

# **Indo Rama Synthetics (I) Ltd**

Annual Report, 2001-2002

**FINANCIAL HIGHLIGHTS**

Particulars		2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
Sales & other Income	Rs./Millions	<b>19,228</b>	19,969	17,621	13,789	14,528	11,827	8,608	2,006	1,509	1,315
(Of which Exports Turnover)	"	<b>4,956</b>	6,025	4,130	2,365	4,269	2,481	2,053	1,000	749	640
PBDIT	"	<b>3,416</b>	3,050	2,669	1,232	1,564	1,533	850	309	364	297
Interest & Financial Charges	"	<b>1,178</b>	1,739	1,712	1,791	1,476	908	470	99	83	113
Profit before Depreciation, Write offs* & provisions and Tax		<b>2,238</b>	1,311	957	(560)	88	625	380	210	281	184
Depreciation / DRE-W/O	"	<b>1,076</b>	1,051	1,036	1,036	961	607	369	72	67	77
Profit / (Loss) before Tax	"	<b>668</b>	187	(79)	(1596)	(873)	18	11	138	214	107
Profit / (Loss) after Tax	"	<b>413</b>	187	(76)	(1596)	(873)	15	11	138	214	107
Earning / Share	Rs.	<b>2.48</b>	1.13	—	—	—	0.10	0.09	2.41	6.70	4.85
Gross Fixed Assets*	Rs./Millions	<b>23,049</b>	22,653	22,212	19,351	18,508	15,897	7,929	5,925	1,396	947
Net Current Assets	"	<b>668</b>	1,157	1,256	1,086	2,380	1,594	1,240	1,240	917	287
Equity Capital	"	<b>1,662</b>	1,662	1,560	1,557	1,557	1,557	1,300	572	320	220
Reserves & Surplus*	"	<b>4,999</b>	4,382	4,468	1,672	3,280	4,175	3,515	2,745	901	247
Loan Funds	"	<b>11,022</b>	12,554	13,611	14,321	14,173	12,293	9,078	5,109	2,913	862
Net Worth*	"	<b>6,558</b>	5,901	5,842	3,088	4,673	5,536	4,589	3,293	1,204	461
Book Value / Share	Rs.	<b>39</b>	35	37	20	30	36	35	57	37	21
Sales / Share Capital	Times	<b>11</b>	12	11	9	9	7	7	3	5	6

\* Includes Revaluation of Assets.

# CORPORATE GOVERNANCE REPORT

In line with the requirement for providing a "Report on Corporate Governance" as per clause 49 of the revised Listing Agreement of the Stock Exchanges applicable for the financial year 2001-02, but not beyond 31<sup>st</sup> March, 2002, given below is a report on the Company's Corporate Governance norms.

## 1. Company's philosophy on Code of Governance

At Indo Rama, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the Company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of Corporate Governance. These cover the following four key issues -

- Commitment to excellence and customer satisfaction,
- Maximizing long term value for various stakeholders,
- Responsible Corporate conduct and citizenship, and
- Environmental consciousness and sustainable development.

The Company firmly believes that good Corporate Governance practices underscore its drive towards competitive strength and sustained performance. Thus, basic Corporate Governance norms have been institutionalized as an enabling and facilitating business process encompassing the Company's functioning across the Board, Management and Operational levels.

## 2. Board of Directors

The Company has a broad-based Board and meets the 'Composition' criteria. As on 31st March, 2002, the Board comprised of ten Directors, out of which nine are non-executive Directors, eight of whom are independent 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 during the Year ended 31<sup>st</sup> March, 2002 is as under:-

S. No.	Name of the Director	Category of Director	No. of Board Meetings held	No. of Board Meetings attended	No. of other Director-Ships (*)	Commi ttee Member-ships	Commi ttee Chairman-ships (**)	Last AGM Attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Mr. M.L.Lohia @ Chairman	Non-executive Promoter Director	4	—	13	—		No
2.	Mr. O.P. Lohia - @ Managing Director	Executive Director & Promoter	4	4	3	4		Yes
3.	Mr. O.P. Vaish	Non-executive Independent Director	4	3	10	3		No
4.	Mr. Anil D. Rege	Non-executive Independent Director	4	4	3	3		Yes
5.	Mr. A.K. Ladha	Non-executive Independent Director	4	4	8	5	2	No
6.	Mr. U.K. Khaitan	Non-executive Independent Director	4	3	15	4	—	No
7.	Mr. H.Hirako (a)	Non-executive Independent Director	4	2	2	—	—	No
8.	Mr. R.V.Rao (b)	IFCI Nominee Non-executive ( Independent Director)	4	2	4	1	—	No
9.	Mr. P.K. Rai	MPSIDC Nominee (Non-executive Independent Director)	4	4	2	1	—	No
10.	Mr. P.S.Bhatnagar (c)	Non-executive Independent Director	4	2	—	2	—	No

@ Mr.M.L.Lohia and Mr.O.P.Lohia are related to each other as father and son, respectively.

(\*) Includes Directorships in Private Limited Companies, foreign Companies and alternate Directorship(s) during the year 2001-02.

(\*\*) Chairmanship of Committee is decided by election in the Meetings of the respective Committee except Mr.A.K.Ladha who has been specifically named as Chairman of two Committees.

(a) Appointed as a Director w.e.f. 21.05.2001.

(b) Appointed as a Director w.e.f. 24.10.2001.

(c) Appointed as a Director w.e.f. 24.10.2001.

**Directors who relinquished office/ceased during the year.**

S. No	Name of the Directors	Category of Director	No. of Board Meetings held	No. of Board Meetings attended	No. of other Director Ships	Committee Member-Ships	Committee Chairman-Ships	Last AGM Attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Mr. A.P. Lohia (d)	Non-executive Promoter Director	4	—	20	—	—	No
2.	Mr. Y.Kowata (e)	Non-executive Independent Director	4	—	—	—	—	No
3.	Mr. D.U.Rao (f)	IFCI Nominee (Non-executive Independent Director)	4	1	2	2	—	No

(d). Mr.A.P.Lohia is related to Mr.M.L.Lohia and Mr.O.P.Lohia as the son and the brother, respectively. Mr.A.P.Lohia resigned from the Board vide his letter dated 16.04.2001.

(e). Ceased to be a Director w.e.f. 04.05.2001

(f). Ceased to be a Director w.e.f. 24.10.2001

**Board Meetings and Attendance**

The Corporate Governance policy requires the Board to meet atleast 4 times in a year with a maximum gap of 4 months between any two meetings. The details of Board Meetings held during the year are as under:-

S.No.	Date of Board Meeting	Board's Strength	No. of Directors present
1.	21 <sup>st</sup> May, 2001	9	6
2.	12 <sup>th</sup> July, 2001	9	8
3.	24 <sup>th</sup> October, 2001	10	7
4.	16 <sup>th</sup> January, 2002	10	8

**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.

**3. Committees of the Board**

The Board of Directors has constituted five Committees of the Board – the Audit Committee, the Banking and Finance Committee, the Management Committee, the Share Allotment and Transfer Committee and the Investors Grievance Committee.

**A. Audit Committee**

The Company has an Audit Committee of the Board comprising essentially of an institutional nominee Director, namely Mr.R.V.Rao and two Non-Executive Directors, namely, Mr.A.K.Ladha and Mr.A.D.Rege. Mr.A.K.Ladha, a Non-executive Independent Director is the Chairman of the Audit Committee. The Audit Committee of the Company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:-

- (i) Efficiency and effectiveness of operations.
- (ii) Safeguarding of Assets and adequacy of provisions for all liabilities.
- (iii) Reliability of all financial and other Management information and adequacy of disclosures.
- (iv) Compliance with all relevant statutes.

The Committee has powers similar to those stated in the listing agreements and exercises most of the functions as per the terms of reference in line with the requirements of the code of Corporate Governance. The details of Audit Committee meeting held during the year 2001-2002 are as under:-

#### **Audit Committee Meetings**

<b>S.No</b>	<b>Date of Audit Committee.</b>	<b>Committee Strength.</b>	<b>No. of Members present.</b>
1.	21 <sup>st</sup> May, 2001	3	2
2.	12 <sup>th</sup> July, 2001	3	3
3.	24 <sup>th</sup> October, 2001	3	3

#### **Audit Committee Attendance**

<b>Directors</b>	<b>No. of Meetings attended.</b>
1. Mr.A.K.Ladha	3
2. Mr.A.D.Rege	3
3. (a) Mr.R.V. Rao (IFCI Nominee)	1
(b) Mr.D.U.Rao (IFCI Nominee)*	1

\* Mr.D.U.Rao ceased to be a Member of Audit Committee w.e.f. 24.10.2001 on ceasing to be a Director effective from the above date.

Statutory Auditors, executives responsible for finance and accounts functions, Head of Management Assurance & Internal Audit are permanent invitees to the Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.

#### **B. Banking and Finance Committee**

The Banking and Finance Committee is authorised to decide and oversee 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 in normal course of business. The other terms of reference, inter-alia, include review of capital structure, distribution policies, financial policies, treasury, forex, risk management and insurance related policies.

#### **Composition and Attendance**

The Committee comprises of Mr.O.P.Lohia, Mr.A.K.Ladha and Mr.U.K.Khaitan. The Chairperson is appointed by a voice-vote at each meeting. The Committee acts with a quorum of any two members present. During the year 2001-02, four meetings of Banking and Finance Committee were held as under:-

<b>S.No.</b>	<b>Date</b>	<b>Committee Strength</b>	<b>Members Present</b>
1.	12 <sup>th</sup> April, 2001	3	2
2.	25 <sup>th</sup> September, 2001	3	2
3.	4 <sup>th</sup> December, 2001	3	2
4.	4 <sup>th</sup> March, 2002	3	2

#### **C. Management Committee**

The Management Committee comprises of Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.P.K.Rai to overview the operational matters and to consider and dispose of routine matters of urgent nature which helps in hastening the process of effective decision making. The Chairperson is appointed by a voice vote and quorum is any two members present.

#### **D. Allotment and Share Transfer Committee**

The Company has a Committee of Directors entitled as "Share Allotment and Transfer Committee" to look into various matters pertaining to share transfers, duplicate share certificates and related matters. The Committee meets frequently to effectively and expeditiously dispose of the matters referred to above.

The members of the Committee are Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.P.S.Bhatnagar. The Chairman is appointed by a voice vote at each Meeting and the Quorum is any two members present.

During the year 2001-02, Share Allotment and Transfer Committee held 13 meetings.

**E. Investors Grievance Committee**

The Investors Grievance Committee was formed on 24<sup>th</sup> October, 2001 to oversee redressal of shareholders' and other investors' grievances. The Investors Grievance Committee comprises of 4 directors with 3 of them being non-executive independent directors. The members of the Committee are Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.P.S.Bhatnagar.

Mr.A.K.Ladha, a non-executive independent Director has been appointed as the Chairman of this Committee. The quorum for the functioning of the Committee is any two directors present. The Company attends the Investor Grievances/correspondences expeditiously and usually reply is sent within a period of 10 days of receipt, except in the cases that are constrained by dispute or legal impediment. A Meeting of Investors Grievance Committee was held on 28<sup>th</sup> march, 2002.

There has been no complaints that have not been resolved to the satisfaction of the shareholders nor are there any pending transfers.

**4. Mr.N.C.Jain, Company Secretary is the Compliance Officer of the Company.**
**5. Details of Remuneration paid to the Directors during the Financial Year Ended 31<sup>st</sup> March, 2002.**

(Rs. in '000)

S.No.	Name of the Director	Salary	Perquisites and other benefits	Performance Bonus/Commission.	Sitting Fee	Total
1.	Mr. M.L.Lohia	—	—	—	(*)	—
2.	Mr. O.P. Lohia @	2,580	1,629 #	—	—	4,209
3.	Mr. O.P. Vaish	—	—	—	12	12
4.	Mr. Anil D. Rege	—	—	—	28	28
5.	Mr. A.K. Ladha	—	—	—	92	92
6.	Mr. U.K. Khaitan	—	—	—	15	15
7.	Mr. H.Hirako (a)	—	—	—	(*)	—
8.	Mr. R.V.Rao (b)	—	—	—	15 (**)	15
9.	Mr. P.K. Rai	—	—	—	17	17
10.	Mr. P.S.Bhatnagar (c)	—	—	—	10	10
11.	Mr. A.P. Lohia (d)	—	—	—	(*)	—
12.	Mr. Y.Kowata (e)	—	—	—	—	—
13.	Mr. D.U.Rao (f)	—	—	—	10 (**)	10

(\*) Mr.M.L.Lohia, Mr.A.P.Lohia and Mr.H.Hirako have expressly declined to accept sitting fee for attending Board Meetings.

(\*\*) Sitting fee in respect of these Directors go to the Institution they represent as nominee Directors.

(a) Appointed as a Director w.e.f. 21.05.2001.

(b) Appointed as a Director w.e.f. 24.10.2001.

(c) Appointed as a Director w.e.f. 24.10.2001.

(d). Resigned from the Board vide letter dated 16.04.2001.

(e). Ceased to be a Director w.e.f. 04.05.2001.

(f). Ceased to be a Director w.e.f. 24.10.2001.

@ The present term of Mr. O.P. Lohia as Managing Director is as per the approval of the Central Government vide letter No. 1/337/2000-CL-VII dated 29.01.2001 and 23.02.2001 for a period of two years effective from 26.12.2000 at a remuneration as approved by the Government. The notice period is of 3 months and there is no severance fee as per the agreement dated 30th March, 2001 between the Company and Mr. O.P. Lohia.

# Perquisites and other benefits to Mr. O.P. Lohia are comprised of HRA, gas, electricity, water, furnishings and other utilities, medical, LTA, Personal Accident Insurance, club fee, P.F. and gratuity (as per rules of the Company).

**6. 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.

## 7. Details of last three Annual General Meetings:-

Year	Location	Date	Time
2001	51-A, Industrial Area, Sector- III, Pithampur-453 001, Dist. Dhar (M.P.)	27.07.2001	11.00 A.M.
2000	-do-	22.09.2000	11.00 A.M.
1999	-do-	24.09.1999	3.30 P.M.

## 8. Disclosures

- There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
- There are no materially significant related party transaction which may have potential conflict with the interests of the Company at large.
- There are no pecuniary relationship or transaction with the non-executive independent directors.

## 9. Shareholder Information

### 1. Annual General Meeting:-

Date	: 28 <sup>th</sup> June, 2002 (Friday)
Time	: 11.00 A.M.
Venue	: Registered Office:- 51-A, Industrial Area, Sector III, Pithampur-453 001, Dist. Dhar (M.P.)
Book Closure Date	: From 15 <sup>th</sup> June, 2002 to 28 <sup>th</sup> June, 2002 (both days inclusive)

### 2. Financial Calendar

Adoption of Quarterly Results Ended:-	In the Month of
30 <sup>th</sup> June, 2001	12 <sup>th</sup> July, 2001
30 <sup>th</sup> September, 2001	24 <sup>th</sup> October, 2001
31 <sup>st</sup> December, 2001	16 <sup>th</sup> January, 2002
31 <sup>st</sup> March, 2002 (Audited Annual Accounts)	16 <sup>th</sup> April, 2002

### 3. 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.  
Fax No.: 91-11- 6499908.  
E-MAIL : computec@del2.vsnl.net .in

### 4. 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: naveenc.jain@indorama-ind.com

**Company's Website** : [www.indoramaindia.com](http://www.indoramaindia.com)

**5. Listing on Stock Exchanges:-**

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

<b>Stock Exchange</b>	<b>Code</b>
The Delhi Stock Exchange Association Limited	109008
The Stock Exchange, Ahmedabad	26350
The Stock Exchange, Mumbai	500207
The Calcutta Stock Exchange Association Limited	19016
Madhya Pradesh Stock Exchange (Indore)	500207
National Stock Exchange of India Limited, Mumbai	INDORAMSYN
ISIN No.	INE 156 A 01012

The Company's GDRs are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, 11, Avenue de la Porte - Neuve, L-2227, Luxembourg.

**6. Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2002**

<b>Category</b>	<b>No. of shares held</b>	<b>%age of shareholding</b>
<b>A. PROMOTER'S HOLDING</b>		
a. NRI Promoters(including OCBs)	55312186	33.27
b. Indian promoters, relatives and associates.	27319687	16.43
<b>Sub Total</b>	<b>82631873</b>	<b>49.70</b>
<b>B. NON-PROMOTERS HOLDING</b>		
<b>Institutional Investors:-</b>		
a. Mutual Funds and UTI	22485	0.01
b. Banks, Financial Institutions, Insurance Companies, Central/State Govt.Institutions/Non-government Institutions (including Foreign Financial Institutions).	23246354	13.98
c. FIIs	1553631	0.94
<b>Sub-Total</b>	<b>24822470</b>	<b>14.93</b>
<b>Others:-</b>		
a. Corporate bodies	18825690	11.32
b. Indian Public	17382353	10.45
c. NRIs	596129	0.36
d. Any other - Bank of New York - Depository for GDRs.	22007300	13.24
<b>Sub-Total</b>	<b>58811472</b>	<b>35.37</b>
<b>GRAND TOTAL</b>	<b>166265815</b>	<b>100.00</b>

**7. Distribution of Shareholding as on 31<sup>st</sup> March, 2002.**

<b>Range</b>		<b>Shareholders</b>		<b>Shares</b>	
<b>No. of Shares</b>		<b>Number</b>	<b>% to total holders</b>	<b>Numbers</b>	<b>% to Total Capital</b>
<b>Upto</b>	<b>500</b>	27339	81.45	5100685	3.07
501	1,000	3605	10.74	2781085	1.67
1001	2,000	1405	4.19	2083145	1.25
2,001	3,000	414	1.23	1045873	0.63
3,001	4,000	188	0.56	670279	0.40
4,001	5,000	169	0.50	802562	0.48
5,001	10,000	212	0.63	1585298	0.96
10,001	and above	235	0.70	152196888	91.54
<b>Total</b>		<b>33567</b>	<b>100.00</b>	<b>166265815</b>	<b>100.00</b>

## 8. 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.

## 9. 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 as on 31<sup>st</sup> March, 2002.

No. of Shares Dematerialised	81,512,607	49.03% of the total share capital.
No. of Shareholders in D'mat form.	13,355	39.79% of the total no. of shareholders.

## 10. Market Price Data (Rs.)

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2001	6.90	5.00	7.40	5.00
May 2001	7.80	6.00	8.85	6.00
June 2001	7.20	6.65	7.50	6.55
July 2001	7.85	6.85	8.40	6.70
August 2001	8.30	7.00	8.95	7.00
September 2001	8.25	6.80	8.45	6.60
October 2001	8.00	6.40	9.00	6.45
November 2001	8.00	7.05	8.50	7.05
December 2001	7.75	6.70	7.85	6.60
January 2002	8.40	6.60	8.90	6.60
February 2002	9.10	7.30	10.00	7.35
March 2002	8.45	7.90	8.95	7.85

## 11. Plant Locations of the Company

1. 51-A, B & C Industrial Area,  
Sector III, Pithampur 453 001  
Distt. Dhar  
Madhya Pradesh  
Tel. : 07292-56567 to 68  
Fax. : 07292-56104
2. 31-A, MIDC Industrial Area,  
Butibori,  
Nagpur  
Maharashtra  
Tel. : 07104-65314  
Fax. : 07104-65305/65307

## 12. Unclaimed Dividends

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto the financial years 1993-94 and interim dividend for 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrant(s) relating to financial year(s) upto 1993-94 and for interim dividend for 1994-95 are requested to claim the amounts from the Registrar of Companies, Madhya Pradesh & Chattisgarh, Sanjay Complex, A-Block, 3<sup>rd</sup> Floor, Jayendra Ganj, Gwalior (M.P.)-474009 in the prescribed form which can be furnished by the Company on request.

The dividends for the following years remaining unclaimed for 7 years will be transferred by the Company to the

Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956:

Financial Year	Whether Interim/Final	Date of payment of Dividend	Due for transfer on
1994-95	Final	07.11.1995	20.11.2002
1995-96	Final	04.11.1996	17.11.2003
1996-97	Final	09.10.1997	22.10.2004

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

### 13. Bank Details

Shareholders holding shares in physical form are requested to notify/send the following to the Company to facilitate better service:-

- i) any change in their address/bank details, and
- ii) particulars of their bank account, in case the same have not been sent earlier.

### 14. Depository Services

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:-

#### **National Securities Depository Ltd.**

Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai 400013.  
Telephone : 0091-022-4972964-70  
Facsimile : 0091-022-4972993/4976351  
E-mail : [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website : [www.nsdl.co.in](http://www.nsdl.co.in)

#### **Central Depository Services (India) Ltd.**

Phiroze Jeejeebhoy Towers,  
28<sup>th</sup> Floor, Dalal Street, Mumbai 400023.  
Telephone : 0091-022-2723333  
Facsimile : 0091-022-2723199  
e-mail : [info@centraldepository.com](mailto:info@centraldepository.com)  
Website : [www.centraldepository.com](http://www.centraldepository.com)

### 15. Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

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## AUDITORS' CERTIFICATE

To,

### **The Members of Indo Rama Synthetics (India) Ltd.**

We have examined the compliance of conditions of corporate governance by Indo Rama Synthetics (India) Ltd. for the year ended on 31<sup>st</sup> March 2002, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S.R. BATLIBOI & CO.  
Chartered Accountants  
Per

Place : New Delhi  
Date : 16th April,2002

RAJ K. AGRAWAL  
Partner

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2002.

### FINANCIAL RESULTS

	<b>Year ended 31.03.2002</b>	<b>(Rs./million)</b> Year ended 31.03.2001
Sales & other income	<b>19,227.82</b>	19,969.11
Profit before Interest, Depreciation, Write-offs, Provisions and Tax	<b>3416.29</b>	3049.70
Interest & Finance Charges	<b>1178.14</b>	1738.54
Profit before Depreciation, Write-offs, provisions and Tax.	<b>2238.15</b>	1311.16
Depreciation (Including Deferred Revenue Expenditure Written off)	<b>1075.79</b>	1050.69
Profit before Write-offs, Provisions and Tax	<b>1162.36</b>	260.47
Write-offs and Provisions	<b>494.47</b>	73.10
Profit before Tax	<b>667.89</b>	187.37
Provision –		
– for Minimum Alternate Tax (MAT)	<b>19.22</b>	—
– for Deferred Tax	<b>235.89</b>	—
Profit after Tax	<b>412.78</b>	187.37
Appropriations		
Proposed Dividend on Equity Shares (subject to approval of the Central Government)	<b>166.27</b>	—
Profit after Appropriation	<b>246.51</b>	187.37
Add : Balance brought forward from previous year	(2356.92)	—
Less : General Reserves	612.13	(2544.29)
Deficit carried to Balance Sheet	<b>(1498.28)</b>	(2356.92)

### OPERATIONS

Your Directors are pleased to report that your Company has recorded an impressive performance for the year ended 31<sup>st</sup> March, 2002. These results are attributable to four factors: marketing thrust on customer service; improved operational efficiencies; enhanced leveraging of IT enablers; and prudent financial management practices.

Through a dedicated attention to profitable market segments, the company's operating margins on net sales improved by 2.94% over the previous year. Indo Rama's thrust on Customer Relationship Management (CRM) practices also helped reduce its selling and marketing expenses by 60% over the previous year.

Secondly, operational efficiency improvement measures helped the company optimize on its power, fuel and utility costs, which reduced by 8% over the previous year. Through an efficient management of the supply chain logistics involving a transparent reverse auction process, the company has identified a lower vendor base and thus reduced its input costs.

Thirdly, Indo Rama's concerted strategy of sourcing and leveraging its technology enablers, helped it register substantial gains. Initiatives in this direction included partnerships with Accenture for effectively deploying the company's IT resources.

The company continued its focus on efficient financial management, covering areas of debt and working capital. During the year, the company repaid long-term loans amounting to Rs.1891 million from its internal generation, thereby reducing the debt equity ratio from 3.8 last year to 2.6 this year. This, along with substitution of high cost borrowings with low cost debt, helped achieve a significant 32% reduction in the interest outflow during the year.

**DIVIDEND**

Your Directors deliberated on the issue of declaring dividend out of the profits for the year under report without adjusting accumulated losses incurred in the earlier years.

An application to this effect had already been made by the company to the Department of Company Affairs, Government of India (GOI). Considering that the Company is generating sufficient cash to be able to reward its shareholders by way of dividend, your Directors have decided that it would be prudent and in the best interest of the shareholders to declare some dividend and accordingly, recommended a dividend of 10% (Re.1.00 per share) on the equity capital of the Company. This would, however, be subject to the approval of the Central Government as stated aforesaid, as well as the approval of the shareholders at the Annual General Meeting.

**FUTURE OUTLOOK**

With the overall economic environment showing encouraging signs of improvement and the business sentiments in the Polyester industry poised for growth, your Company is confident of a continuing all round improvement in our performance in the coming years. We, thus, expect a topline growth of about 20 to 25 percent during this year with a correspondingly improved bottomline growth.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis on matters other than operating/financial performance, which has already been discussed here, are covered in a separate report annexed hereto.

**CORPORATE RESTRUCTURING**

In line with the company's objective of continuously enhancing its shareholder value, the Directors have appointed Ernst & Young (E&Y), as the external financial advisor, to evaluate and propose various options for restructuring the company's businesses. Detailed developments on this front will be advised to the shareholders in the regular course.

**FIXED DEPOSITS**

Your Company has not accepted/invited 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 the **Annexure** 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 the **Annexure** and form a part of this Report.

**DIRECTORS**

During the year under report, Mr.P.S.Bhatnagar was appointed as an Additional Director on 24<sup>th</sup> October, 2001 and holds office upto the ensuing Annual General Meeting. The Company has received a Notice from a member proposing his candidature for being appointed a Director of the Company.

In accordance with Article 133 of the Articles of Association of your Company, Mr.M.L.Lohia, Mr.Anil D. Rege and Mr.U.K.Khaitan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.R.V.Rao has been nominated by IFCI as its Director on the Board of your Company in place of Mr.D.U.Rao. Mr.R.V.Rao's appointment has come into effect from 24<sup>th</sup> October, 2001.

Your Directors wish to place on record sincere appreciation for the guidance and advice received from Mr.D.U.Rao during his tenure as Director on the Board of your Company.

Mr.Vishal Lohia was appointed as an additional Director on 16<sup>th</sup> April, 2002 and also as a Whole-time Director of the Company. However, the appointment of Mr.Vishal Lohia as Whole-time Director will be effective from the date of passing of the Special Resolution that shall be placed for your approval at the forthcoming Annual General Meeting.

Mr.P.K.Rai who has hitherto been on the Board of Directors as non-rotational Director, has become a rotational Director w.e.f. 16<sup>th</sup> April, 2002 and is liable to be appointed as such at the forthcoming Annual General Meeting.

Notices under Section 257 have been received in respect of both Mr.Vishal Lohia and Mr.P.K.Rai for appointment as Directors in the forthcoming Annual General Meeting.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, (Act), yours Directors confirm that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departure, if any;
- (ii) the Directors have selected such accounting policies and applied them consistently 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 the year ended 31<sup>st</sup> March, 2002;
- (iii) 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) the annual accounts have been prepared on a going concern basis.

### **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 being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their 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 2002-2003. Accordingly, qualified cost auditors have been appointed to carry out audit of the cost accounts maintained by the Company for the year 2002-2003.

### **CORPORATE GOVERNANCE**

Your Company is committed to bench marking itself with global standards in all areas including incorporation of appropriate standards for good Corporate Governance. Towards this end and in line with guidelines recommended by the Securities and Exchange Board of India (SEBI) Committee on Corporate Governance, adequate steps have been taken to ensure that all the mandatory provisions of Clause 49 of the Listing Agreement are duly complied with.

A separate report on Corporate Governance is included/attached as part of the Annual Report. The Auditors' Certificate confirming Compliance of Conditions of Corporate Governance is included in the said Corporate Governance Report.

**REMUNERATION COMMITTEE OF DIRECTORS**

The Board of Directors of your Company have constituted a Remuneration Committee of Directors in terms of Clause 49 of the listing agreement as well as Schedule XIII of the Companies Act, 1956 so as to meet the regulatory requirements. The Committee shall consider, decide and approve specific remuneration package for the Directors of your Company.

**HUMAN RESOURCE DEVELOPMENT AND EMPLOYEE RELATIONS**

Your Company believes in continuous learning and innovation. It has, therefore, continued to focus on developing the competence of its staff and employees. It is of the belief that only a learning organisation can survive and grow in a knowledge-centric fast globalising business environment. It also has, in line with the trends in modern management practices, given attention to productivity which is reflected in the steady optimisation of the management staff strength and induction of talent as a key source of competitive advantage.

Your Company firmly believes in focussing on its core competency. Accordingly, some of the non-core functions viz., IT and Management Assurance have been outsourced to organisations like Accenture and Ernst & Young, which have expertise in these fields.

The Directors wish to place on record their deep appreciation of the efficient and loyal services rendered by all staff and work force of the Company, without whose wholehearted efforts, such an impressive performance would not have been possible.

**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

**A.K.LADHA**  
Director

**Place : New Delhi**  
**Dated : 16<sup>th</sup> April, 2002**

# ANNEXURE 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**

- Optimization of nitrogen compressor operations in PTA conveying area leading to less running hours resulting in power savings (savings Rs.4.90 million/annum).
- Improvement in cycles of concentration (with improved chemical treatment) in Utility Cooling Tower resulted in saving of water due to less blow-down (savings Rs.0.64 million/annum).
- Further enhancement of TTP(Tertiary treatment Plant) capacity for recycled water by 250 M3 /day, thereby reducing raw water requirement (savings Rs.0.61 million/annum).
- Stopping one No. esterification HDCT pump resulting in Power Savings (savings Rs.0.54 million/annum).
- Utilization of PSF 2/3 flash steam in FBC (coal fired boilers) de-aerator, leading to steam saving (savings Rs.0.43 million/annum).
- Virgin ethylene glycol supplies to CP-1, 2 &3 by a common pump resulted in power saving (savings Rs.0.41 million/annum).
- Replacement of HEPA filter with 1 micron filter in Quench Air washer resulted in savings of power.(savings Rs. 0.35 million/annum).
- Reduction in backpressure on instrument air compressors by modifying discharge header, resulted in power saving. (savings Rs.0.35 million/annum).
- Stoppage of 1 No. Jet cooling water pump in CP 2/3 resulting in savings of power (savings Rs.0.35 million/annum).
- Use of 1 No. pack pre-heater for every 4 machines instead of every 2 machines in POY 2/3 resulted in power savings (savings Rs.0.30 million/annum).
- Modification of internal cooling water filling/draining line resulted in savings of water (savings Rs.0.26 million/annum).
- Stoppage of CP-2/3 catalyst mix tank and feed tank agitator after batch preparation and transfer resulting in power saving (savings Rs.0.25 million/annum).
- Optimization of running hours of catalyst mix pump operation resulted in savings of power (savings Rs.0.19 million/annum).
- Stoppage of de-super heater in CP 2/3 and esterification resulted in savings of power (savings Rs.0.12 million/annum).
- Improvement in condensate recovery from 55.8 to 57.1% resulted in saving of water and energy (savings Rs.0.11 million/annum).
- Insulation of Polymer Filters using filter pads instead of rock wool resulted in savings of heat energy (savings Rs.91 thousand/annum).
- Reduction in pressure of 12 bar compressed air system from 11.5 to 11.0 bar resulted in saving of power (savings Rs.90 thousand/annum).
- Shifting of lighting in ETP/STP area on 380 V resulted in power savings (savings Rs.67 thousand/annum).
- Replacing metallic gasket with graphite gasket in steam trap drain plug in PSF resulted in savings of steam (saving Rs.68 thousand/annum).
- Shifting of lighting supply on timer in POY warehouse resulted in savings of power (saving Rs.40 thousand/annum).
- Translucent roof sheets provided at additional places in plant for day lighting and reduction of artificial light energy (savings of Rs.39 thousand/annum).

- Saving of fuel by modification of return fuel line in Vassa 46 DG sets, (savings Rs.19 thousand/annum).
- Improvement in VAASA 46 engine loading (3X13.54 MW) for reducing specific fuel consumption. (saving Rs.1.65 million/annum).
- Use of FOPX separators instead of MOPX separators for both the CPPs (46 & 32) resulted in power saving (saving Rs.0.39 million/annum).
- Modification in furnace oil pre-heating system in FO tank resulting in Power savings.
- Optimization of engine room ventilation and reduction of supply air fan operating time resulted in power savings.
- Reduction in stand by DG set auxiliary power by use of waste heat.
- Transfer of furnace oil directly from 46 plant to 32 plant resulted in savings of power (saving Rs.24 thousand/annum).
- Continued replacement of conventional chokes with electronics chokes of fluorescent lamps resulted in savings of power.
- Grouping of POY M/Cs on common 415/380 V transformer from individual transformer resulted in reduction of transformer's losses.
- Improvement of power factor in MSEB power supply to 0.995 resulted in savings of energy Losses.
- Replacing inverted bucket steam traps with ball type steam traps in PSF 2/3 draw line resulting in steam saving.

**Yarn (SPUN & DTY)**

- Common fume exhaust system installed to reduce Air Conditioning loads (savings Rs.3.42 million).
- Provision for Auto switching Off of Suction Blower in DTY Machine threading resulting in savings in electrical energy (savings – Rs.0.39 million).
- Switching off of secondary heaters of DTY M/cs in specific products by optimizing the process parameters (savings – Rs.0.67 million).
- Reduction in Refrigeration load in DTY and other areas based on DBT and WBT of Fresh Air resulting in saving in power consumption.
- Reduction / optimisation of chilled water with continuous monitoring of outside conditions in Spinning Mill (saving Rs.2.51 million).
- Energy saving fans installed in ring frame to reduce power consumption.
- Change of belt and pulley in main motor of crosroll filters to achieve power saving.
- Blower motor on and off operation of fl-100 speed frame was optimized leading to power savings.
- Substitution of window air conditioners with cool air supply from the plant humidification plant resulting in energy saving.
- Saving by providing waste picker on Texmaco simplex to eliminate the pneumafil system (savings Rs.88 thousand/annum).
- Power saving by using spindle oil servo spin EE-10 instead of servo spin-12 in TFO machine (savings Rs.0.19 million/annum).
- Intermittent operation of Autoconer dust extraction fans (savings Rs.0.10 million/annum).
- Power saving in humidification plant by stopping one fan in plant no.5 (savings Rs.0.37 million/annum).
- Power saving in humidification plant by optimization of plant (savings Rs.0.40 million/annum).
- Cost saving due to extended life of lubrication oil in DG (savings Rs.0.34 million/annum).
- Saving in fuel consumption of DG by improving power plant efficiency (savings Rs.3.22 million/annum).
- Increase in power plant availability by reducing maintenance hours (savings Rs.1.65 million/annum).
- Cost reduction in DG Chemical cost by optimising quantity (savings Rs.0.19 million/annum).

**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:-**

<b>PARTICULARS</b>	<b>Year Ended 31.03.2002</b>	<b>Year Ended 31.03.2001</b>
<b>A POWER &amp; FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
<b>(a) Purchases</b>		
Units (kwh in '000)	15092	14758
Total Amount (Rs in '000)	66837	68148
Rate / kwh (in Rs)	4.43	4.62
<b>(b) Own Generation</b>		
i) Through Diesel Generation		
— Units (kwh in '000)	273678.50	267579
— Units/Ltr of Diesel/FO	4.44	4.41
— Cost/Unit (Rs/Unit)	1.91	2.15
ii) Through Steam Turbine/ Generation Unit		
— Units/Ltr of Fuel Oil	NIL	NIL
— Gas	NIL	NIL
— Cost/Unit (Rs/Unit)	NIL	NIL
<b>2. COAL</b>		
Quantity in MT	35850	37587
Total Cost (Rs in '000)	47355	47794
Average Rate (Rs/MT)	1321	1272
<b>3. FURNACE OIL</b>		
Quantity (KL)	93099	90512
Total Cost (Rs in '000)	774130	856574
Average Rate (Rs/Lt)	8.32	9.46
<b>4. OTHER INTERNAL GENERATION</b>		
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production - Spun Yarn & Polymer (M.T.)	344748	330945
Electricity/Kg (in kwh)	0.84	0.85

**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 product suitable for high speed Draw Texturizing Machines (> 960 Metres/Minute) with modified Spin Finish.
- Product Development in POY – Coarser Denier with higher No. of filaments [530/96, 265/150 & 530/68]
- Optimization of process parameters in PSF spinning resulted in increased speed and improved productivity (potential savings Rs.6.02 million/annum).
- Optimization of winding process parameters to increase CP – 1 POY spool package weight from 15.5 Kgs to 16.0 Kgs. and in CP-3 from 20.0 Kgs. To 22.0 Kgs.
- Established a modified testing procedure for Carboxylic End Group analysis.
- Development of new faster testing procedure for determination of % OPU both for POY and PSF by FTIR.

- Process optimization to increase PSF productivity by using Spinneret with higher number of holes (savings Rs.3.00 million/annum).
- Development and introducing additional denier in PSF – 1.10 and 1.15 Denier Products.
- POY productivity increase by optimizing process parameters with Delay Quench System for normal medium denier.
- Stoppage of Steam supply in FDY intermingling resulting in steam saving.
- Speed increase for 300 denier by use of modified pulleys for friction motors of DTY M/cs.
- Following New products developed and successful market trials taken –
  - Split Yarn
  - Indova Yarn
  - Melange Yarn
  - Eco friendly Yarn
- Reduction in DTY paper tube length from 290 mm to 280 mm for improving stuffing in export containers.
- Development of jumbo boxes for DTY shipments export customers or high performance end use..
- Development of suitable micro deniers of DTY for high speed air jet looms.
- Development of soft packages on perforated tubes for direct dyeing for exports.
- Multifold yarn production capacity increased for catering to high end use in technical textiles.

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

- Better performance and customer satisfaction at high speed texturising machines especially ICBT machines due to improvement in POY product quality.
- Cost saving by energy conservation in intermingling process of FDY
- Packing / Freight cost reduction as a result of increased packages weight and reduction in paper tube consumption.
- Reduction in testing time [ FTIR Method ] from 4 Hours to 1 Hour in case of PSF % OPU determination. This gives faster feed back and reduction in downgradation due to OPU variations.
- Productivity gain in PSF by using higher no of holes in spinneret.
- Productivity gain in POY by delay quench.

## **3. Import Substitution**

- Crimper doctor plates (saving Rs.7.45 million/annum).
- DF-3 Godet roller (savings Rs.7.40 million/annum).
- BLFR for power component, PSC controllers for power supply. RTD for POY 2-3 polymer T – point. (savings Rs.1.28 million/annum).
- High pressure hose pipe POY suction gun air hose, high pressure water Jet gun (savings Rs.0.91 million/annum).
- DF-3 lube oil suction filter, top oiling roller of Draw Off, Cutter blade grinding machine wheels (saving Rs.0.76 million/annum).
- Oligomer pump gear & Oligomer feed pump motor (savings Rs.0.45 million/annum).
- Pressure gauge for additional Injection System, HTM flash tank C/V, Diaphragm of FDY PRV, Diaphragm seal pressure switch for TiO<sub>2</sub> sand mill (savings Rs.0.39 million/annum).
- Rotary cutter for chipper (savings Rs.0.32 million/annum).
- Nitrogen element for N<sub>2</sub> compressor (savings Rs.0.15 million/annum).
- Spindle bearing for chips cutter system in CP
- Eccentric Pin for quench chamber in POY
- Duplex sprocket of automation tray conveyor, guide roller for packing robot, SRU roller of Diameter 150 mm, Travelling wheel for SRU for Automation Packing (savings Rs.0.11 million/annum).
- Spindle bearing for chips cutter system in CP, Eccentric Pin for quench chamber in POY, TIC for CP-1 POY Fuji Filter I/L temp (savings Rs.0.11 million/annum).
- Doff Timers (DTY) (savings Rs.0.30 million).
- Online Tensor (savings Rs.1.25 million).

- POY Splicers on DTY machines (Savings Rs.0.36 million)
- Import substitution of various components of imported machine such as carding wires, Inverters, draw frame counters, speed frame fliers, pressure fingers, Murata TFO gear assembly and Schlafhorst spares resulting in cost reduction of Rs.2.10 million.

#### 4. Future Plan of Action :-

- Reduction of the steam cost by replacing existing oil fired boiler with coal fired boiler (savings Rs.24 million/annum).
- Productivity increase in PSF by optimizing the spinnerette design (saving 14.10 million/annum).
- Development of new product range in POY & PSF.
- Replacement of pumps installed in Utility section for raw water, drinking water, utility cooling water (CP1, CP2/3), chilled water pumps (CP1, CP2/3), boiler feed water pump etc. with high efficiency pumps (saving Rs.4.0 million/annum).
- Replacement of metallic fan with FRP fan in CP2/3 POY take-up and lag area air washers to reduce absorbed power (savings Rs.0.20 million/annum).
- Bio gas plant based on central canteen / kitchen waste to reduce LPG consumption (saving Rs.0.32 million/annum).
- Productivity increase in POY by providing delay quench and parameter optimization.
- Utilization of waste heat from Process column of continuous Poly Condensation plant and to utilize for producing refrigeration.
- Waste heat from Diesel Generation Set Hot Water System to be used to produce refrigeration through hot water fired chillers.
- Trials with different types of spin finish for POY/FDY/Draw Warping to improve on texturing 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 (savings Rs.1.56 million/annum).
- Trials with improved Spin Finishes for improving texturing operating speeds.
- Automation in Air Washer Systems to reduce Air Conditioning loads.
- Further capacity increase in Manufacture of Intermingled and Plied yarns for Exports.
- Offer 100% Measured length packages to Export customers and Corporate customers in India.
- Development of new deniers / micro deniers in DTY.
- Training of personnel for exposure to latest development/technologies.
- Replace air washer's spray pumps with high efficiency pumps.
- Reallocation of air compressor from central compressor house to spinning house section and reduce generation pressure of spinning compressors to 8 Kg/Sq.cm. from 10 Kg/Sq.cm.

#### 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

- Increased Productivity in CP , PSF & POY by Optimising Process parameters.
- Introduction of Additional Deniers in POY & PSF
- Process optimization for improved quality of 1.0 D PSF
- Participation in Conferences / Seminars to enhance Knowledge for Technological up-gradation, Productivity increase Product development and energy saving.
- Optimisation of Process Parameters to improve the Product Quality.
- Analysis of Feedback from Customer to improve Products & Services.
- Doffer drive of LR C 1/3 cards made direct through inverter to improve quality & productivity.
- Primary filter screen modified of steel wire mesh resulting in improving efficiency of operations.
- T & G roller on Crosroll cards modified.

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

- Introduction of New Products in the Market
- Productivity improvement due to machine speed & process improvement.
- Improvement in Product Quality & Safety Standards
- Cost reduction & Competitive pricing.
- Increased Market Share

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO OF THE COMPANY (Rs.in '000)**

	<b>Year ended 31.03.2002</b>	Year ended 31.03.2001
<b>a) Foreign Exchange earnings of the Company :</b>		
i) Exports (FOB value)	<b>2,055,821</b>	3,635,763
ii) Others	<b>80,707</b>	6,682
	<b>2,136,528</b>	3,642,445
<b>b) Foreign Exchange Outgo</b>		
i) CIF value of Imports :		
a) Raw Material	<b>861,496</b>	1,438,317
b) Stores and Spares	<b>159,525</b>	142,920
c) Capital Goods	<b>3,375</b>	—
ii) Others Expenditures :		
Travelling	<b>4,227</b>	3,430
Claims	<b>6,644</b>	1,196
Commission	<b>32,804</b>	22,975
Technical Know-how and Assistance Fee (Net of tax)	—	317
Interest (Net)	<b>672,226</b>	972,451
Finance Charges	<b>5,651</b>	7,425
Others	<b>17,071</b>	2,325
<b>Total</b>	<b>1,763,019</b>	2,591,356

Place : New Delhi  
Date : 16<sup>th</sup> April, 2002

**O. P. LOHIA**  
(Managing Director)

**A.K.LADHA**  
(Director)

# 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 31<sup>st</sup> March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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.
3. Further to our comments in the Annexure referred to above, we report that :
  - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (ii) 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 those books;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
4. *Attention is drawn to Note No. 10 (a) in Schedule 15 of Financial Statements regarding recommendation of Board of Directors for payment of Dividend to the Shareholders @ 10% (Re 1 per Equity Share of the face value of Rs 10). Such recommendation does not meet the condition specified in clause (b) of first proviso to Section 205 (1) of the Companies Act, 1956. However, the Company, in the public interest, has made an application to the Central Government, requesting for an exemption from meeting the above condition, to enable it to declare dividend out of current year's profit. Pending the aforesaid approval, provision for the aforesaid proposed Dividend has been made in the accounts.*

*Subject to our comments in para 4 above and also read with our comments in paras 1, 2 and 3 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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 in conformity with the accounting principles generally accepted in India:*

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002; and
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

S.R. BATLIBOI & CO.  
Chartered Accountants  
Per

Place : New Delhi  
Date : 16th April, 2002

RAJ K. AGRAWAL  
Partner

**ANNEXURE REFERRED TO IN PARAGRAPH 2 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 31<sup>ST</sup> MARCH, 2002.**

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 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 such dues as at the close 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 31<sup>st</sup> March, 2002 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 : 16th April,2002

RAJ K. AGRAWAL  
Partner

**BALANCE SHEET AS AT 31st MARCH, 2002**

		SCHEDULES	As at 31.03.2002 (Rs.'000)	As at 31.03.2001 (Rs.'000)
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds				
a) Share Capital	1	<b>1,662,471</b>		1,662,471
b) Reserves & Surplus	2	<b>6,497,036</b>	<b>8,159,507</b>	6,738,809
				8,401,280
Loan Funds				
a) Secured Loans	3	<b>10,512,380</b>		11,861,480
b) Unsecured Loans		<b>509,994</b>	<b>11,022,374</b>	692,746
				12,554,226
<b>TOTAL :</b>			<b>19,181,881</b>	<b>20,955,506</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets				
a) Gross Block	4	<b>23,048,747</b>		22,652,908
b) Less : Depreciation		<b>6,684,468</b>		5,418,969
c) Net Block		<b>16,364,279</b>		17,233,939
d) Capital Work-in-Progress		<b>25,662</b>	<b>16,389,941</b>	19,635
				17,253,574
Expenditure During Construction Period (Pending Capitalisation/Allocation)	5		<b>98,896</b>	18,898
Investments	6		<b>47,164</b>	25,012
Current Assets, Loans & Advances				
a) Inventories	7	<b>2,927,251</b>		2,805,726
b) Sundry Debtors		<b>754,137</b>		1,215,870
c) Cash & Bank Balances		<b>182,486</b>		147,076
d) Other Current Assets		<b>40,137</b>		176,778
e) Loans & Advances		<b>287,359</b>		440,527
		<b>4,191,370</b>		4,785,977
Less : Current Liabilities & Provisions				
a) Current Liabilities	8	<b>3,303,127</b>		3,604,408
b) Provisions		<b>220,453</b>		24,109
		<b>3,523,580</b>		3,628,517
Net Current Assets			<b>667,790</b>	1,157,460
Deferred Tax Assets			<b>376,247</b>	—
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		<b>103,564</b>	143,637
Profit & Loss Account			<b>1,498,279</b>	2,356,925
<b>TOTAL :</b>			<b>19,181,881</b>	<b>20,955,506</b>
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

SHAIENDRA TANDON  
President &  
Chief Financial Officer

A.K.LADHA  
Director

O.P. LOHIA  
Managing Director

Place : New Delhi  
Date : 16th April,2002

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2002

	SCHEDULES	For the year ended 31.03.2002 (Rs.'000)	For the year ended 31.03.2001 (Rs.'000)
<b>INCOME</b>			
Sales		<b>19,095,536</b>	19,860,274
Other Income	10	<b>132,283</b>	108,842
Increase in Stocks	11	<b>49,229</b>	537,772
<b>TOTAL : (A)</b>		<b>19,277,048</b>	20,506,888
<b>EXPENDITURE</b>			
Purchase of Goods for Resale		—	2,341
Raw Materials Consumed		<b>10,616,410</b>	11,646,810
Excise Duty		<b>2,331,245</b>	2,365,709
Payments to & Provisions for Employees	12	<b>499,655</b>	481,676
Manufacturing, Administrative & Selling Expenses	13	<b>2,413,445</b>	2,960,653
Interest & Finance Charges	14	<b>1,178,143</b>	1,738,540
Preliminary Expenses & Deferred Revenue			
Expenditure Written off	9	<b>30,519</b>	36,157
<b>TOTAL : (B)</b>		<b>17,069,417</b>	19,231,886
Gross Profit before Depreciation, Write offs & Provisions and Tax ( A - B )		<b>2,207,631</b>	1,275,002
Less : Depreciation		<b>1,274,196</b>	1,275,706
Less : Transfer from Revaluation Reserve (Refer Note No. 1.IV (e))		<b>228,921</b>	261,174
Profit after Depreciation but before Write offs & Provisions and Tax		<b>1,162,356</b>	260,470
Less : Provision against Diminution in the Value of Investments		<b>834</b>	44,574
: Bad Debts & Other Balances Written off (net)		<b>339,638</b>	23,969
: Provision for Doubtful Debts & Advances (net)		<b>153,995</b>	4,562
Profit before Tax		<b>667,889</b>	187,365
Less : Provision for Minimum Alternate Tax		<b>19,224</b>	—
: Provision for Deferred Tax		<b>235,885</b>	—
Profit for the year		<b>412,780</b>	187,365
<b>APPROPRIATIONS</b>			
Proposed Dividend on Equity Shares (Refer Note No.10 (a) in Schedule 15)		<b>166,266</b>	—
Profit after Appropriations		<b>246,514</b>	187,365
Add : Balance brought forward from Previous year		<b>(2,356,925)</b>	
Less: General Reserve (as per contra)		<b>612,132</b>	(2,544,290)
Deficit carried to Balance Sheet		<b>(1,498,279)</b>	(2,356,925)

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

SHAIENDRA TANDON

President &  
Chief Financial Officer

A.K.LADHA

Director

O.P. LOHIA

Managing Director

Place : New Delhi

Date : 16th April,2002

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2002**
**SCHEDULE 1: SHARE CAPITAL**

	<b>As at 31.03.2002</b>	As at 31.03.2001
	<b>(Rs.'000)</b>	(Rs.'000)
<b>AUTHORISED</b>		
185,000,000 (Previous Year 185,000,000) Equity Shares of Rs.10 each	<b>1,850,000</b>	1,850,000
<b>ISSUED &amp; SUBSCRIBED</b>		
166,265,815 (Previous Year 166,265,815) Equity Shares of Rs.10 each	<b>1,662,658</b>	1,662,658
<b>PAID-UP</b>		
166,265,815 (Previous Year 166,265,815) Equity Shares of Rs.10 each	<b>1,662,658</b>	1,662,658
Less : Allotment Money in Arrears	<b>187</b>	187
<b>TOTAL :</b>	<b>1,662,471</b>	1,662,471

Of the above :

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

**SCHEDULE 2 : RESERVES & SURPLUS**

<b>A. Capital Reserve</b>			
As per last Balance Sheet		<b>6,286</b>	6,286
<b>B. Revaluation Reserve</b>			
As per last Balance Sheet	<b>2,624,645</b>	2,885,819	
Less : Adjustment on account of Difference of Depreciation for the year on Revalued amount	<b>228,921</b>	261,174	
: Adjustment on account of Difference of Depreciation on the Original Cost and Assets Sold During the Year	<b>651</b>	—	2,624,645
<b>C. Debenture Redemption Reserve</b>			
As per last Balance Sheet		<b>75,469</b>	75,469
<b>D. Share Premium Account</b>			
As per last Balance Sheet	<b>4,005,410</b>	4,017,983	
Less : Share, Debenture and GDR Issue Expenses Adjusted	<b>9,554</b>	9,757	
: Premium on Redemption of Debentures Adjusted	<b>2,647</b>	2,816	4,005,410
<b>E. Investment Allowance Reserve</b>			
As per last Balance Sheet		<b>26,999</b>	26,999
<b>F. General Reserve</b>			
Created during the year against Deferred Tax Asset (Refer Note No 15 in Schedule 15 )	<b>612,132</b>		
Less: Debit Balance in Profit & Loss Account (as per contra)	<b>612,132</b>	—	—
<b>TOTAL :</b>		<b>6,497,036</b>	6,738,809

**SCHEDULE 3 : LOAN FUNDS**

	<u>As at 31.03.2002</u> (Rs.'000)	<u>As at 31.03.2001</u> (Rs.'000)
<b>A) SECURED LOANS</b>		
<b>I) Debentures</b>		
9,500,000 (Previous Year 11,000,000) - 16.5 % Redeemable Non Convertible-Debentures of Rs.100 each	<b>950,000</b>	1,100,000
<b>II) Term Loans</b>		
<b>1. From Banks</b>		
a) Rupee Loans	<b>459,171</b>	1,362,069
b) Foreign Currency Loans	<b>2,506,022</b>	1,688,680
<b>2. From Financial Institutions</b>		
a) Rupee Loans	<b>75,000</b>	420,277
b) Foreign Currency Loans	<b>6,136,363</b>	6,818,956
<b>III) Working Capital Loans</b>		
From Banks	<b>371,526</b>	394,723
<b>IV) Others</b>		
a) Car Finance Loans from Banks	<b>2,294</b>	1,486
b) Hire Purchase Arrangements with Bodies Corporate	<b>1,568</b>	1,370
<b>Interest Accrued &amp; Due on Loans</b>	<b>10,436</b>	73,919
<b>TOTAL : (A)</b>	<b>10,512,380</b>	11,861,480
<b>B) UNSECURED LOANS</b>		
<b>I) Term Loans</b>		
Foreign Currency Loan from a Financial Institution	<b>509,994</b>	642,746
<b>II) Short Term Rupee Loans</b>		
From Bodies Corporate	—	50,000
<b>TOTAL : (B)</b>	<b>509,994</b>	692,746
<b>TOTAL : (A+B)</b>	<b>11,022,374</b>	12,554,226

**NOTES:**

1. Debentures referred to in A (I) 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 & 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 13.01.2002 and Rs. 770,000 thousand are payable in eight equal half yearly instalments commencing from 13.07.2004. 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.

**SCHEDULE 3 (Contd.)**

2. Rupee Term Loans referred to in A (II) (2) (a) above amounting to Rs.75,000 thousand from Financial Institution (ICICI), Foreign Currency Term Loans referred to in A (II) (1) (b) above to the extent of Rs.2,343,322 thousand (from State Bank of India - New York, State Bank of India - Indore, Punjab National Bank and Bank of India), Foreign Currency Term Loans referred to in A (II) (2) (b) above amounting to Rs.6,136,363 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)(1)(a) above amounting to Rs.459,171 thousand (including Rs.259,556 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 and Foreign Currency Term Loans to the extent of Rs.359,171 thousand and Rs.289,576 thousand respectively 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. 162,700 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 materials, goods under progress and finished goods and assets exclusively hypothecated to Banks and Bodies Corporate).
4. Working Capital Loans from Banks amounting to Rs.371,526 thousand referred to in A (III) 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.2,294 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.1,568 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.
7. Loans and Debentures aggregating to Rs.2,359,249 thousand (Previous year Rs. 2,756,013 thousand) including overdue instalments Nil (Previous Year Rs. 710,175 thousand) are repayable within one year.

**SCHEDULE 4 : FIXED ASSETS****(Rs.'000)**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2001	Additions during the year	Deductions & Adjustments	As at 31.03.2002	Upto 1.04.2001	Deductions & Adjustments	Provided during the year	Upto 31.03.2002	As at 31.03.2002	As at 31.03.2001
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Freehold Land	1,361	—	—	1,361	—	—	—	—	1,361	1,361
2. Leasehold Land	122,164	—	—	122,164	4,796	—	1,375	6,171	115,993	117,368
3. Roads & Buildings	1,630,609	3,011	—	1,633,620	195,612	—	37,043	232,655	1,400,965	1,434,997
4. Plant & Machinery	20,613,127	407,634	7,960	21,012,801	5,087,891	1,967	1,215,175	6,301,099	14,711,702	15,525,236
5. Furniture & Office Equipments	254,301	5,756	7,479	252,578	119,529	2,157	18,082	135,454	117,124	134,772
6. Vehicles	31,346	3,547	8,670	26,223	11,141	4,573	2,521	9,089	17,134	20,205
<b>TOTAL (A)</b>	<b>22,652,908</b>	<b>419,948</b>	<b>24,109</b>	<b>23,048,747</b>	<b>5,418,969</b>	<b>8,697</b>	<b>1,274,196</b>	<b>6,684,468</b>	<b>16,364,279</b>	<b>17,233,939</b>
<b>CAPITAL WORK-IN-PROGRESS</b>										
Building									25	—
Plant & Machinery									11,766	11,548
Furniture & Office Equipments									13,871	—
Capital Advances (Unsecured, Considered Good)									—	8,087
<b>TOTAL (B)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25,662</b>	<b>19,635</b>
<b>TOTAL (A+B)</b>	<b>22,652,908</b>	<b>419,948</b>	<b>24,109</b>	<b>23,048,747</b>	<b>5,418,969</b>	<b>8,697</b>	<b>1,274,196</b>	<b>6,684,468</b>	<b>16,389,941</b>	<b>17,253,574</b>
Previous year	22,211,873	516,924	75,889	22,652,908	4,147,007	3,744	1,275,706	5,418,969	17,253,574	

**NOTES :**

- Additions to and deductions from Fixed Assets include Rs. 6,314 thousand and Rs.2,760 thousand respectively on account of adjustments in the value of assets capitalised in earlier years.
- Leasehold Land and Building worth Rs 991 thousand (previous year Rs 991 thousand) and Rs. 3,817 thousand ( Previous year Rs.3,635 thousand) respectively are pending for registration in the name of the Company.
- Buildings include Rs. 7,251 thousand ( Previous year Rs. 7,251 thousand ) on account of Leasehold Improvements.
- Additions to and deductions from Fixed Assets include Rs. 374,527 thousand and Rs. 60 thousand respectively on account of foreign exchange fluctuations.
- Vehicles include Rs 6,043 thousand (Previous year Rs. 4,792 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)**

	<b>As at 31.03.2002</b>	<b>As at 31.03.2001</b>
	<b>(Rs.'000)</b>	<b>(Rs.'000)</b>
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries,Wages,Allowances,Gratuity & Bonus	<b>21,774</b>	3,903
Contribution to Provident & Other Funds	<b>983</b>	—
Staff & Labour Welfare Expenses	<b>2,118</b>	—
Recruitment Expenses	<b>766</b>	—
<b>TOTAL : (A)</b>	<b>25,641</b>	<b>3,903</b>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent (Including Lease Rent)	<b>6,064</b>	452
Rates & Taxes	<b>6</b>	—
Technical Know how, Drawing & Design Fee	<b>18,026</b>	—
Miscellaneous Expenses	<b>28,291</b>	1,531
<b>TOTAL : (B)</b>	<b>52,387</b>	<b>1,983</b>
<b>INTEREST &amp; OTHER FINANCE CHARGES</b>		
Interest to Bank	<b>419</b>	—
Bank Charges	<b>2,266</b>	—
<b>TOTAL : (C)</b>	<b>2,685</b>	—
<b>TOTAL : (A+B+C)</b>	<b>80,713</b>	<b>5,886</b>
<b>TOTAL :</b>	<b>80,713*</b>	<b>5,886</b>
Add : Expenses brought forward from previous year	<b>18,898</b>	14,442
Less : Allocated to Fixed Assets	<b>715</b>	1,430
Balance carried forward	<b>98,896</b>	<b>18,898</b>

\* Includes expenses amounting to Rs.69,622 thousand transferred from another company (Refer Note No. 9 in Schedule 15)

**SCHEDULE 6 : INVESTMENTS**

	No. of Shares / Debentures / Units Transferred in Company's Name	As at 31.03.2002		As at 31.03.2001	
		No.	(Rs.'000)	No.	(Rs.'000)
<b>A) In Government Securities (Unquoted)</b>					
National Savings Certificates VIth Issue (Pledged with Sales Tax Authorities )			<b>3</b>		3
<b>TOTAL : (A)</b>			<b>3</b>		3
<b>B) Non-Trade</b>					
<b>I. Fully Paid-up Equity Shares of Rs.10 each (Quoted)</b>					
Arvind Mills Ltd.	1,150	<b>1,150</b>	<b>280</b>	1,150	280
Asian Hotels Ltd.	5,000	<b>5,000</b>	<b>1,297</b>	5,000	1,297
Bharat Hotels Ltd.	28,166	<b>28,166</b>	<b>3,563</b>	28,166	3,563
B.S.E.S Ltd.	10,800	<b>10,800</b>	<b>2,458</b>	10,800	2,458
DCL Polyesters Ltd.	374,660	<b>374,660</b>	<b>8,409</b>	374,660	8,409
Garden Silk Mills Ltd.	13,130	<b>13,130</b>	<b>408</b>	13,130	408
Grasim Industries Ltd. (Bonus Shares received under split scheme with Indian Rayon & industries Ltd.)	1,553	<b>1,553</b>	—	1,553	—
Gujarat Flourochemicals Ltd.	10,200	<b>10,200</b>	<b>601</b>	10,200	601
Hotel Leela Venture Ltd.	24,000	<b>24,000</b>	<b>2,082</b>	24,000	2,082
Ispat Alloys Ltd.	84,540	<b>84,540</b>	<b>1,934</b>	84,540	1,934
Indo Gulf Corporation Ltd.	200	<b>200</b>	<b>23</b>	200	23
Matsushita Television & Audio (India) Ltd.	88,000	<b>88,000</b>	—	88,000	—
Nahar International Ltd.	7,900	<b>7,900</b>	<b>684</b>	7,900	684
Optel Telecommunications Ltd.	98,600	<b>98,600</b>	<b>6,902</b>	98,600	6,902
Pasupati Spinning & Weaving Mills Ltd.	4,050	<b>4,050</b>	<b>275</b>	4,050	275
Reliance Industries Ltd.	2,390	<b>2,976</b>	<b>686</b>	2,976	686
Reliance Petroleum Ltd.	1,200	<b>1,200</b>	<b>15</b>	1,200	15
Sanghi Polyesters Ltd.	709,900	<b>709,900</b>	<b>23,440</b>	709,900	23,440
Videocon Appliances Ltd.	22,300	<b>22,300</b>	<b>1,525</b>	22,300	1,525
<b>TOTAL : (I)</b>			<b>54,582</b>		54,582
<b>Cost of Quoted Investment in Equity Shares</b>			<b>54,582</b>		54,582
<b>Market Value of Quoted Investment in Equity Shares</b>			<b>9,174</b>		10,008
<b>II. Fully Paid-up Equity Shares of Rs.10 each under lock - in period (Unquoted)</b>					
Ritspin Synthetics Ltd.	1,500,000	<b>1,500,000</b>	<b>15,000</b>	1,500,000	15,000
<b>TOTAL : (II)</b>			<b>15,000</b>		15,000
<b>III. Share Application Money (Pending Allotment)</b>					
Punjab National Bank			<b>20,001</b>		—
<b>TOTAL : (III)</b>			<b>20,001</b>		—
<b>IV. Units of Mutual Funds of Rs. 10 each</b>					
Taurus Mutual - Libra Bond Fund	150,000	<b>150,000</b>	<b>1,494</b>		—
Taurus Mutual - Libra Gilt Fund	150,000	<b>150,000</b>	<b>1,491</b>		—
UTI Master Gain		<b>100</b>	<b>1</b>		1
<b>TOTAL : (IV)</b>			<b>2,986</b>		1
<b>Cost of Investment in Mutual Funds</b>			<b>2,986</b>		1
<b>Net Asset Value of Investment in Mutual Funds</b>			<b>3,199</b>		960
<b>TOTAL : (B) (I+II+III+IV)</b>			<b>92,569</b>		69,583
<b>TOTAL : (A+B)</b>			<b>92,572</b>		69,586
Less: Provision for difference between Market Value and Cost of Quoted Investments.			<b>45,408</b>		44,574
			<b>47,164</b>		25,012

**NOTE :** All the above Investments are Current Investments except the Fully Paid up Unquoted Equity Shares of Ritspin Synthetics Ltd.

**SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES**

	<u>As at 31.03.2002</u> <b>(Rs.'000)</b>	<u>As at 31.03.2001</u> <b>(Rs.'000)</b>
<b>A. CURRENT ASSETS</b>		
<b>I. Inventories</b> (As valued and certified by the Management)		
Raw Materials (Including in transit Rs.62,293 thousand, Previous year Rs.89,698 thousand)	<b>342,442</b>	257,330
Stores & Spares (Including in transit Rs.14,062 thousand, Previous year Rs.13,508 thousand)	<b>225,395</b>	238,211
Goods under Process	<b>125,508</b>	119,539
Finished Goods (Including in transit Rs.44,456 thousand, Previous year Rs. 36,294 thousand)	<b>2,230,609</b>	2,187,387
Waste	<b>3,297</b>	3,259
<b>TOTAL : (I)</b>	<b><u>2,927,251</u></b>	<u>2,805,726</u>
<b>II. Sundry Debtors</b> (Unsecured, considered good except to the extent stated)		
Over Six Months (Including Rs 154,343 thousand considered doubtful of recovery, Previous year Rs.26,637 thousand)	<b>348,272</b>	636,232
Less : Provision for Doubtful Debts	<b><u>154,343</u></b>	<u>26,637</u>
Within Six Months	<b>193,929</b>	609,595
<b>TOTAL : (II)</b>	<b><u>754,137</u></b>	<u>1,215,870</u>
<b>III. Cash &amp; Bank Balances</b>		
Cash in hand (Including Cheques in hand Rs. 35,178 thousand, Previous year Nil and Money in transit Rs.131,675 thousand, Previous year Rs.99,078 thousand)	<b>167,829</b>	100,700
Balances with Scheduled Banks in -		
Current Accounts	<b>10,909</b>	10,599
Cash Credit Account	<b>12</b>	3,267
Fixed Deposit Account (Receipts of Rs.888 thousand, Previous year Rs.29,213 thousand, pledged with Banks and Sales Tax Authorities)	<b>988</b>	29,313
Shares / Debentures Application Money Refund Account	<b>38</b>	321
Unpaid Interest on Debenture Account	<b>1,655</b>	1,814
Unpaid Dividend Account	<b>1,055</b>	1,062
<b>TOTAL : (III)</b>	<b><u>182,486</u></b>	<u>147,076</u>

**SCHEDULE 7 (Contd.)**

	<u>As at 31.03.2002</u>	<u>As at 31.03.2001</u>
	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>
<b>IV. Other Current Assets</b>		
Interest Accrued on Deposits & Others	<b>1,946</b>	129,431
Claims and Other Receivables	<b>38,191</b>	47,347
<b>TOTAL : (IV)</b>	<b>40,137</b>	176,778
<b>TOTAL : (A) (I+II+III+IV)</b>	<b>3,904,011</b>	4,345,450
<b>B. LOANS &amp; ADVANCES</b>		
(Unsecured, considered good except to the extent stated)		
Loans to Employees	<b>2,032</b>	5,579
Loans to Bodies Corporate	<b>130,000</b>	—
Advances Recoverable in Cash or in Kind or for Value to be Received or Pending Adjustments (including Rs. 1,338 thousand considered doubtful of recovery, Previous year Rs. 4,370 thousand)	<b>72,396</b>	303,849
Less : Provision for Doubtful Advances	<b>1,338</b>	4,370
Balance with Excise & Customs Authorities	<b>47,946</b>	99,820
Tax Deducted at Source	<b>4,522</b>	2,636
Security & Other Deposits	<b>31,801</b>	33,013
<b>TOTAL : (B)</b>	<b>287,359</b>	440,527
<b>TOTAL : (A+B)</b>	<b>4,191,370</b>	4,785,977

**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES**

Sundry Creditors for Goods & Expenses (Including Book Overdraft from Banks Rs.949 thousand, Previous year Rs.146 thousand and Acceptances Rs.965,290 thousand, Previous year Rs.1,712,746 thousand)	<b>3,108,805</b>	3,316,538
Other Liabilities	<b>34,200</b>	39,400
Advances and Credit Balances of Customers	<b>26,807</b>	27,104
Deposits from Dealers & Others	<b>6,848</b>	8,018
Shares / Debentures Application Money Refundable	<b>64</b>	347
Interest on Debentures Payable	<b>1,736</b>	1,820
Unpaid Dividend	<b>1,055</b>	1,063
Interest Accrued but not Due	<b>123,002</b>	209,480
Unaccrued Income	<b>610</b>	638
<b>TOTAL : (A)</b>	<b>3,303,127</b>	3,604,408
<b>PROVISIONS</b>		
Gratuity	<b>24,169</b>	16,928
Leave Encashment	<b>10,794</b>	7,181
Minimum Alternate Tax	<b>19,224</b>	—
Proposed Dividend	<b>166,266</b>	—
<b>TOTAL : (B)</b>	<b>220,453</b>	24,109
<b>TOTAL : (A+B)</b>	<b>3,523,580</b>	3,628,517

**SCHEDULE 9 : MISCELLANEOUS EXPENDITURE**

<b>(to the extent not written off or adjusted)</b>	<b>As at 31.03.2002</b>		<b>As at 31.03.2001</b>	
	<b>(Rs.'000)</b>		<b>(Rs.'000)</b>	
<b>A. Share / Debenture Issue Expenses</b>	<b>13,089</b>		16,370	
Less : Written off	<b>3,078</b>	<b>10,011</b>	3,281	13,089
<b>B. GDR Issue Expenses</b>	<b>32,380</b>		38,856	
Less : Written off	<b>6,476</b>	<b>25,904</b>	6,476	32,380
<b>C. Deferred Revenue Expenditure</b>	<b>98,168</b>		131,002	
Add : Incurred during the year	---		3,323	
	<b>98,168</b>		134,325	
Less : Written off	<b>30,519</b>	<b>67,649</b>	36,157	98,168
<b>TOTAL :</b>		<b>103,564</b>		143,637

**SCHEDULE 10 : OTHER INCOME**

	<b>For the year ended</b>	For the year ended
	<b>31.03.2002</b>	31.03.2001
	<b>(Rs.'000)</b>	(Rs.'000)
Rent Received	<b>19,748</b>	10,766
Dividend Received	<b>274</b>	223
Sale of Scrap	<b>30,373</b>	28,871
Unspent Liabilities Written Back	<b>51,532</b>	44,340
Miscellaneous Receipts	<b>30,356</b>	24,642
<b>TOTAL :</b>	<b>132,283</b>	108,842

**SCHEDULE 11: INCREASE IN STOCKS**

	<b>For the year ended 31.03.2002 (Rs.'000)</b>	For the year ended 31.03.2001 (Rs.'000)
<b>CLOSING STOCKS</b>		
Finished Goods	<b>2,230,609</b>	2,187,387
Goods under Process	<b>125,508</b>	119,539
Waste	<b>3,297</b>	3,259
	<b>2,359,414</b>	2,310,185
<b>Less : OPENING STOCKS</b>		
Finished Goods	<b>2,187,387</b>	1,632,094
Goods under Process	<b>119,539</b>	135,911
Waste	<b>3,259</b>	4,408
	<b>2,310,185</b>	1,772,413
Increase in Stocks	<b>49,229</b>	537,772

**SCHEDULE 12 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

Salaries, Wages, Allowances, Gratuity & Bonus	<b>419,740</b>	406,328
Contribution to Provident & Other Funds	<b>32,162</b>	30,797
Staff & Labour Welfare Expenses	<b>42,315</b>	37,413
Recruitment Expenses	<b>5,438</b>	7,138
<b>TOTAL :</b>	<b>499,655</b>	481,676

**SCHEDULE 13 : MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES****A. MANUFACTURING EXPENSES**

Stores & Spares Consumed	<b>476,030</b>	469,220
Packing Materials Consumed	<b>335,869</b>	371,013
Power , Fuel and Water Charges	<b>918,242</b>	997,786
Repairs & Maintenance :		
(Excluding Stores Consumption)		
Machinery	<b>25,315</b>	20,956
Buildings	<b>6,082</b>	9,555
Others	<b>8,078</b>	10,721
Other Manufacturing Expenses	<b>10,307</b>	9,546
<b>TOTAL : (A)</b>	<b>1,779,923</b>	1,888,797

**SCHEDULE 13 (Contd.)**

	<b>For the year ended 31.03.2002 (Rs.'000)</b>	For the year ended 31.03.2001 (Rs.'000)
<b>B. ADMINISTRATIVE EXPENSES</b>		
Rent (Including Lease Rent and Hire charges of Rs. 4,403 thousand , Previous year Rs.4,800 thousand)	<b>29,925</b>	32,584
Insurance (Net)	<b>31,463</b>	34,612
Rates & Taxes	<b>8,350</b>	11,994
Loss on Sale of Raw Materials & Stores (Net)	<b>498</b>	263
Loss on Fixed Assets Sold / Discarded (Net)	<b>3,600</b>	1,852
Charity and Donations	<b>812</b>	1,214
Miscellaneous Expenses	<b>236,662</b>	178,459
<b>TOTAL : (B)</b>	<b>311,310</b>	260,978
<b>C. SELLING EXPENSES</b>		
Brokerage & Commission on Sales	<b>54,681</b>	93,217
Discounts, Rebates & Claims	<b>96,198</b>	211,231
Freight & Forwarding Charges	<b>440,866</b>	604,525
Less : Recovery	<b>279,263</b>	109,018
Other Selling Expenses	<b>9,730</b>	10,923
<b>TOTAL : (C)</b>	<b>322,212</b>	810,878
<b>TOTAL : (A+B+C)</b>	<b>2,413,445</b>	2,960,653

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

On Debentures	<b>172,656</b>	191,931
On Fixed Loans	<b>739,740</b>	1,064,868
To Others	<b>215,895</b>	391,875
	<b>1,128,291</b>	1,648,674
Less : Interest Received (Gross, Tax Deducted at Source Rs.1,887 thousand, Previous Year Rs.434 thousand)	<b>57,442</b>	40,421
	<b>1,070,849</b>	1,608,253
Foreign Exchange Fluctuation (Net)	<b>14,606</b>	6,287
Other Finance Charges	<b>92,688</b>	124,000
<b>TOTAL :</b>	<b>1,178,143</b>	1,738,540

**SCHEDULE 15 : NOTES ON ACCOUNTS**

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**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 following items where the exact quantum cannot be ascertained with reasonable accuracy.

- (a) Income on account of claims lodged with insurance company but not settled,
- (b) Interest receivable from customers on delayed payments,
- (c) Expenditure on account of fuel escalation charges by the electricity board, and
- (d) Expenditure in respect of difference between the amount of actual assessment and provisional assessment of custom duty on import of raw materials.

**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. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, modifications, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the Profit and Loss Account. When assets are sold or discarded, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the Profit and Loss 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 lives of the respective assets.
- (d) Depreciation on the insurance spares / standby equipments capitalised with mother assets is provided over the remaining useful lives 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. Long term investments are stated at cost. However, when there is a decline in value of Long term investment, which is not considered to be temporary, the same is provided for by reducing the value of the investment and charging the same to the Profit and Loss Account.

**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.
- (d) Provision for obsolescence in inventories is made, wherever required.

**VII. Export Benefits**

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

## **SCHEDULE 15 (Contd.)**

### **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 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 as gain or loss 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. 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.

### **X. Retirement Benefits**

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

### **XI. 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 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.

### **XII. Income Taxes**

- (a) Provision is made for income tax liability, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of Income Tax Act, 1961.
  - (b) Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
  - (c) Deferred tax assets are recognised on unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty, of their realization.
  - (d) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or subsequently enacted at the balance sheet date.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 468,090 thousand (Previous year Rs. 158,795 thousand).
  3. Contingent liabilities not provided for in respect of :
    - (a) Letters of Credit & Guarantees outstanding - Rs. 716,210 thousand (Previous year Rs. 442,786 thousand).
    - (b) Export / Inland Bills negotiated under Irrevocable Letters of Credit amounting to Rs. 521,877 thousand (Previous year Rs. 746,277 thousand).
    - (c) Differential amount of customs duty in respect of machinery imported under EPCG Scheme Rs. 810,644 thousand (Previous year Rs. 859,221 thousand) and interest thereon Rs.1,203,715 thousand (Previous year Rs. 1,074,992 thousand).
    - (d) Demand / Show Cause Notices from Excise / Customs Department Rs.245,817 thousand (Previous year Rs. 98,424 thousand).
    - (e) Claims against the Company not acknowledged as debts Rs. 19,478 thousand (Previous year Rs. 38,126 thousand).
    - (f) Cases pending with Labour Courts (to the extent the amount is not ascertainable).
  4. Loans include :
    - (a) Amount outstanding from an officer of the Company Nil (Previous year Re.1 thousand). Maximum amount outstanding at any time during the year Rs.49 thousand (Previous year Rs. 27 thousand).
    - (b) Amount outstanding from Ex-Wholetime Director of the Company Rs.74 thousand (Previous year Rs 74 thousand). Maximum amount outstanding at any time during the year Rs. 74 thousand (Previous year Rs 770 thousand).
  5. Sales includes Inter Divisional Transfers made at market rates amounting to Rs. 2,334,029 thousand (Previous year Rs. 2,486,238 thousand).

**SCHEDULE 15 (Contd.)**

6. Some of the customers and suppliers accounts are pending confirmation / 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.
7. Debenture Redemption Reserve to the extent of Rs. 399,531 thousand (Previous year Rs. 397,187 thousand) in respect of 950,000 -16.5 % Redeemable Non-Convertible Debentures of Rs. 100 each has not been created in the absence of adequate profits.
8. Income on account of foreign exchange difference on outstanding forward exchange contracts aggregating to Rs. 149 thousand (Previous year Rs. 505 thousand) is being carried forward to be recognised in the Profit and Loss Account of the next year.
9. The Company had in the earlier years incurred expenditure aggregating to Rs. 69,622 thousand for putting up PTA & Polymer Project and debited the same to another company promoted by the Company. Since the Company has now decided to put up the Polymer project itself, the said amount has been reversed during the year and included under Pre-operative Expenses, to be allocated to Fixed Assets at the time of commissioning of the Project.
10. (a) In terms of clause (b) of first proviso to Section 205 (1) of the Companies Act, 1956, if a company has incurred any loss in any previous financial year or years, then the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years, whichever is less, shall be set off against the profits of the company for the year for which dividend is proposed to be declared or against the profits of the company for any previous financial year or years, arrived at after providing for depreciation in accordance with the provisions of sub-section (2) or against both. Since the Company is not able to meet the above condition, the Company, in the public interest, has made an application to the Central Government, requesting for an exemption from meeting the above condition, to enable it to declare dividend out of current year's profit, which is under consideration of the Central Government. Pending the aforesaid approval, the Board of Directors have recommended dividend @ 10% (Re.1 per Equity Share of the face value of Rs.10), which has been provided for in the accounts.  
 (b) In view of a proposed provision in the Finance Bill, 2002, which is pending approval by the Parliament, no provision for Dividend Distribution Tax on Proposed Dividend has been made in the accounts.
11. The last long term wage agreement with the workmen of the Butibori Plant expired on 30<sup>th</sup> September, 2001 and the Company is in process of negotiations with the workmen to enter into the new wage agreement. Pending the above, wages to the workmen for the period from 1<sup>st</sup> October, 2001 to 31<sup>st</sup> March, 2002 have been paid as per the last wage agreement.
12. Prior Period Items aggregating to Rs. 7,614 thousand (net debit) (Previous year Rs. 15,352 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. 35,305 thousand (previous year Rs.97,281 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.; Ashok & Company; Atmaraj Paper Craft Industries; B.N. Enterprises; Bangur Vanijya; Bindal Packagings; Burhani Wire Product; Choudhary Packagers; Girnar Corrugated Pvt. Ltd.; Gondwana Packers (P) Ltd.; Hariwansh Packaging Products; Ideal Wrapper; Jayesh Plastics; Kamal Packaging (P) Ltd.; Kocher Industries; Kocher Packaging; Monit Paper & Chemical Pvt. Ltd.; Nagpur Fibro Pack Pvt. Ltd.; Narayani Industries; Narayani Paper Industries; Nirmal Tubes & Containers Pvt.Ltd.; P. Conitex; Polyfilms Industries; Pooja Packwell (India) Pvt. Ltd.; Safety Packers; Sharda Paper Products Pvt. Ltd.; Shree Gajanand Plastics (P) Ltd.; Siyaram Packing Pvt. Ltd.; Super Industries; Surbhi Paper Cone Industry; Sureka Paper Containers Pvt. Ltd.; Suresh Polymers Pvt. Ltd.; Taj Traders; Tex-Tube Mfg.Co.Pvt. Ltd.; Unique Wire Industries; Utkarsh Packers Pvt. Ltd.; Vaibhav Laxmi Enterprises  
 None of the aforesaid outstandings are due for payment as at 31<sup>st</sup> March, 2002 as per the payment terms agreed with the respective parties.

<b>14. Earnings per Share (EPS)</b>	<b>2002</b>	<b>2001</b>
(a) Calculation of Weighted Average Number of Equity Shares of Rs. 10 each		
Number of shares at the beginning of the year	<b>166,265,815</b>	155,995,815
Shares issued on 26.03.2001	—	10,270,000
Total number of equity shares outstanding at the end of the year	<b>166,265,815</b>	166,265,815
Equity shares outstanding for 6 days	—	166,265,815
Equity shares outstanding for 359 days	—	155,995,815
Weighted Average number of equity shares outstanding during the year	<b>166,265,815</b>	156,164,637
(b) Net profit after tax available for Equity Shareholders (Rs. in thousand)	<b>412,780</b>	187,365
(c) Basic and Diluted Earnings (in Rupees) Per Share	<b>2.48</b>	1.20

**SCHEDULE 15 (Contd.)****15. Deferred Tax Assets (Net) :**

	<b>Deferred Tax Asset/ (Liability) as at 01.04.2001</b>	<b>Current Year (Charge) / Credit</b>	<b>(Rs.'000) Deferred Tax Asset/ (Liability) as at 31.03.2002</b>
Difference between Book & Tax Depreciation	<b>(2,839,050)</b>	<b>(208,245)</b>	<b>(3,047,295)</b>
Deferred Revenue Expenses	<b>(35,046)</b>	<b>10,895</b>	<b>(24,151)</b>
Disallowance under Section 43B	<b>6,633</b>	<b>(425)</b>	<b>6,208</b>
Brought Forward Unabsorbed Depreciation	<b>3,473,439</b>	<b>(40,407)</b>	<b>3,433,032</b>
Others	<b>6,156</b>	<b>2,297</b>	<b>8,453</b>
<b>Total</b>	<b>612,132</b>	<b>(235,885)</b>	<b>376,247</b>

**NOTES:**

- (a) In accordance with Accounting Standard 22, 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax during the year. This change in the accounting policy has resulted in a debit to deferred tax of Rs. 235,885 thousand for the year and the net profit for the year is lower by the same amount.

Further, the net deferred tax assets pertaining to the period prior to March 31, 2001, amounting to Rs. 612,132 thousand, have been recognised by credit to General Reserve. Consequently, accumulated losses as at March 31, 2002 are lower by Rs. 376,247 thousand.

- (b) The Company expects to generate taxable income in the coming years which will enable it to utilise the carried forward unabsorbed depreciation.

**16. Related Party Disclosures****List of Related Parties****(a) Managing Director and relatives**

Mr. O P Lohia	Managing Director
Relatives	Relationship with the Managing Director
Mr. Vishal Lohia	Son
Mrs. Ritika Kumar	Daughter

**(b) Other Related parties with whom transactions have taken place during the year:**

A company promoted by Indo Rama Synthetics (I) Ltd.: Indo Rama Petrochemicals Ltd.

**(c) Transactions with Related parties**

	<b>Current Year (Rs.'000)</b>	<b>Previous Year (Rs.'000)</b>
i) Rent		
- Paid to Mr. Vishal Lohia towards rent of Mohandev Building's Flat No. 904	<b>393</b>	389
- Paid to Mrs. Ritika Kumar towards rent of Mohandev Building's Flat No. 903	<b>221</b>	220
ii) Managerial Remuneration		
- Paid to Mr. O P Lohia for year 2001-2002	<b>4,209</b>	3,761
iii) Guarantee given by Mr. O P Lohia against Rupee Term Loans taken from Banks	<b>Nil</b>	896,946
iv) Pre-operative Expenses relating to PTA & Polymer Project transferred from Indo Rama Petrochemicals Ltd. Rs. 69,622 thousand (Previous year Nil).		
v) Expenses relating to PTA & Polymer Project allocated to Indo Rama Petrochemicals Ltd. Nil (Previous year Rs. 971 thousand).		
vi) Outstanding balance as at 31 <sup>st</sup> March, 2002 from Indo Rama Petrochemicals Ltd. Rs. 3,092 thousand (Previous year Rs. 72,714 thousand).		
vii) Outstanding balance as at 31 <sup>st</sup> March, 2002 in respect of Guarantees given by Mr. O P Lohia against loans from Banks / Institutions Rs. 811,447 thousand (Previous year Rs.1,155,946 thousand).		

- (d) No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from or to above related parties.

**SCHEDULE 15 (Contd.)**
**17. Segment Reporting Policies**

(a) Identification of Segments:

**Primary Segment**

Business Segment: The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The two identified Segments are Polyester and Yarn and the products considered as a part of Polyester Segment are Polyester Staple Fibre, Polyester Filament Yarn, Fully Drawn Yarn and Polyester Chips and the products considered as a part of Yarn Segment are Spun Yarn and Draw Texturised Yarn.

**Secondary Segment**

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

(b) Inter Divisional Transfers of goods, as marketable products produced by separate Divisions of the Company, for captive consumption are made as if sales were to third parties at current market prices and are included in Turnover. Any unrealised profit on unsold stocks is eliminated while valuing inventories.

(c) Allocation of Common Costs:

Common allocable costs are allocated to each segment in proportion to the turnover of the segments, except where a more logical allocation is possible.

(d) Unallocated Items:

Corporate income and expense are considered as a part of Unallocable income & expense, which are not identifiable to any business segment.

**Segment Information**
**A) Primary Segment Reporting (by Business Segments)**

	<b>(Rs.'000)</b>		
	<b>Polyester</b>	<b>Yarn</b>	<b>Total</b>
External Sales / Income	11,633,694	5,224,865	16,858,559
Inter-Segment Sales / Income	2,334,029	3,424	2,337,453
<b>Segment Revenue</b>	<b>13,967,723</b>	<b>5,228,289</b>	<b>19,196,012</b>
Segment Results	1,912,301	180,186	2,092,487
Segment Assets	16,533,758	3,759,848	20,293,606
Segment Liabilities	2,716,590	388,960	3,105,550
Capital Expenditure	462,815	22,841	485,656
Depreciation	844,237	189,956	1,034,193
Amortisation	9,671	1,622	11,293
Non Cash Expenses	1,954	399	2,353

**Reconciliation of Reportable Segment with the Financial Statements**

	<b>Revenues</b>	<b>Results/Net Profit</b>	<b>Assets</b>	<b>Liabilities</b>
Total of Reportable Segments	19,196,012	2,092,487	20,293,606	3,105,550
Add/(Less) : Corporate – Unallocated)	35,231	(353,731)	1,171,027	11,254,914
: Inter Segment Elimination	(3,424)	(19)	(21,566)	—
: Interest Expenses (Net)	—	(1,070,848)	—	—
: Taxes	—	(255,109)	(235,885)	19,224
<b>As Per Segment</b>	<b>19,227,819</b>	<b>412,780</b>	<b>21,207,182</b>	<b>14,379,688</b>
As Per Financial Statements	19,227,819	412,780	21,207,182	14,379,688

**B) Secondary Segment Reporting (by Geographical Segments)**

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced :

	<b>Amount (Rs.'000)</b>
Sales to Domestic Market	16,975,444
Sales to Overseas Markets	2,120,092
	<u>19,095,536</u>

The Company has common fixed assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.

**SCHEDULE 15 (Contd.)**

	<u>Current Year</u> (Rs.'000)	<u>Previous Year</u> (Rs.'000)
<b>18. Managerial Remuneration</b>		
a) Remuneration to Managing Director		
Salary & Allowances	<b>3,612</b>	3,320
Contribution to Provident Fund	<b>310</b>	262
Other Perquisites	<b>287</b>	179
	<u><b>*4,209</b></u>	<u>*3,761</u>
* Does not include the value of non-monetary perquisites		
b) Payment to Director (Legal & Professional Fee)	<b>605</b>	—
c) Directors' Fees	<b>199</b>	69
<b>19. Particulars of Payment to Auditors</b>		
Audit Fee	<b>3,150</b>	2,625
Tax Audit Fee	<b>788</b>	656
Other Services	<b>1,102</b>	782
Expenses	<b>324</b>	312
	<u><b>5,364</b></u>	<u>4,375</u>
<b>20. Information pursuant to the provisions of paragraphs 3,4(c) &amp; 4(d) of Part II of Schedule VI to the Companies Act,1956 (As certified by the management)</b>		
<b>a) Particulars of Capacity</b>	<b>UNIT</b>	
<b>Licenced Capacity :</b>		
Spindles	Nos.	<b>154,272</b>
Looms	Nos.	<b>120</b>
Knitting Machines	Nos.	<b>4</b>
Draw Texturised Yarn	TPA	<b>97,500</b>
Draw Twisted Yarn	TPA	<b>45,000</b>
Polyester Staple Fibre	TPA	<b>135,000</b>
Polyester Chips	TPA	<b>18,000</b>
Polyester Filament Yarn	TPA	<b>97,500</b>
<b>Installed Capacity :</b>		
Spindles	Nos.	<b>122,976</b>
Knitting Machines	Nos.	—
Draw Texturised Yarn	TPA	<b>23,625</b>
Polyester Staple Fibre	TPA	<b>132,300</b>
Polyester Chips	TPA	<b>52,500</b>
Polyester Filament Yarn	TPA	<b>105,000</b>
<b>b) C.I.F. Value of Imports</b>		
i) Raw Materials	<b>861,496</b>	1,438,317
ii) Stores and Spares	<b>159,525</b>	142,920
iii) Capital Goods	<b>3,375</b>	—
<b>c) Expenditure in Foreign Currency (Cash Basis)</b>		
i) Travelling	<b>4,227</b>	3,430
ii) Claims	<b>6,644</b>	1,196
iii) Commission	<b>32,804</b>	22,975
iv) Technical Know-how and Assistance Fee (Net of tax)	—	317
v) Interest (Net)	<b>672,226</b>	972,451
vi) Finance Charges	<b>5,651</b>	7,425
vii) Others	<b>17,071</b>	2,325
<b>d) Earnings in Foreign Exchange</b>		
i) F.O.B.Value of Exports	<b>2,055,821</b>	3,635,763
ii) Others	<b>80,707</b>	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	<b>847</b> (599)	<b>80,652</b> (43,575)	<b>17,461</b> (17,738)	<b>17,921</b> (17,490)	<b>1,468,446</b> (1,547,676)	<b>387</b> (847)	<b>28,101</b> (75,879)	
2. Polyester Cotton Yarn	<b>1,564</b> (807)	<b>103,259</b> (60,068)	<b>18,264</b> (18,830)	<b>18,827</b> (18,034)	<b>1,608,871</b> (1,729,007)	<b>1,001</b> (1,564)	<b>68,766</b> (101,691)	
3. Cotton Yarn	— —	<b>2</b> (2)	— —	— —	— —	— —	<b>2</b> (2)	
4. Draw Texturised Yarn	<b>585</b> (583)	<b>37,582</b> (42,142)	<b>29,129</b> (27,471)	<b>29,116</b> (27,437)	<b>2,045,169</b> (2,108,702)	<b>598</b> (585)	<b>31,447</b> (37,582)	
5. Knitted Fabrics	— —	<b>27</b> (27)	— —	— —	— —	— —	<b>23</b> (27)	
6. Polyester Staples Fibre	<b>17,041</b> (11,835)	<b>834,246</b> (634,431)	<b>152,276</b> (148,420)	<b>146,493</b> (143,214)	<b>7,256,942</b> (7,883,312)	<b>22,824</b> (17,041)	<b>970,195</b> (834,246)	
7. Partially Oriented Yarn	<b>16,967</b> (11,405)	<b>1,093,009</b> (842,346)	<b>99,821</b> (99,470)	<b>97,947</b> (93,908)	<b>5,500,454</b> (5,615,118)	<b>18,841</b> (16,967)	<b>1,077,211</b> (1,093,009)	
8. Polyester Chips	<b>907</b> (203)	<b>38,610</b> (9,502)	<b>28,689</b> (19,774)	<b>28,086</b> (19,070)	<b>1,099,141</b> (881,900)	<b>1,510</b> (907)	<b>54,864</b> (38,610)	
9. Waste	<b>194</b> (581)	<b>3,259</b> (4,409)	<b>5,205</b> (4,699)	<b>5,243</b> (5,086)	<b>116,513</b> (92,051)	<b>156</b> (194)	<b>3,297</b> (3,258)	

**NOTES :**

- Figures in brackets are for previous year.
- Sales is after netting of Returns out of earlier years Sales amounting to Rs. 5,109 thousand (Previous year Rs. 815 thousand).
- PFY of 28,941 MT (Previous year 27,082 MT) has been transferred to DTY Section and PSF of 22,143 MT (Previous year 21,803 MT) have been transferred to Spinning Section for internal consumption.
- Production of Draw Texturised Yarn includes 892 MT (Previous year 761 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)
Polyester Viscose Yarn	— —	— —	— (20)	— (2,341)	— (20)	— (2,510)	— —	— —

**NOTE:** Figures in brackets are for previous year.

**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	241,379	5,405,537	229,309	5,824,205
2. Mono Ethylene Glycol	95,309	2,072,219	89,830	2,498,876
3. Polyester Staple Fibre	22,378	897,230	21,758	973,822
4. Viscose Staple Fibre	6,150	366,649	7,458	436,481
5. Cotton	9,737	492,912	9,829	521,229
6. Polyester Filament Yarn	28,946	1,299,173	27,124	1,305,136
7. Others	715	82,690	723	87,061
<b>TOTAL</b>	<b>404,614</b>	<b>10,616,410</b>	386,031	11,646,810

**NOTE:** Raw Material Consumption is net of DEPB benefits, amounting to Rs. 176,055 thousand (Previous year Rs. 255,493 thousand)

**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)	%
<b>1. Raw Materials</b>				
Imported	946,496	8.92	1,785,612	15.33
Indigenous	9,669,914	91.08	9,861,198	84.67
<b>TOTAL</b>	<b>10,616,410</b>	<b>100</b>	11,646,810	100
<b>2. Stores &amp; Spares</b>				
Imported	172,888	36.32	171,906	36.64
Indigenous	303,142	63.68	297,314	63.36
<b>TOTAL</b>	<b>476,030</b>	<b>100</b>	469,220	100

21. 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

SHAIENDRA TANDON  
President &  
Chief Financial Officer

A.K. LADHA  
Director

O.P. LOHIA  
Managing Director

Place : New Delhi  
Dated : 16th April, 2002

**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
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 State Code 

1	0
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Balance Sheet Date 

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

**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>2</td><td>2</td><td>7</td><td>8</td><td>1</td><td>9</td></tr></table>	1	9	2	2	7	8	1	9	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>8</td><td>5</td><td>5</td><td>9</td><td>9</td><td>3</td><td>0</td></tr></table>	1	8	5	5	9	9	3	0
1	9	2	2	7	8	1	9										
1	8	5	5	9	9	3	0										
Profit before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>6</td><td>7</td><td>8</td><td>8</td><td>9</td></tr></table>			6	6	7	8	8	9	Profit after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>1</td><td>2</td><td>7</td><td>8</td><td>0</td></tr></table>			4	1	2	7	8	0
		6	6	7	8	8	9										
		4	1	2	7	8	0										
Earning per Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>.</td><td>4</td><td>8</td></tr></table>					2	.	4	8	Dividend Rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td></tr></table>							1	0
				2	.	4	8										
						1	0										

**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
---	---	---	--	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---

\* Includes Rs. 376,247 on account of Deferred Tax Assets.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2002

	For the year ended 31.03.2002 (Rs. '000)	For the year ended 31.03.2001 (Rs. '000)
<b>A) Cash Flow from Operating Activities</b>		
<b>Net Profit before Tax</b>	<b>667,889</b>	187,365
Adjustment for :		
Depreciation	<b>1,045,275</b>	1,014,532
Miscellaneous Expenditure	<b>30,519</b>	32,834
Provision for Doubtful Advances	<b>(3,032)</b>	3,679
Provision for Doubtful Debts	<b>127,706</b>	(2,884)
Loss on Sale of Fixed Assets (Net)	<b>3,600</b>	1,852
Dividend Received	<b>(274)</b>	(223)
Provision against Diminution in the Value of Investment	<b>834</b>	44,574
Investment written off	—	(339)
Interest Received	<b>(57,442)</b>	(40,421)
Interest paid	<b>1,128,291</b>	1,648,674
<b>Operating Profit before Working Capital Changes</b>	<b>2,943,366</b>	2,889,643
Adjustments for :		
Trade & Other Receivables	<b>627,722</b>	153,209
Inventories	<b>(121,525)</b>	(475,367)
Trade Payables	<b>(206,484)</b>	465,768
<b>Cash Generated from Operating Activities</b>	<b>3,243,079</b>	3,033,253
Direct Taxes Paid (net)	<b>(1,886)</b>	5,644
<b>Net Cash from Operating Activities</b>	<b>3,241,193</b>	3,038,897
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(110,195)</b>	(53,035)
Sale of Fixed Assets	<b>8,341</b>	4,163
Purchase of Investments	<b>(22,986)</b>	—
Dividends Received	<b>274</b>	223
Movements in Loans	<b>(126,453)</b>	3,826
Interest Received	<b>184,899</b>	42,594
<b>Net Cash used in Investing Activities</b>	<b>(66,120)</b>	(2,229)

**CASH FLOW STATEMENT (Contd.)**

	<b>For the year ended 31.03.2002</b>	<b>For the year ended 31.03.2001</b>
	<u>(Rs. '000)</u>	<u>(Rs. '000)</u>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	—	102,700
Proceeds from Long Term Borrowings (Net)	<b>(1,788,130)</b>	67,115
Proceeds from Short Term Borrowings (Net)	<b>(73,197)</b>	(1,273,011)
Interest Paid	<b>(1,278,336)</b>	(1,894,234)
<b>Net Cash used in Financing activities</b>	<b><u>(3,139,663)</u></b>	<b><u>(2,997,430)</u></b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>35,410</b>	39,238
Cash and Cash Equivalents as at beginning of the year (Opening Balance) - Cash and Bank Balances	<b>147,076</b>	107,838
Cash and Cash Equivalents as at end of the year (Closing Balance) - Cash and Bank Balances	<b>182,486</b>	147,076

For and on behalf of the Board

Place : New Delhi  
Dated : 16th April, 2002O.P.LOHIA  
Managing Director**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement of Indo Rama Synthetics (India) Ltd. for the year ended 31 st March, 2002. 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 16th April,2002 to the members of the Company.

S.R. BATLIBOI & CO.  
Chartered Accountants  
perRAJ K. AGRAWAL  
PartnerPlace : New Delhi  
Dated : 16th April, 2002

## ANNEXURE TO DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES THEREUNDER FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002

S.NO.	NAME (MESSRS)	DESIGNATION/ NATURE OF DUTIES	TOTAL REMUN- ERATION (RS.)	QUALIFICATIONS	AGE (YEARS)	EXPERI- ENCE (YEARS)	COMMEN- CEMENT OF EMPLOYMENT	LAST EMPLOYMENT HELD(DESIGNATION)
(A) Employed for full financial year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 1,200,000/-p.a.								
1	Bhalla Vijay	President (SBU-YARN)	3,380,062	B.Tech. (Text.), C.Text., F.T.I.	54	33	01.08.1995	Shree Menakshi Mills Ltd., (Managing Director)
2	Bhatia G. P.	Sr. Vice President (Materials)	2,786,954	B.Sc., M.B.A.	56	31	01.11.1999	Reliance Industries Ltd. (Sr. Vice President)
3	Jain J. K.	Sr. Vice President (Operation-Poly)	2,347,540	B.E.(Elect.)	55	33	01.03.1993	Indo Rama Projects & Investments Ltd. (Vice President - Engg.)
4	Jindal Amitabh	Vice President (Corp. H. R.)	2,333,536	B.Sc.(Hons.), PGDPM., M.A.(Eco.)	51	27	01.09.1999	Reckitt & Colman (I) Ltd., (Vice President (H.R.))
5	Katyal Subhash	Asstt.Vice President (Corp.Finance)	1,303,815	B.E. (H) Chem. ICWA	51	29	22.07.1996	Dalmia Bros. Pvt. Ltd. (General Manager)
6	Kishore Anant	Sr. Vice President (Projects)	2,917,143	B.Sc., Chem. Engg., PGDB & IM.	53	32	07.07.1999	Reliance Industries Ltd. Vice President (Projects)
7	Kumar Dr.Ramesh	Assistant Vice President (Technical)	1,305,350	M.Sc., Ph.D.	55	29	14.01.1998	J.K.Synthetics Ltd., (Vice-President Yarn Mfg. & Sales)
8	Raizada Reshabh	Asstt.Vice President (Mktg.)	1,655,059	M.A.(Eco), Diploma in Materials	43	20	20.04.1999	K. C. Group (President (Mktg.))
9	Rajiv Dayal	Assistant Vice President (Marketing - Yarn)	1,423,700	B.E.(Electrical)	52	29	21.02.2001	Welspun Terry Towels Ltd. (Vice-President Exports)
10	Sharma Sanjay	Assistant Vice President (Technical)	1,220,500	B.Tech. (Text.)	45	21	14.06.1995	Deepak Spinners Ltd. Vice President (Tech.)
(B) Employed for part of the year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 100,000/-p.m.								
1	Bahadur K.N.	Sr.Vice Preident (Mkt. & Business Dev.)	732,922	B.Sc., MBA	55	32	11.12.2000	Texmaco Group (Vice President-Marketing)
2	Batra N.K.	Assistant Vice President (Customer Tech. Services)	728,978	B. Text.	54	31	23.01.1989	Malwa Cotton Spg. Ltd. (Technical Manager)
3	Bhatnagar P.S.	President (SBU-Poly.)	1,550,285	B.E.(Mech.)	66	42	28.06.1996	Chemtex Engg. Of India Ltd. (Chief Operating Officer)
4	Chadha A.K.	President (SBU-Poly)	3,006,057	B.Sc.(Hons.)	52	32	02.04.2001	Haldia Petrochemicals Ltd. (Chief of Mkt. & Bus. Relations)
5	Chhabra Sanjeev	Chief Knowledge Officer	331,291	B.Com., I.C.A.I.	45	18	22.05.2000	PAN American Business Solutions Inc. (V.P. - Finance)
6	De Partha Sarathi	Assistant Vice President (Commercial)	301,395	B.Sc.(Hons), ICWA	40	14	11.02.1999	The Arvind Mills Ltd. (Controller - Finance)
7	Khandelwal C. V.	Sr. Vice President (Operation-Spun/DTY)	1,707,005	B. Text., M.B.A.	53	31	19.07.1994	Reliance Industries Ltd., (General Manager)
8	Mehta R. R.	Vice President (Operations)	557,999	B.Sc., M.Sc., M.B.A	56	29	01.04.1999	Modern Petrofils Ltd. (Vice President)
9	Natrajan V.	Assistant Vice President (Internal Audit)	292,698	B.Com., ICWA, LLB., PGD Computers	56	36	12.07.1996	Central Electronics Ltd. (Sr.General Manager-Systems)
10	Tandon Shailendra	President & C.F.O.	768,717	B.Sc. ACA.	46	24	02.01.2002	Carrier Aircon Ltd. (Vice President & C.F.O.)
11	Vancheswar Dr.V.	Vice President (Corp.Comm.)	1,601,870	Ph.D.(TQM), M.Tech., MGMT., B.E.	46	21	04.04.2001	Dabhol Power Company (G.M - Corp.Communications)
12	Jain V.K.	Vice President (Operations)	1,381,720	B. Text.	51	26	30.09.1999	Anant Spinning Mills Ltd., Chief Executive (Unit Head)

- Notes:**
- Total remuneration comprises salary, special pay & allowances, medical reimbursement, LTC, Company's contribution to P.F., gratuity, monetary value of other perquisites on the basis of Income Tax Act and Rules, Performance bonus and ex-gratia payments on separation.
  - All employments are/were non contractual.
  - None of the above employee is a relative of any of the Directors of the Company.