty on manufactured goods lying in the factory premises is accounted for on accrual basis.

XI. Retirement Benefits

Provision for the liability on account of retirement gratuity and leave encashment is made on the basis of actuarial valuation.

XII. Miscellaneous Expenditure

- a) Share (Including Global Depository Receipts) / Debenture Issue Expenses are written off over a period of ten years from the year of the commencement of commercial production of the respective Projects and are adjusted against Share Premium Account.
 - b) Expenses incurred on implementation of SAP R/3 Project are written off over a period of five years beginning with the year of Project going live.
 - c) Expenses incurred on foreign technicians fee for the period subsequent to commissioning of the Butibori Project upto the achievement of guaranteed norms of plant efficiency, the charges paid for the deferment of loans taken for capital projects and payments made to consultants, the benefits of which are expected to flow into the future, are written off over a period of five years.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs.158,795 thousand (Previous year Rs. 183,863 thousand).
 3. Contingent liabilities not provided for in respect of :
 - (a) Letters of Credit & Guarantees outstanding - Rs. 442,786 thousand (Previous year Rs. 217,784 thousand).
 - (b) Export/Inland Bills negotiated under Irrevocable Letters of Credit amounting to Rs. 746,277 thousand (Previous year Rs. 733,853 thousand).
 - (c) Differential amount of customs duty in respect of machinery imported under EPCG Scheme Rs.859,221 thousand (Previous year Rs. 923,740 thousand) and interest thereon Rs. 1,074,992 thousand (Previous year Rs. 947,025 thousand).
 - (d) Demand/Show Cause Notices from Excise/Customs Department Rs.98,424 thousand (Previous year Rs. 93,640 thousand).
 - (e) Claims against the Company not acknowledged as debts Rs.38,126 thousand (Previous year Rs. 30,962 thousand).
 4. Loans include :
 - a) Amount outstanding from an officer of the Company Rs. 1 thousand (Previous year Rs. 5 thousand). Maximum amount outstanding at any time during the year Rs. 27 thousand (Previous year Rs. 21 thousand).
 - b) Amount outstanding from Ex-Wholetime Director of the Company Rs. 74 thousand (Previous year Rs. 742 thousand). Maximum amount outstanding at any time during the year Rs. 770 thousand (Previous year Rs. 1,215 thousand).

INDO RAMA

SCHEDULE 15 (Contd.)

5. (a) Sales includes Export Incentives amounting to Rs. Nil (Previous year Rs.974 thousand) and is after netting of Returns out of earlier years Sales amounting to Rs. 815 thousand (Previous year Rs.3,553 thousand).
(b) Sales includes Inter Divisional Transfers made at market rates amounting to Rs. 2,486,238 thousand (Previous year Rs. 2,205,981 thousand).
6. Sundry Debtors amounting to Rs. 300,097 thousand (Previous year Rs. 226,705 thousand) are outstanding since long. No provision has been made thereagainst since the management has initiated legal action in some of the cases while it is also in the process of arriving at settlement with some of these parties and is hopeful of recovering a substantial portion of the above amount. Also, no provision has been made against interest receivable on overdue debts amounting to Rs. 128,976 thousand (Previous year Rs. 130,293 thousand) which is outstanding since earlier years.
7. The Company has during the year implemented SAP R/3 package, due to which some of the customers, suppliers, liability, collection bank and cenvat accounts are pending reconciliation and the same have been taken as per the balances appearing in the books. Any differences arising on account of such reconciliations, which are not likely to be material, will be accounted for as and when these reconciliations are completed.
8. Debenture Redemption Reserve to the extent of Rs. 397,187 thousand (Previous year Rs. 314,500 thousand) in respect of 11,000,000 -16.5 % Redeemable Non-Convertible Debentures of Rs. 100 each has not been created in the absence of adequate profits.
9. Income on account of foreign exchange difference on outstanding forward exchange contracts aggregating to Rs.505 thousand (Previous year Rs. 1,414 thousand) is being carried forward to be recognised in the Profit and Loss Account of the next year.
10. The Company has this year ascertained the cost of inventories of Raw materials, Stores & Spares, Goods under Process and Finished Goods on the basis of moving weighted average instead of yearly / monthly weighted average in earlier years. As a result, valuation of closing stocks is lower by Rs. 443 thousand, resulting in profit for the year being lower by Rs. 443 thousand.
11. Advances Recoverable include Rs. 72,714 thousand (Previous year Rs. 71,743 thousand) outstanding from a Company promoted by the Company for putting up PTA & Polymer Project.
12. Prior Period Items aggregating to Rs. 15,352 thousand (net debit) (Previous year Rs. 28,794 thousand) have been booked under the respective heads of account in the Profit & Loss Account.
13. Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 97,281 thousand as at 31.03.2001 (previous year Rs.73,463 thousand). The names of Small Scale Industrial Undertakings (to the extent of information available with the management) to whom the Company owes a sum exceeding Rs. 100 thousand each which is outstanding for more than 30 days are as under:

Aksa Stick-On Pvt. Ltd; Autostrap India; B.N. Enterprises; Bindal Packagings; Burhani Wire Product; Capitol Machine Tools Pvt. Ltd; Choudhary Packagers; Crystal Chemicals; Excel Tubes and Cones; Global Packaging Products; Gondwana Packers (P) Ltd.; Hariwansh Packaging Products; Hindustan Wiremesh Pvt. Ltd.; Ideal Wrapper; K.M. Enterprises (Silvassa); Kamal Packaging (P) Ltd.; Kochar Industries; Kochar Packaging; Mangal Singh Brothers P.Ltd; Modern Construction; Narayani Industries; Narayani Paper Industries; P. Conitex; Pooja Packwell(India)Pvt Ltd; S.K. Label Systems (P) Ltd; Safety Packers; Sharda Paper Kraft; Sharda Paper Products Pvt. Ltd; Shree Corrugators & Packers; Shree Gajanand Plastics(P) Ltd; Siri Ram Filtration & Engg. Co; Super Industries; Sureka Paper Containers Pvt. Ltd; Suresh Polymers Pvt Ltd; Taj Traders; Tejas Polymers; Tex Tube Mfg Co Pvt Ltd; Tirupati Packo Plast; Unique Wire Industries; Utkarsh Packers Pvt. Ltd.
14. In order to comply with the requirement of Accounting Standard-2 on Valuation of Inventories issued by the Institute of Chartered Accountants of India, the Company has, during the year, changed the basis of valuation of inventory so as to (i) exclude the absorption of interest & finance charges and part of administrative overheads for the valuation of inventory of Goods under Process and Finished Goods and (ii) value the inventory of Raw Materials and Goods under Process at the lower of cost or net realisable value instead of

SCHEDULE 15 (Contd.)

valuing these inventories at cost. Due to the above change, the closing inventory of raw materials, goods under process and finished goods is lower by Rs. 204,381 thousand as compared to the basis of valuation adopted in the previous year.

15. In order to comply with the requirement of Accounting Standard – 13 on Accounting for Investments issued by the Institute of Chartered Accountants of India, the Company has, during the year, changed the basis of deriving the carrying value of Current Investments from “at cost” to “at the lower of cost and fair value”. Due to the above change, carrying value of closing Investments is lower by Rs. 44,574 thousand as compared to the basis adopted in the previous year.
16. International Finance Corporation, Washington (IFC-W), being one of the lenders of finance to the Company, did not agree for the rescheduled payment plan of the term loans agreed to by the other lenders and filed a suit against the Company in the court of Civil Judge, Nagpur, for the recovery of the entire amount of loan alongwith interest and late payment charges and enforcement of mortgaged security. In its reply to the Court, the Company has stated that the present suit by IFC-W is not maintainable and that IFC-W is bound by the rescheduled payment plan agreed upon by all the other term lenders. Pending the decision in the matter, the Company has made provision for the interest demanded by IFC-W, which has since been paid in terms of ongoing discussions with IFC-W to resolve the issue.
17. In view of the brought forward losses, no provision for taxation is required against the profits for the year.
18. Fixed Deposits with Banks, include Rs.28,877 thousand, the receipts in respect of which have been pledged as margin money.

	<u>Current Year</u> (Rs.'000)	<u>Previous Year</u> (Rs.'000)
19. Managerial Remuneration		
a) Remuneration to Managing Director		
Salary & Allowances	3,320	2,856
Contribution to Provident Fund	262	245
Other Perquisites	179	233
	<u>3,761</u>	<u>3,334</u>
b) Remuneration to Ex-Whole Time Director		
Salary & Allowances	—	1,226
Contribution to Provident Fund	—	37
Other Perquisites	—	150
	<u>—</u>	<u>1,413</u>
Total Managerial Remuneration	<u>3,761</u>	<u>4,747</u>
c) Directors' Fees	69	73
20. Particulars of Payment to Auditors		
Audit Fee	2,625	2,175
Tax Audit Fee	656	656
Other Services	782	—
Expenses	312	299
	<u>4,375</u>	<u>3,130</u>

INDO RAMA

SCHEDULE 15 (Contd.)

		<u>Current Year</u> (Rs.'000)	<u>Previous Year</u> (Rs.'000)
21. Information pursuant to the provisions of paragraphs 3,4(c) & 4(d) of Part II of Schedule VI to the Companies Act, 1956 (As certified by the management)			
a) Particulars of Capacity	UNIT		
Licenced Capacity :			
Spindles	Nos.	154,272	154,272
Looms	Nos.	120	120
Knitting Machines	Nos.	4	4
Draw Texturised Yarn	TPA	97,500	97,500
Draw Twisted Yarn	TPA	45,000	45,000
Polyester Staple Fibre	TPA	135,000	135,000
Polyester Chips	TPA	18,000	18,000
Polyester Filament Yarn	TPA	97,500	97,500
Installed Capacity :			
Spindles	Nos.	122,976	122,976
Knitting Machines	Nos.	1	1
Draw Texturised Yarn	TPA	21,130	20,740
Polyester Staple Fibre	TPA	132,300	132,300
Polyester Chips	TPA	52,500	52,500
Polyester Filament Yarn	TPA	105,000	105,000
b) C.I.F. Value of Imports			
i) Raw Materials		1,438,317	1,581,578
ii) Stores and Spares		142,920	142,617
c) Expenditure in Foreign Currency (Cash Basis)			
i) Travelling		3,430	2,460
ii) Claims		1,196	5,095
iii) Commission		22,975	22,930
iv) Technical Know-how and Assistance Fee (Net of tax)		317	961
v) Interest		972,451	962,381
vi) Finance Charges		7,425	71,426
vii) Others		2,325	795
d) Earnings in Foreign Exchange			
i) F.O.B.Value of Exports		3,635,763	3,078,558
ii) Others		6,682	—

SCHEDULE 15 (Contd.)
e) Particulars in respect of Production, Sales & Stocks of Finished Goods :

Class of Goods	Opening Stock		Production		Sales		Closing Stock	
	Qty (MT)	Value (Rs.'000)	Qty (MT)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	
1. Man Made Fibre Yarn	599 (459)	43,576 (28,225)	17,738 (20,644)	17,490 (20,504)	1,547,676 (1,682,069)	847 (599)	72,233 (43,576)	
2. Polyester Cotton Yarn	807 (471)	60,068 (34,106)	18,829 (13,492)	18,034 (13,156)	1,729,007 (1,186,567)	1,564 (807)	98,434 (60,068)	
3. Cotton Yarn	— (82)	1 (8,141)	— (403)	— (485)	— (56,926)	— —	2 (2)	
4. Draw Texturised Yarn (DTY)	583 (1,089)	42,142 (57,966)	27,471 (23,516)	27,437 (24,022)	2,108,702 (1,861,896)	585 (583)	35,240 (42,142)	
5. Knitted Fabrics	— (8)	27 (637)	— —	— (8)	— (611)	— —	27 (27)	
6. Polyester Staples Fibre (PSF)	11,835 (14,898)	634,431 (518,405)	148,420 (130,300)	143,189 (133,363)	7,883,311 (6,834,688)	17,041 (11,835)	834,246 (634,431)	
7. Polyester Filament Yarn (PFY)	11,405 (9,519)	842,346 (419,297)	99,470 (86,011)	93,908 (84,125)	5,615,118 (5,157,768)	16,967 (11,405)	1,093,009 (842,346)	
8. Polyester Chips	203 (1,254)	9,502 (32,789)	19,774 (13,192)	19,070 (14,243)	881,900 (626,298)	907 (203)	38,610 (9,502)	
9. Waste	581 (524)	4,408 (9,505)	4,699 (5,314)	5,086 (5,257)	92,050 (82,880)	194 (581)	3,259 (4,408)	

NOTES:

- Sales figure is net of Sales Return.
- Figures in brackets are for Previous year.
- PFY of 27,082 MT (Previous year 22,138 MT) has been transferred to DTY Section and PSF of 21,803 MT (Previous year 22,910 MT) have been transferred to Spinning Section for internal consumption.
- Production of Draw Texturised Yarn includes 761 MT (Previous year 560 MT) of Draw Texturised Yarn received after job work.

f) Particulars in respect of purchase, sales and stock of finished goods purchased for resale :

Class of Goods	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)
1. Polyester Viscose Yarn	— —	— —	20 (63)	2,341 (4,629)	20 (63)	2,510 (4,629)	— —	— —
2. Blended Yarn (PV)	— —	— —	— (39)	— (3,994)	— (39)	— (3,872)	— —	— —
3. Cotton Yarn	— —	— —	— (124)	— (12,445)	— (124)	— (14,462)	— —	— —

NOTE: Figures in brackets are for previous year.

INDO RAMA

SCHEDULE 15 (Contd.)

g) Raw Materials Consumed:

Particulars	Current Year		Previous Year	
	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)
1. Purified Terephthalic Acid	230,974	5,868,741	196,959	4,705,251
2. Mono Ethylene Glycol	89,830	2,498,876	77,641	2,088,616
3. Polyester Staple Fibre	21,758	964,867	22,438	897,586
4. Viscose Staple Fibre	7,458	432,821	6,275	342,838
5. Cotton	9,829	520,598	8,160	415,636
6. Polyester Filament Yarn	27,124	1,302,796	22,927	1,092,277
7. Others	723	87,061	705	93,475
TOTAL	387,696	11,675,760	335,105	9,635,679

h) Value of Imported and Indigenous Raw Materials and Stores & Spares Consumed and percentage of each to the total consumption :

Particulars	Current Year		Previous Year	
	Value (Rs'000)	%	Value (Rs'000)	%
1. Raw Materials				
Imported	1,785,612	15.29	1,887,019	19.58
Indigenous	9,890,148	84.71	7,748,660	80.42
TOTAL	11,675,760	100	9,635,679	100
2. Stores & Spares				
Imported	171,906	36.64	183,391	40.75
Indigenous	297,314	63.36	266,673	59.25
TOTAL	469,220	100	450,064	100

22. Figures of previous year have been re-grouped/re-arranged wherever considered necessary.

Signatures to Schedules 1 to 15

In terms of our attached report of even date.

S.R. BATLIBOI & CO.
Chartered Accountants
Per

RAJ K. AGRAWAL
Partner

N.C. JAIN
Company Secretary

GOVINDER SINGH
General Manager
Corporate-F&A

A.K. LADHA
Director

O.P. LOHIA
Managing Director

Place : New Delhi
Dated : 21st May, 2001

Information pursuant to the provisions of part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1	0	-	0	7	4	2	1
---	---	---	---	---	---	---	---

 State Code

1	0
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	1
---	---	---	---

Date Month Year

II. Capital raised during the year
(Amount in Rs. thousand)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		N	I	L	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		N	I	L
	N	I	L						
	N	I	L						
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		N	I	L
	N	I	L						
	N	I	L						

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

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>4</td><td>5</td><td>8</td><td>4</td><td>0</td><td>2</td><td>3</td></tr></table>	2	4	5	8	4	0	2	3	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>2</td><td>2</td><td>2</td><td>7</td><td>0</td><td>9</td><td>8</td></tr></table>	2	2	2	2	7	0	9	8
2	4	5	8	4	0	2	3										
2	2	2	2	7	0	9	8										
Sources of Funds																	
Paid-Up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>6</td><td>6</td><td>2</td><td>4</td><td>7</td><td>1</td></tr></table>		1	6	6	2	4	7	1	Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>6</td><td>7</td><td>3</td><td>8</td><td>8</td><td>0</td><td>9</td></tr></table>		6	7	3	8	8	0	9
	1	6	6	2	4	7	1										
	6	7	3	8	8	0	9										
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>8</td><td>6</td><td>1</td><td>4</td><td>8</td><td>0</td></tr></table>	1	1	8	6	1	4	8	0	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>9</td><td>2</td><td>7</td><td>4</td><td>6</td></tr></table>			6	9	2	7	4	6
1	1	8	6	1	4	8	0										
		6	9	2	7	4	6										
Application of Funds																	
Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>7</td><td>2</td><td>7</td><td>2</td><td>4</td><td>7</td><td>2</td></tr></table>	1	7	2	7	2	4	7	2	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>0</td><td>1</td><td>2</td></tr></table>				2	5	0	1	2
1	7	2	7	2	4	7	2										
			2	5	0	1	2										
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>1</td><td>5</td><td>7</td><td>4</td><td>6</td><td>0</td></tr></table>		1	1	5	7	4	6	0	Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>3</td><td>6</td><td>3</td><td>7</td></tr></table>			1	4	3	6	3	7
	1	1	5	7	4	6	0										
		1	4	3	6	3	7										
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>3</td><td>5</td><td>6</td><td>9</td><td>2</td><td>5</td></tr></table>		2	3	5	6	9	2	5									
	2	3	5	6	9	2	5										

IV. Performance of the Company
(Amount in Rs. thousand)

Turnover (Incl. Other Income) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>9</td><td>9</td><td>6</td><td>9</td><td>1</td><td>1</td><td>6</td></tr></table>	1	9	9	6	9	1	1	6	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>9</td><td>7</td><td>8</td><td>1</td><td>7</td><td>5</td><td>1</td></tr></table>	1	9	7	8	1	7	5	1
1	9	9	6	9	1	1	6										
1	9	7	8	1	7	5	1										
Profit before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>7</td><td>3</td><td>6</td><td>5</td></tr></table>			1	8	7	3	6	5	Profit after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>7</td><td>3</td><td>6</td><td>5</td></tr></table>			1	8	7	3	6	5
		1	8	7	3	6	5										
		1	8	7	3	6	5										
Earning per Share in Rs. (On Annualised Basis) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Dividend Rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

V. Generic names of three principal products of the Company (as per monetary terms)

1) Item Code No.

5	5	0	3	2	0	0	0
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

P	O	L	Y	E	S	T	E	R		S	T	A	P	L	E		F	I	B	R	E
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---

2) Item Code No.

5	4	0	2	4	2	0	0
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

P	O	L	Y	E	S	T	E	R		F	I	L	A	M	E	N	T		Y	A	R	N
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---

3) Item Code No.

5	5	1	1	3	0	0	0
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

M	A	N		M	A	D	E		F	I	B	R	E		Y	A	R	N
---	---	---	--	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2001

	For the year ended 31.03.2001	For the year ended 31.03.2000
	(Rs. '000)	(Rs. '000)
A) Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax	187,365	(78,756)
Adjustments for:		
Depreciation	1,014,532	988,811
Miscellaneous Expenditure	32,834	(55,007)
Expenditure during Construction period written off	—	7,128
Profit on Sale of Investments (Net)	—	(10,695)
Provision for Doubtful Advances	3,679	691
Loss on Sale of Fixed Assets (Net)	1,852	5,042
Dividend Received	(223)	(321)
Provision against diminution in the Value of Investments	44,574	—
Investment written off / (written back)	(339)	2
Interest Received	(40,421)	(31,155)
Interest paid	1,648,674	1,634,669
Operating Profit before Working Capital Changes	2,892,527	2,460,409
Adjustments for :		
Trade & Other Receivables	134,740	(245,464)
Inventories	(459,781)	(520,595)
Trade Payables	461,703	582,761
Cash Generated from Operating Activities	3,029,189	2,277,111
Direct Taxes Paid (net)	5,644	2,539
Net Cash from Operating Activities	3,034,833	2,279,650
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(53,035)	(101,067)
Sale of Fixed Assets	4,163	12,763
Sale of Investments	—	34,974
Dividends Received	223	321
Movements in Loans	3,826	20,867
Interest Received	42,594	34,059
Net Cash used in / from Investing Activities	(2,229)	1,917

CASH FLOW STATEMENT (Contd.)

	For the year ended 31.03.2001	For the year ended 31.03.2000
	<u>(Rs. '000)</u>	<u>(Rs. '000)</u>
C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	102,700	2,500
Movements in Long Term Borrowings (Net)	67,115	(286,752)
Movements in Short Term Borrowings (Net)	(1,273,011)	(171,144)
Interest Paid	(1,890,170)	(1,826,820)
Net Cash used in Financing Activities	(2,993,366)	(2,282,216)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	39,238	(649)
Cash and Cash Equivalents as at beginning of the year (Opening Balance) - Cash and Bank Balances	107,838	108,487
Cash and Cash Equivalents as at end of the year (Closing Balance) - Cash and Bank Balances	147,076	107,838

For and on behalf of the Board

Place: New Delhi
Dated: 21st May, 2001O.P. LOHIA
Managing Director**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement of Indo Rama Synthetics (India) Ltd. for the year ended 31st March, 2001. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 21st May, 2001 to the members of the Company.

S.R. BATLIBOI & CO.
Chartered Accountants
perRAJ K. AGRAWAL
PartnerPlace: New Delhi
Dated: 21st May, 2001

