

## FINANCIAL HIGHLIGHTS

Particulars		2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
Sales & Other Income	Rs / Millions	<b>21,977</b>	19,228	19,969	17,621	13,789	14,528	11,827	8,608	2,006	1,509
(Of which Exports Turnover)	"	<b>4,902</b>	4,956	6,025	4,130	2,365	4,269	2,481	2,053	1,000	749
PBDIT	"	<b>3,622</b>	2,784	3,050	2,669	1,232	1,564	1,533	850	309	364
Interest & Financial Charges	"	<b>537</b>	1,071	1,739	1,712	1,791	1,476	908	470	99	83
Profit before Depreciation, Write offs & provisions and Tax	"	<b>3,084</b>	1,713	1,311	957	(560)	88	625	380	210	281
Depreciation/DRE-W/O	"	<b>946</b>	1,045	1,051	1,036	1,036	961	607	369	72	67
Profit / (Loss) before Tax	"	<b>2,138</b>	668	187	(79)	(1,596)	(873)	18	11	138	214
Profit / (Loss) after Tax	"	<b>1,248</b>	413	187	(76)	(1,596)	(873)	15	11	138	214
Earning / Share	Rs	<b>9.38</b>	2.48	1.13	—	—	—	0.10	0.09	2.41	6.70
Gross Fixed Assets*	Rs / Millions	<b>20,802</b>	23,049	22,653	22,212	19,351	18,508	15,897	7,929	5,925	1,396
Net Current Assets	"	<b>939</b>	668	1,157	1,256	1,086	2,380	1,594	1,240	1,240	917
Equity Capital	"	<b>1,330</b>	1,662	1,662	1,560	1,557	1,557	1,557	1,300	572	320
Reserves & Surplus*	"	<b>4,511</b>	4,999	4,382	4,468	1,672	3,280	4,175	3,515	2,745	901
Loan Funds	"	<b>9,919</b>	11,022	12,554	13,611	14,321	14,173	12,293	9,078	5,109	2,913
Net Worth*	"	<b>5,783</b>	6,558	5,901	5,842	3,088	4,673	5,536	4,589	3,293	1,204
Book Value / Share	Rs	<b>43</b>	39	35	37	20	30	36	35	57	37
Sales / Share Capital	Times	<b>16</b>	11	12	11	9	9	7	7	3	5

\* 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 as applicable, your Directors present the Company’s Report on Corporate Governance as under:

### 1. Company’s philosophy

Corporate Governance is an integral element of Indo Rama’s value system, management ethos and business practices. The four key tenets of the Company’s Corporate Governance policy are:

- Commitment to excellence and customer satisfaction,
- Commitment to maximize long term value for stakeholders,
- Commitment to Corporate conduct and citizenship, and
- Concern for environment 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 at 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, 2003, the Board has a strength of 11 Directors. There are nine non-executive Directors, eight of whom are independent Directors. The non-executive Directors are eminent and experienced professionals drawn from the fields of business, finance, law and public enterprise. Mr.O.P.Lohia, the Managing Director and Mr.Vishal Lohia, Whole-time Director are the Directors in their Executive Capacity. The composition of the Board during the Year ended 31st March, 2003 is given below:

S. No.	Name of the Directors	Category of Directors	No. of Board Meetings held	No. of Board Meetings attended	No. of other Director-Ships (*).	Committee Memberships	Committee Chairmanships (**)	Last Annual General Meeting Attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Mr. M.L.Lohia @ Chairman	Non-executive Promoter Director	6	—	13	—		No
2.	Mr. O.P. Lohia – @ Managing Director	Executive Director & Promoter.	6	6	4	4		Yes
3.	Mr. Vishal Lohia – @ Whole Time Director(a)	Executive Director	6	6	—	—		Yes
4.	Mr. O.P. Vaish	Non-executive Independent Director	6	2	9	4		No
5.	Mr. Anil D. Rege	Non-executive Independent Director	6	5	3	3		No
6.	Mr. A.K. Ladha	Non-executive Independent Director	6	6	8	6	3	Yes
7.	Mr. U.K. Khaitan	Non-executive Independent Director	6	5	15	5	—	No
8.	Mr. H.Hirako	Non-executive Independent Director	6	5	2	—	—	No
9.	Mr. P.K. Rai	MPSIDC Nominee (Non –Executive Independent Director)	6	5	1	1	—	No
10.	Mr. P.S.Bhatnagar	Non-executive Independent Director	6	4	—	2	—	No
11	Mr.Kamal Kishore (b)	IFCI Nominee (Non – Executive Independent Director)	6	1	3	2	—	No

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

(\*) Includes Directorships in Private Limited Companies, foreign Companies and alternate Directorship(s) during the 2002-03.

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

(a) Appointed as a Director w.e.f. 16.04.2002 and as Whole Time Director w.e.f 28th June, 2002.

(b) Appointed as a Director w.e.f. 12.03.2003.

### Directors who relinquished office during the year ended 31st March, 2003

S. No.	Name of the Director.	Category of Director	No. of Board Meetings held.	No. of Board Meetings attended.	No. of other Director-Ships held.	Committee Member-Ships.	Committee Chairman-Ships	Last AGM Attended.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Mr.R.V.Rao (c)	IFCI Nominee (Non-executive Independent Director)	4	4	2	2	-	No

(c). Mr.R.V.Rao ceased to be a Director w.e.f. 30.12.2002

### Board Meetings and Attendance

During the financial year ended 31st March, 2003, six Board of Directors meetings were held. The intervening period between two Board Meetings was well within the maximum time gap of four months prescribed under Corporate Governance norms. 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.	16th April,2002	11	9
2.	16th May, 2002	11	8
3.	16th July,2002	11	7
4.	21st October,2002	11	10
5.	16th January,2003	10	6
6.	12th March,2003	11	9

### 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 six Committees of the Board – the Audit Committee, the Banking and Finance Committee, the Management Committee, the Share Allotment and Transfer Committee, Remuneration Committee and the Shareholders / Investors Grievance Committee.

#### A. Audit Committee

The Company has an Audit Committee comprising of an institutional nominee Director, Mr.Kamal Kishore and two Non-Executive Directors, 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:

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities.
- Reliability of all financial and other management information and adequacy of disclosures.
- 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 meetings held during the year 2002-03 are given below:

#### Audit Committee Meetings

S.No.	Date of Audit Committee.	Committee Strength.	No. of Members present.
1.	16th April,2002	3	3
2.	19th August,2002	3	3
3.	21st October,2002	3	3

#### Audit Committee Attendance

Directors	No. of Meetings attended.
1. Mr.A.K.Ladha	3
2. Mr.A.D.Rege	3
3. (a) Mr.R.V. Rao (IFCI Nominee)*	3
(b) Mr. Kamal Kishore (IFCI Nominee)*	—

\* Mr.R.V.Rao ceased to be a Member of Audit Committee w.e.f. 30.12.2002 on ceasing to be a Director effective from the above date and Mr.Kamal Kishore has become a member of the Audit committee w.e.f 12.3.2003 i.e. the date of his becoming director of the Company in place of Mr. R.V.Rao.

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 the Secretary to the Audit Committee.

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

The Banking and Finance Committee is authorized 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, financial policies, treasury, foreign exchange, 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 2002-03, three meetings of the Banking and Finance Committee were held as under:

S.No.	Date	Committee Strength	Members Present
1.	17th February,2003	3	2
2.	21st March,2003	3	2
3.	27th March,2003	3	3

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

The Management Committee comprises Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.P.K.Rai. It oversees all routine operational matters, which are of an urgent nature. Chairperson is appointed by a voice vote and quorum is any two members present. No meeting of the Management Committee was held during the year under report.

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

The Company has a Committee of Directors also known as the "Share Allotment and Transfer Committee" to look into and decide matters pertaining to share allotment and transfers, duplicate share certificates, etc. The Committee meets frequently to 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 Chairperson is appointed by a voice vote at each meeting and the quorum is any two members present.

During 2002-03, the Share Allotment and Transfer Committee held 20 meetings.

#### **E. Investors Grievance Committee**

The Company has an Investors Grievance Committee to redress grievances of shareholders' and other investors'. The Investors Grievance Committee comprises four directors with three 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 is the Chairperson of this Committee. The quorum for the functioning of the Committee is any two directors present. The Company attends to the investor grievances/ correspondences expeditiously and usually a reply is sent within 15 days of receipt of letter, except in those cases that are constrained by dispute or legal impediment. During the year three meetings of Investors Grievance Committee were held.

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

#### **F. Remuneration Committee**

A Remuneration Committee was set up on 16th April, 2002 to review and recommend payment of annual salaries, commission, service agreements and other employment conditions of Executive Directors. The committee fixes the remuneration after taking into consideration remuneration practices followed by companies of similar size and standing in the industry. All the members of the committee are independent, non-executive and persons of repute and have sound knowledge of management practices. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

As on March 31, 2003, the Remuneration Committee has the following members:

1. Mr.A.K.Ladha
2. Mr.U.K.Khaitan
3. Mr.Kamal Kishore (Nominee of IFCI Ltd.)

During the year under review one meeting of the Remuneration Committee was held on 9th May, 2002 to review the terms of appointment / re-appointment, remuneration including minimum remuneration of Mr.Vishal Lohia

and Mr.O.P.Lohia. The constitution of the Remuneration Committee was changed on 12th March, 2003 when Mr.Kamal Kishore (IFCI Nominee) was appointed as member in place of Mr.R.V.Rao. (IFCI Nominee). All the members of the committee attended the meeting.

### Remuneration Policy

Subject to the approval of the Board of Directors and the subsequent approval by the shareholders at the General Body Meeting and such authorities as the case may be, the non-Executive Directors fix the remuneration of the Managing/Executive Directors. The remuneration is fixed considering various factors such as qualification, experience, expertise, and prevailing remuneration in the corporate world, financial position of the Company, etc. The remuneration structure comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds in accordance with Section 198 of the Companies act, 1956. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs.5,000 for each meeting of the Board, Audit, Remuneration, Banking and Finance, Share Transfer and Shareholders' Grievance Committee attended by them.

#### 4. Details of Remuneration to the Directors during the Financial Year Ended 31st March, 2003

(Rs. in Lakhs)

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 @	38.10	27.65 #	—	—	65.75
3.	Mr.Vishal Lohia	9.10	6.26	—	—	15.36
4.	Mr. O.P. Vaish	—	—	—	0.10	0.10
5.	Mr. Anil D. Rege	—	—	—	0.40	0.40
6.	Mr. A.K. Ladha	—	—	—	1.70	1.80
7.	Mr. U.K. Khaitan	—	—	—	1.10	1.10
8.	Mr. H.Hirako	—	—	—	(*)	(*)
9.	Mr. Kamal Kishore (a)	—	—	—	0.05 (**)	0.05 (**)
10.	Mr. P.K. Rai	—	—	—	0.25 (**)	0.25 (**)
11.	Mr. P.S.Bhatnagar	—	—	—	0.85	0.85
12.	Mr. R.V.Rao (b)	—	—	—	0.40 (**)	0.40 (**)

(\*) Mr.M.L.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 except Rs.5,000/- paid to Mr.P.K.Rai in his personal capacity for attending Board Meeting held on 12.03.2003.

(a) Appointed Director w.e.f. 12.03.2003 as IFCI Nominee.

(b) Ceased to be a Director w.e.f. 30.12.2002 as IFCI Nominee.

@. Mr.O.P.Lohia was paid remuneration as Managing Director (MD) till 25th December, 2002 in terms of the approval of the Central Government vide letter No. 1/337/2000-CL-VII dated 29.01.2001 and 23.02.2001. Mr.Lohia has been re-appointed as Managing Director effective from 26.12.2002 for a period of 5 years at revised remuneration subject to the approval of Central Government. Pending the Government approval, Mr.Lohia was paid the same remuneration as before for the period from 26.12.2002 till 31.03.2003. Necessary provision has, however, been made and included in the remuneration above to cover the balance payment as per revised remuneration for the said period upon receipt of Central Governments' approval vide letter dated 21st April, 2003.

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

#### 5. Mr.N.C.Jain, Company Secretary is the Compliance Officer of the Company.

## 6. Disclosures

1. Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 16 of the Notes to Accounts attached with the financial statement for the year ended 31st March, 2003. There are no other pecuniary relationship or transactions with the non-executive independent directors.
2. The transaction with related parties are neither materially significant nor have they potential conflict with the interests of the Company at large.
3. 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.

## 7. 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 of the Company, which is operational. In addition, the Company regularly updates the media and investor community on its financial as well as other organizational developments.

## 8. Details of last three Annual General Meetings

Year	Location	Date	Time
2002	51-A, Industrial Area, Sector- III, Pithampur-453 001, Dist. Dhar (M.P.)	28th June, 2002	11.00 A.M.
2001	-Do-	27th July, 2001	11.00 A.M.
2000	-Do-	22nd September, 2000	11.00 A.M.

### shareholder information

#### 1. Annual General Meeting

Date	: 22nd August, 2003
Day	: 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	: Friday, 8th August, 2003 to Friday, 22nd August, 2003 (both days inclusive)

#### 2. Financial Calendar for 2003-2004

Adoption of Quarterly Results Ended:	In the Month of
30th June, 2003	July, 2003 (3rd/4th week)
30th September, 2003	October, 2003 (2nd/3rd week)
31st December, 2003	January, 2003 (2nd/3rd week)
31st March, 2004 (Audited Annual Accounts)	April, 2004 (2nd/3rd week)

3. **Dividend Payment** : A dividend of Rs. 2.25 per share (22.50%) has been recommended by the Board of Directors for the FY 2002-03 and is subject to approval of the shareholders at the ensuing Annual General Meeting and will be paid on or before 19th August, 2003.

#### 4. Registrars and Share Transfer Agent (For Physical as well as for Demat Segment).

M/s.MCS Ltd.,  
Sri Venkatesh Bhawan,  
212-A, Shahpur Jat,  
New Delhi - 110 049.  
Tel.No : 91-11- 26494830.  
Fax No.: 91-11- 26494152.  
E-mail: mcsdel@vsnl.net .in

## 5. Investors Correspondence

All queries of investors regarding the Company's shares in Physical / Demat form may be sent to 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

## 6. Listing on Stock Exchanges

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

Stock Exchange	Scrip Code
The Delhi Stock Exchange Association Limited	109008
The Stock Exchange, Ahmedabad	26350
The Stock Exchange, Mumbai	500207
The Calcutta Stock Exchange Association Limited	19276 & 10019276
Madhya Pradesh Stock Exchange (Indore)	500207
National Stock Exchange of India Limited, Mumbai	INDO RAMA
ISIN No.	INE 156 A 01020

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.

## 7. Shareholding Pattern of the Company as on 31st March, 2003 upon split of capital in pursuance of Scheme of demerged.

Category	No. of shares held	Percentage of shareholding %
<b>A. Promoter's holding</b>		
<b>1. Promoters</b>		
- Indian Promoters	14637390	11.00
- NRI Promoters including Overseas Corporate Body (OCBs)	44249748	33.27
<b>2. Persons acting in concert</b>	8927332	6.71
<b>Sub Total (1+2)</b>	<b>67814470</b>	<b>50.98</b>
<b>B. Non-Promoters Holding</b>		
<b>3. Institutional Investors:</b>		
a. Mutual Funds and UTI	2114318	1.59
b. Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions / Non – Government Institutions (including Foreign Financial Institutions).	14706033	11.06
c. Foreign Institutional Investors (FIIs)	26625	0.02
<b>Sub-Total</b>	<b>16846976</b>	<b>12.67</b>
<b>4. Others:</b>		
a. Corporate bodies	13944653	10.48
b. Indian Public	15943822	11.99
c. Non-resident Indians (NRIs)/Overseas Corporate Bodies (OCBs).	857051	0.64
d. Any other – Bank of New York – Depository for GDRs.	17605680	13.24
<b>Sub-Total</b>	<b>48351206</b>	<b>36.35</b>
<b>Sub Total (3+4)</b>	<b>65198182</b>	<b>49.02</b>
<b>Grand Total</b>	<b>133012652</b>	<b>100.00</b>

### 8. Distribution of Shareholding as on 31st March, 2003 upon split of capital in pursuance of scheme of arrangement (Demerger)

Range		Shareholders		Shares	
No. of Shares		Number	% to total holders	Numbers	% to Total Capital
<b>Upto</b>	<b>500</b>	26925	82.10	3944939	2.97
501	1,000	3350	10.21	2074526	1.56
1001	2,000	1249	3.81	1499852	1.13
2,001	3,000	408	1.24	841791	0.63
3,001	4,000	177	0.54	509594	0.38
4,001	5,000	173	0.53	662538	0.50
5,001	10,000	210	0.64	1283239	0.96
10,001	and above	305	0.93	122196173	91.87
<b>Total</b>		32797	100.00	133012652	100.00

### 9. Share Transfer System

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

### 10. Dematerialization 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 dematerialized form w.e.f. 31.05.1999. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip less trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The Company is also continuing with the transfer-cum-demat scheme to facilitate the shareholders.

**Share Dematerialization record:** The following data indicates the extent of Dematerialization of Company's shares as on 31st March, 2003 upon split of capital in pursuance of Scheme of arrangement (Demerger).

No. of Shares Dematerialized	74,897,373	56.31% of the total share capital.
No. of Shareholders in Demat form.	15,506	47.28% of the total no. of shareholders.

### 11. Market Data (Rs.)

#### Monthly high and low closing quotations of shares traded at Mumbai and National Stock Exchanges

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
<b>April 2002</b>	19.05	8.75	19.00	8.70
<b>May 2002</b>	23.95	17.65	24.00	17.75
<b>June 2002</b>	28.30	21.55	28.55	21.45
<b>July 2002</b>	33.60	23.70	33.85	23.25
<b>August 2002</b>	28.30	24.25	28.55	24.35
<b>September 2002</b>	28.25	25.50	28.25	25.25
<b>October 2002</b>	28.45	25.45	28.75	25.45
<b>November 2002</b>	35.00	29.80	35.15	29.85
<b>December 2002</b>	33.30	29.50	32.05	29.65
<b>January 2003</b>	31.85	29.55	31.90	29.50
<b>February 2003</b>	32.75	30.25	32.60	30.30
<b>March 2003</b>	32.30	27.40	32.30	27.15

## 12. Plant Locations of the Company as on 31st March, 2003\*

### Polyester Complex

31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra  
Tel. : 07104-65314 Fax. : 07104-65305/65307

\* Upon de-merger of Company's Spinning Operations effective from 31.03.2003, the Spinning plant has since been transferred to new Company, namely, Indo Rama Textiles Limited.

## 13. Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividends up to the financial years 1994-95 (Final dividend) have been transferred to the Investor Education and Protection Fund of the Central Government.

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
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).

## 14. 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.

## 15. Depository Services

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

### National Securities Depository Ltd.

Trade World, 4th Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai 400013.  
Telephone: 022-24972964-70  
Facsimile: 022-24972993/24976351  
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,  
28th Floor, Dalal Street, Mumbai 400023.  
Telephone: 022-22723333/22723224  
Facsimile: 022-22723199  
E-mail: [investors@cdslindia.com](mailto:investors@cdslindia.com)  
Website: [www.cdslindia.com](http://www.cdslindia.com)

## 16. 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.

## 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 31st March, 2003, 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 Shareholders' 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.

For S.R. BATLIBOI & COMPANY  
Chartered Accountants

per RAJ K. AGRAWAL  
Partner

New Delhi  
28th April, 2003

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 17<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2003.

### DE-MERGER OF SPINNING BUSINESS

During the year under report, your Company upon securing necessary approvals de-merged its spun yarn business into a separate entity, namely, Indo Rama Textiles Limited (IRTL) while retaining the polyester business with itself. This was done to provide clear management focus, facilitate independent growth and optimize resources with the ultimate objective of enhancing growth and profitability. The shareholders of both the companies approved a Scheme of Arrangement for restructuring through de-merger and re-organisation of the Company's capital. The Hon'ble High Court of Judicature at Madhya Pradesh (Indore Bench) as well as the Hon'ble High Court of Delhi, on separate applications filed by both the companies, sanctioned the de-merger through separate Orders dated 24<sup>th</sup> March 2003 and 27<sup>th</sup> February 2003, respectively. Pursuant to receipt of approvals from the Hon'ble High Courts as above and filing of requisite documents with the Registrar of Companies, the de-merger became operative on 31<sup>st</sup> March 2003, and is effective retrospectively from 1<sup>st</sup> April 2002, the Appointed Date.

The de-merger has thus created two sharply focussed, lean, agile and technology driven enterprises, one in the field of petrochemicals and the other in the area of textiles.

Accordingly, effective from the appointed date of de-merger, i.e., 1<sup>st</sup> April 2002, the assets and liabilities of spun yarn business of the Company have been vested into and incorporated in the books of IRTL and are reflected in the Balance Sheet of that Company as on 31<sup>st</sup> March 2003.

### FINANCIAL RESULTS

The financial performance of the Company (polyester business), excluding results of 'IRTL' for the year ended 31<sup>st</sup> March 2003 is summarized below. This being the first year of operation after de-merger of spun yarn business of your Company, the figures of the previous year are not comparable with those of the current year.

	<b>Year ended</b>	<b>(Rs./million)</b>
	<b>31.03.2003</b>	Year ended 31.03.2002
Gross Sales and other Income	<b>21977.15</b>	19222.90
Less: Inter Divisional Sales	<b>1587.14</b>	2334.03
External Sales and other Income	<b>20390.01</b>	16888.87
Earning before Interest, Depreciation and Tax (EBIDTA)	<b>3649.10</b>	2814.53
Interest	<b>(537.41)</b>	(1070.85)
Profit before Depreciation and Tax (PBDT)	<b>3111.69</b>	1743.68
Depreciation (including Miscellaneous Expenditure written-off)	<b>(973.90)</b>	(1075.79)
Profit before Tax (PBT)	<b>2137.79</b>	667.89
Tax Expenses:		
- Income Tax (MAT)	<b>(101.16)</b>	(19.22)
- Deferred Tax	<b>(788.42)</b>	(235.89)
Profit after Tax (PAT)	<b>1248.21</b>	412.78
Add/Less:		
(a) Balance brought forward from previous year*	—	(1744.79)
(b) Proposed dividend of previous year written-back	<b>133.01</b>	—
Profits/loss available for Appropriation	<b>1381.22</b>	(1332.01)
<b>Appropriation:</b>		
- Debenture Redemption Revenue	<b>150.03</b>	—
- General Reserve	<b>250.00</b>	—
- Proposed Dividend on equity shares	<b>299.28</b>	(166.27)
- Tax on proposed Dividend	<b>38.34</b>	—
Surplus/(Deficit) carried to Balance Sheet.	<b>643.57</b>	(1498.28)

\*Accumulated loss of Rs.1498.28 million as on 31.03.2002 has been set-off against Securities Premium Account as per Scheme of De-merger as approved by the Hon'ble High Courts of Madhya Pradesh and Delhi.

## REVIEW OF OPERATIONS

Your Company has recorded an impressive performance for the year ended 31<sup>st</sup> March 2003. Considering the GDP growth of 4.4 percent, general slowdown and the irrational duty structure for finished goods and raw-materials, the Company's overall sales and profit progression during 2002-03 can be considered extremely satisfactory, and is a result of its efforts to control costs, improve capacity utilization and enhance customer satisfaction.

The EBIDTA in the current year for the Company increased to Rs. 3.649 billion from Rs. 2.815 billion, an increase of 30 percent mainly due to improved operating performance and increased capacity utilisation. Profit-before-Tax (PBT) has increased to Rs. 2.138 billion from Rs. 668 million, an increase of 220 percent. The Company reported a Net Profit of Rs.1.248 billion compared to Rs. 413 million in the previous year, registering an increase of 202 per cent. During the year Net Profit was positively impacted by effective cost control, lower interest costs on account of repayment of debts due to improved cash flows, general reduction in interest rates, favourable commodity prices during the first three quarters of the year and a lower depreciation on account of transfer of spun yarn assets to the new Company, IRTL on account of de-merger.

Your Directors would like to point out that during the year, raw material prices witnessed an unprecedented increase-March 2003 prices were 100 percent higher than the prices prevailing in March 2002. As the Company was carrying approximately two months of finished goods inventory at the year-end, valuing the raw material content in the finished goods/ work-in-progress (WIP) on the annual weighted average basis (the practice followed until the previous year), would not have reflected true market value of the assets. Therefore, in order to reflect the inventory at its true market value it was prudent to value the raw material content in the finished goods/ WIP inventory on FIFO basis. Had this change not been effected, the value of the inventory would have been lower by Rs. 232.20 million, thus adversely impacting the PBT by the aforesaid amount.

Tax expenses have been provided in accordance with the applicable Accounting Standards.

## SHARE CAPITAL

Pursuant to the de-merger of the spinning business of the Company into IRTL, the entire paid-up share capital of the Company stands split/ divided between the Company and the IRTL, in the ratio of 80:20. Accordingly, in pursuance of the terms of the scheme and conditions thereof, effective 1<sup>st</sup> April 2002, the paid-up capital of the Company stood at Rs.1329.94 million as against Rs.1662.47 million as on 31<sup>st</sup> March 2003.

The shareholders of the Company are being allotted 20 shares of face value of Rs.10 credited as fully paid in IRTL for every 100 shares held in the Company, while continuing to hold 80 shares in the Company itself without any further act or deed on a Record Date as determined by the Board of Directors of the Company.

All such shares in IRSL/ IRTL shall for all purposes, save as expressly provided otherwise, will be deemed to have been held by such members from the appointed date i.e. 1<sup>st</sup> April 2002.

## DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2.25 per share of the Company of Rs.10 each (excluding equity shares to be issued to the shareholders of IRTL on de-merger) for the Financial Year ended 31<sup>st</sup> March 2003 which, if approved at the forthcoming Annual General Meeting will be paid to all those shareholders whose names appear in the Register of Members as on 8<sup>th</sup> August 2003, being the date of commencement of Book Closure for this purpose.

## FUTURE OUTLOOK

Over the decades, the Indian tax policy has discouraged building state-of-the-art, scale operations by composite and large textile units. The excise and customs duty structure was always weighted heavily in favour of the powerloom and handloom sectors, where scale operations were impossible. In the process, India lost the initiative completely to countries like China and Pakistan. Of course, in the last few years, the Government has recognized this reality and successive budgets have sharply reduced customs duty on textile equipment. Excise duties, too, have been pared on most textile products.

The phasing out of all quotas by January 2005 will present a huge opportunity for the textile industry. However, if the Indian textile industry is to take advantage, it has to become globally competitive by building scale in the apparel segment and create an upstream pull on yarn and fabrics, reduce export of intermediates and increase export of finished goods. The government, on its part, has to take the lead by introducing policy initiatives such as - negotiating bilateral agreements with large consumer countries (USA and the European Union (EU)) for better market access; improving availability of quality cotton; amending labour and land laws; restructuring debt of viable textile units; and, enhancing infrastructure support and rationalizing power and transaction costs.

The latest Union Budget has taken the first steps in this direction by announcing an array of important policy decisions, including the move to extend the CENVAT chain. However, the introduction of VAT at the state level and extension of CENVAT chain to the powerloom sectors sparked off protests in the un-organized sector. Fearing that VAT would have a negative impact on their operations, the un-organized sector, (which constitutes around 70 percent

of the textile industry) went on strike, leading to closure of major markets around the country, leading to the accumulation of huge inventories with manufacturers.

The strike also adversely impacted the operations of your Company in the last quarter of the year under review and the first quarter of the current year. Consequently, the results for Q1 2003-04 are likely to be impaired. However, considering the overall buoyancy in the textile market, your Directors are confident of an encouraging performance of the company in the year 2003-04.

#### **EXPANSION**

Your Directors are pleased to report that during the Financial Year under report, your Company has successfully commissioned 'mini expansions' to its PFY / FDY capacity by 70 tonnes per day (25,000 tonnes per annum) and to its DTY capacity by 27 tonnes per day (9,800 tonnes per annum), contributing towards higher value additions.

In line with its focus on building global scale, size, reach and competencies, Indo Rama has laid the foundation stone for expanding the capacity of its polyester staple fibre plant at Butibori (Nagpur). Commissioning of the new plant is expected in 2004-05.

#### **JOINT-VENTURE IN USA**

Your Company has, in the new financial year 2003-04, entered into an agreement with Pegasus Global Limited of Thailand to set up a Joint Venture (JV) in the USA. The JV, under the name of StarPet Inc., has acquired an operational, integrated bottle-grade PET resin manufacturing facility from Tiepet International Limited of North Carolina, USA. The plant has an installed capacity of around 70,000 tonnes (150 million pounds) per annum. Indo Rama holds a 24 percent stake in this JV.

This acquisition will lead to various synergies as both the companies are engaged in the polyester business, using similar raw materials, technology and manufacturing processes. It will also help the organization in benchmarking itself against global best practices.

The Tiepet acquisition is an important milestone in Indo Rama's strategic plans as it has enabled your Company to make inroads in the growing PET market (which increased by over 10 percent from 5.5 million tonnes to 8.5 million tonnes per annum between 1998 and 2002) in USA and the larger NAFTA region.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

#### **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 and form 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 review, Mr. R.V. Rao, Nominee of IFCI Ltd., (IFCI) relinquished office of Director. In his place, Mr. Kamal Kishore has been nominated by IFCI as its Director on the Board of your Company. Mr. Kamal Kishore's appointment has come into effect from 12<sup>th</sup> March 2003. Mr. Kamal Kishore is not liable for retirement by rotation.

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

In accordance with Article 133 of the Articles of Association of your Company, Mr. O.P. Vaish, Mr. A.K. Ladha and Mr. H. Hirako retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departure, if any;

- (ii) The Directors have selected such accounting policies and have 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 2003;
- (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; and,
- (iv) The annual accounts have been prepared on an on-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 change in the Accounting Policy with regard to the method of valuation of stock of finished goods and work-in-progress on FIFO basis as referred to by Auditors in their Report and mentioned in Point No. 11 to the Schedule 15 of the accounts is self-explanatory and has also been explained in Para three under the heading 'Review of Operations' in this report.

#### **COST AUDITORS**

Pursuant to a directive of the central government, the Company is required to conduct a Cost Audit in respect of its polyester operations for the year 2003-04. Accordingly, qualified cost auditors have been appointed to carry out audit of the cost accounts maintained by the Company for the year 2003-04.

#### **CORPORATE GOVERNANCE**

Your Company is committed to benchmarking 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.

#### **HUMAN RESOURCE DEVELOPMENT AND EMPLOYEE RELATIONS**

Your Company believes in continuous learning and innovation. It has, therefore, continued to focus on developing the skills and competence of its staff and employees. It believes that only a learning organization can survive and grow in a knowledge-centric, fast globalizing business environment. During the year under report, your Company undertook various performance-driven HR initiatives targeted at optimizing its knowledge and human capital assets.

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

Your Company firmly believes in focussing on its core competency. That's why, some of the non-core functions such as IT and management assurance have been outsourced to organizations like Accenture and KPMG, which have expertise in these fields. Your Company has also entered into an alliance with Free-markets of USA, a pioneer in e-sourcing. The volume of sourcing from this tie-up is expected to be around Rs.5,000 million over the next two years with an expected saving of about 2 percent to 4 percent. Your Company has also upgraded its ERP System (SAP R/3, Version 4.6 c), which, besides reducing implementation efforts and costs would lead to enhanced system performance and improved manpower productivity.

#### **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 the same in the time ahead.

For and on behalf of the Board of Directors

**O. P. Lohia**  
Managing Director

**A.K. Ladha**  
Director

Place: New Delhi  
Dated: 28<sup>th</sup> April 2003

## 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

- Reduction of Vapor Separator temperature by changing mode of addition of catalyst in CP-1, CP-2 & CP-3, resulted in savings in heat energy (Savings of Rs. 1.55 million / annum).
- Optimization of Slurry mole ratio in CP-1, CP-2 and CP-3 to reduce heat requirement (Savings of Rs. 2.0 million / annum).
- Optimization of TiO<sub>2</sub> preparation system agitators running time, (Savings of Rs. 0.11 million/annum).
- Stoppage of Sludge circulation pump in CP-2 & CP-3 (Savings of Rs. 0.068 million / annum).
- Provision of Cold insulation over TiO<sub>2</sub> Sand mills for energy savings, (Savings of Rs.0.1 million / annum).
- Improvement in Chipper Charging & and recycling system (Savings of Rs. 0.051 million / annum).
- Improvement in additives sampling system & reusing it (Saving of Rs. 0.15 million / annum).
- Optimized Steam Ejector pressure by reducing it by 0.50 kg/cm<sup>2</sup> in CP-2 & CP-3 (Savings of Rs.0.356 million / annum)
- Improvement in EG collection system from Finisher hotwell (Savings Rs.0.074 million / annum)
- Improvement of EG collection system from filters and strainers (savings of Rs. 0.15 million / annum).
- Reduction in coal consumption in coal fired boilers by improving ratio from 6.35 to 6.43 MT/MT steam by optimisation of operation and Reduction in fuel oil consumption in oil fired boilers by improving ratio from 14.80 to 14.83 MT/KL by optimisation of operation (savings Rs. 2.645 million /annum).
- Increase of quench temperature of POY from 22 to 24 deg. C and take up from 26 to 28 deg. C (savings Rs. 6.1 million /annum)
- Improvement in condensate recovery from 57.1% to 58% (saving of water and energy).
- Reduction of compressed air pressure from 11 to 8 bar for chips & fly ash conveying (saving Rs. 1.05 million /annum)
- Replacement of moisture drain valve by V- notch valves in centac machines resulting in reduction in air losses.
- Replacement of moisture drain valves by moisture drain traps in air dryers /compressors resulting in reduction in air losses.
- Replacement of inefficient pumps for services like raw water, drinking water, chilled water, cooling water, process water and boiler feed water by high efficiency pumps (saving Rs. 3.1 million /annum). Continued replacement of conventional chokes by electronic chokes (saving Rs. 0.12 million /annum)
- Stoppage of heating of Intermingling air in FDY (saving Rs.0. 25 million /annum)
- Reduction in steam consumption in PSF 2/3 drawline area by replacing existing inverted bucket steam traps with ball type steam traps (saving Rs. 1.21 million /annum)
- Shifting of air compressor from utility block to spinning mill thereby reducing air pressure from 12 to 8 bar (saving Rs. 0.58 million /annum)
- Optimisation of chilled water consumption in air chillers (saving Rs. 0.8 million /annum)
- Use of washable type filters before cooling coils in POY & PSF AHUs' (saving Rs. 3.3 million /annum)
- Transfer of treated sewage effluent from STP to collection pond by gravity instead of pumping system (saving Rs. 0.47 million /annum)

- Stoppage of hot water pumps for CP1/2/3 HVAC AHUs' (saving Rs. 0.76 million / annum)
- Increase in Vaasa-46 engine loading to get better specific fuel consumption (saving Rs. 1.79 million / annum)
- Increase in Vaasa-32 engine loading to get better specific fuel consumption (saving Rs. 0.62 million / annum)
- Fuel additives introduced in Vaasa-32 to reduce specific fuel consumption (saving Rs. 0.12 million / annum)
- Reduction in standby DG auxiliary power by optimum control of temperature and pressure (saving Rs. 1.1 million / annum)
- Substitution of electrical heating by steam heating of HFO separator sludge tank (saving Rs. 0.25 million / annum)
- Orifice provided in HT water circuit for recovery of maximum heat (saving Rs. 0.04 million / annum)
- Pressure adjustment in fuel line of Vaasa-46 for optimization of fuel consumption (saving Rs. 0.51 million / annum)
- Provided steam trap on the sludge tank heating system to recover maximum condensate (saving Rs. 0.05 million / annum)
- Utilisation of PSF 2/3 flash steam in WHRB (Waste Heat Recovery Boiler) deaerator, thereby resulting in saving of steam.
- Reduction in pressure of intermingling air from 5.5 to 4.8 bar resulting in saving of power.

### 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:

PARTICULARS	Year Ended 31.03.2003	Year Ended 31.03.2002
<b>(A) POWER &amp; FUEL CONSUMPTION</b>		
<b>1 ELECTRICITY</b>		
<b>(a) Purchases</b>		
Units (kwh in '000)	14333	12063
Total Amount (Rs in '000)	49190	45485
Rate / kwh (in Rs)	3.43	3.77
<b>(b) Own Generation / Under Sharing arrangement with IRTL</b>		
<b>(i) Through Diesel Generation</b>		
— Units (kwh in '000)	231465	224546
— Units / Ltr of FO	4.58	4.53
— Cost / Unit (Rs / Unit)	2.22	1.84
Less: Units Share with IRTL		
— Units (kwh in '000)	51338	—
— Units / Ltr of FO	4.58	—
— Cost / Unit (Rs / Unit)	2.22	—
<b>Net Consummption:</b>		
— Units (kwh in '000)	180127	—
— Units / Ltr of FO	4.58	—
— Cost / Unit (Rs / Unit)	2.22	—
<b>(ii) Through Steam Turbine / Generation Unit</b>		
— Units / Ltr of Fuel Oil	Nil	Nil
— Gas	Nil	Nil
— Cost / Unit (Rs / Unit)	Nil	Nil

**FORM – A (Contd.)****PARTICULARS****Year Ended  
31.03.2003**Year Ended  
31.03.2002**2 COAL**

Quantity in MT

**31813**

35850

Total Cost (Rs in ' 000)

**43248**

47355

Average Rate (Rs / MT)

**1359**

1321

**3 FURNACE OIL**

Quantity (KL)

**83044**

81057

Total Cost (Rs in ' 000)

**838190**

674705

Average Rate (Rs / Lt)

**10.09**

8.32

**4 OTHER INTERNAL GENERATION****(B) CONSUMPTION PER UNIT OF PRODUCTION**Production Polymer Products (both Spun Yarn &  
Polymer Products in previous year)**330611**

326765

Electricity / Kg (in kwh)

**0.59**

0.72

Note:- Previous year figures include expenses incurred on Spinning operations of the Company at Butibori location and hence not comparable.

**B. TECHNOLOGY ABSORPTION****Form for Disclosure of Particulars with respect to Absorption (Form-B)****RESEARCH & DEVELOPMENT (R&D):****1. Areas of R&D intervention:**

- Improvement in polymer product quality by changing mode of catalyst addition thereby reducing operating temperatures.
- Development of Micro Denier POY products 220/300 POY & 110/150 POY suitable for special apparel end users.
- Development of High Tenacity 1.1 Denier PSF from Semi Dull Polymer for Sewing Thread application.
- Development of Super High Tenacity special product 1.4 Denier PSF of Tenacity  $\geq$  7.0 gpd for higher productivity & quality at customer end.
- Improvement in dye charge vessel at customer end by developing special PSF product.
- Development of alternate spin finish for PSF
- Studied effect of reducing process temp. on the consumption of MEG.
- Optimisation of process parameters in 1.0 and 1.1 D PSF with higher no. of holes spinnerets.

**2. Benefits from R&D:**

- Reduction in MEG consumption by reducing process temperature.
- Consistent performance and customer satisfaction at high-speed texturising machines especially ICBT machines as a result of improvement in POY product quality.
- Further 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 on all the POY machines in CP-2/3.
- Productivity gain in PSF by using higher no. of holes in spinnerette.

- Productivity gain in POY by delay quench.
- Introduction of new products both in POY & PSF leading to customer satisfaction.

### 3. Import Substitution:

- Hydraulic probe cylinder for the finisher of CP-2. Saved Rs. 0.225 million.
- Gearbox of the booster pump. Saved Rs. 0.175 million.
- Slurry mixes and feed agitators. Saved Rs. 0.15 million.
- Gilled plates for the HTM heaters, Saved Rs. 6.2 million.
- Reused the rear feed roller of the chip cutter by the chrome plating. Saved Rs. 0.138 million.
- Sleeve and the body for the pinch valves. Saved Rs. 0.203 million.
- Metal "O" ring for the Polymer filter. Saved Rs. 0.42 million.
- Separator roller for the FDY m/c. Saved Rs. 0.221 million.
- Ball joints and the shaft for the metering pump. Saved Rs. 0.117 million.
- Parts for the automation system of packing. Saved Rs. 0.134 million.
- Parts for the doffers on POY m/c. Saved Rs. 0.43 million.
- Gearbox of the DF-1. Saved Rs. 1.827 million.
- Gearbox of the heating roller. Saved Rs. 1.827 million.
- Oil cooler for the DF-3. Saved Rs. 0.233 million.
- Repaired the shaft of the star roller and the DF-3 . Saved Rs. 2.75 million.
- Turbine mixer of the Homo pump. Saved Rs. 0.083 million.
- Replaced imported compressor in the DG house. Saved Rs. 0.15 million.
- Filters used in the DG house. Saved Rs. 0.9 million.

### 4. Future Action Plan

- Plans to increase production in CP-1 from 260 TPD to 285 TPD by further debottlenecking.
- Plans to increase CP-1 productivity by optimization of PSF Deniers.
- Plans to increase productivity in CP-2/3 from 300 TPD to 325 TPD by further debottlenecking.
- Increased PSF drawline productivity by modifying crimper.
- Recycling of polyester waste to produce polyester chips.
- Indigenisation of cable guide roller stands Gearbox.
- Import substitution of baler Lifting cylinders.
- Import substitution of baler Main cylinder.
- Indigenisation of draw off Cutter.
- Indigenisation of crimper Bearing housing.
- Indigenisation of crimper Ribbon feed device.
- Modification of Turbo blower for the suction-lifting device of the Packing system.
- Import substitution of slurry feed tank agitator Gearbox in CP-1.
- Reduction in steam consumption by modification of steam traps in PSF.
- Trials with different types of spin finish to produce special FDY products.

- Reduction of the steam generation cost by replacing existing oil fired boiler with new FBC Coal Fired Boiler (saving Rs. 24.0 million/annum)
- Bio gas plant based on Central Canteen /Kitchen waste to reduce LPG consumption (saving Rs. 0.3 million /annum)
- Variable frequency drive for FD fan of FBC boilers.
- Variable frequency drive for process water pumps (CP1/2/3) to operate at optimum flow /head (saving Rs. 1.2 million /annum).
- Reduction in pressure drops of the cooling water circuit of vapour absorption chillers.
- Replacement of reciprocating air compressors by centrifugal air compressors (saving Rs. 4.57 million / annum)
- Separate cooling water system for compression chillers and air compressors of utility blocks to reduce the cooling water pressure (saving Rs. 2.55 million /annum)
- Provision of inverter for chilled water pump to optimise flow /head (saving Rs. 0.58 million /annum)
- Replacement of inefficient absorption chillers by compression chiller machines (saving Rs. 7.8 million / annum per machine).
- Installation of online oxygen analyser along with variable frequency drive for oil fired boiler (saving Rs.1.0 million /annum)
- Cathodic protection system for fire hydrant network for saving of water.
- Optimisation of compressed air pressure required for intermingling in POY /DTY (saving Rs. 5.0 million / annum)
- Replacement of pumps for soft water, boiler feed water, treated effluent by reduced head pumps.
- Heat recovery from separation column of CP1/2/3 to generate chilled water (approx. 1070 TR) by installation of hot water based VAC machines.
- Installation of Harmonic filters for reduction of Power Distribution losses (saving Rs. 0.5 million /annum)
- Replacement of inefficient AHU of DG ventilation system.
- Heating of Furnace Oil through steam in place of electrical heater in Vaasa-46 Plant (Saving Rs.0.60 million / annum).
- Supply of lube oil in bulk storage tank in place of barrel in Vaasa-46 Plant (Saving Rs.0.23 million/ annum).
- Energy saving by change over from Delta to Star of Air washer pump motor in Vaasa-46 Plant ventilation (Saving 0.09 million / annum).

## 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-1 by debottlenecking from 225 TPD to 260 TPD.
- Utilisation of increased production in CP-1 to produce additional POY/ FDY.
- Increased productivity in CP-2/3 by debottlenecking and optimization of process parameters.
- Value addition by installation of two FDY machines in CP-3.
- Development of coarse denier product 505/68 POY by single end spinning of 12 end per position.

- Increased productivity in POY by 2-3% by installation of delay quench.
- Increased FDY package weight by optimization of winding process parameters.
- Complete standardisation of 22 Kg. POY package weight in CP-2/3 for all POY products.
- Increased PSF spinning productivity in 1.0 Denier / 1.2 Denier by installation of higher no. of holes spinnerets.
- Improved products and services from Customer feedback.

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

- Introduction of new products in the market
- Productivity improvement due to machine speed and process improvement.
- Improvement in product quality and safety standards
- Cost reduction and competitive pricing.
- Increased market share

**C. Foreign Exchange Earnings and outgo of the Company**

**(Rs.in '000)**

	<u>Year ended 31.03.2003</u>	<u>Year ended 31.03.2002</u>
<b>a) Foreign Exchange earnings of the Company:</b>		
i) Exports (FOB value)	2,145,786	2,023,932
ii) Others	—	80,707
	<u>2,145,786</u>	<u>2,104,639</u>
<b>b) Foreign Exchange Outgo:</b>		
i) CIF value of Imports:		
a) Raw Material	1,171,499	861,496
b) Stores and Spares	137,866	159,525
c) Capital Goods	548,730	3,375
ii) Others Expenditures:		
Travelling	1,538	4,227
Claims	1,553	6,644
Commission	3,867	32,804
Interest (Net)	263,467	672,226
Finance Charges	—	5,651
Others	8,220	17,071
<b>Total</b>	<u>2,136,740</u>	<u>1,763,019</u>

New Delhi  
Dated: 28th April, 2003

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

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

## AUDITORS' REPORT

### TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Indo Rama Synthetics (India) Limited as at 31st March, 2003 and also the Profit and Loss Account and the Cash Flow Statement 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.
2. 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.
3. 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.
4. 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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 31st March, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to Note No.10 regarding change in the method of valuation of stock of finished goods and work in progress, resulting in increase in profit before tax for the year by Rs. 232,196 thousand* and read together with other 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 31st March, 2003 ;
    - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & COMPANY  
Chartered Accountants

per RAJ K. AGRAWAL  
Partner  
Membership No. 82028

New Delhi  
28th April, 2003

**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 31st MARCH, 2003**

1. The Company has maintained proper records showing full particulars including quantitative details and location of its Fixed Assets. The management has physically verified the Fixed Assets at reasonable intervals and no material discrepancies are reported to have been observed on such verification as compared to book records.
2. None of the Fixed Assets of the Company have been revalued during the year.
3.
  - a) The stocks of finished goods, stores and spares, raw materials etc., have been physically verified by the management at reasonable intervals during the year.
  - b) The discrepancies between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
  - c) The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
  - d) In our opinion, the valuation of stocks is fair and proper in accordance with the generally accepted accounting principles and, *except to the extent stated in Note No. 10 in Schedule 15*, is on the same basis as followed in the previous year.
4. The Company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there is no company under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
5. In terms of the Scheme of Arrangement as referred to in Note No. 1 of Schedule 15, the Company during the year continued to carry on the business of Indo Rama Textiles Ltd. (IRTL), a company listed in the Register maintained under Section 301 of the Companies Act, 1956, on account of and in trust for IRTL and the business operations of IRTL were funded out of common pool of funds with the Company. In our opinion, the rate of interest and other terms and conditions of such loan / funding to IRTL were not prima-facie prejudicial to the interest of the Company. 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 realized 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, the 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 have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which similar transactions have been made with other parties.
9. As informed to us, the Company 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 realizable scrap. The Company does not have any by-products.
12. In our opinion, 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 records 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. Further, 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 31st March, 2003 for a period exceeding six months from the date they became payable.
16. The Company has a policy of authorizing expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorized 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.

For S.R. BATLIBOI & COMPANY  
Chartered Accountants

per RAJ K. AGRAWAL  
Partner  
Membership No. 82028

New Delhi  
28th April, 2003

## BALANCE SHEET AS AT 31st MARCH, 2003

SCHEDULES	As at 31.03.2003		As at 31.03.2002	
	(Rs.'000)		(Rs.'000)	
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds				
a) Share Capital	1	<b>1,329,941</b>		1,662,471
b) Reserves & Surplus	2	<b>4,511,405</b>	<b>5,841,346</b>	6,497,036
				8,159,507
Loan Funds	3			
a) Secured Loans		<b>9,351,682</b>		10,512,380
b) Unsecured Loans		<b>567,809</b>	<b>9,919,491</b>	509,994
				11,022,374
Deferred Tax Liability (Net)			<b>554,443</b>	—
<b>TOTAL :</b>			<b>16,315,280</b>	<b>19,181,881</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets	4			
a) Gross Block		<b>20,802,176</b>		23,048,747
b) Less : Depreciation		<b>6,433,404</b>		6,684,468
c) Net Block		<b>14,368,772</b>		16,364,279
d) Capital Work-in-Progress (Including Capital Advances)		<b>47,502</b>	<b>14,416,274</b>	25,662
				16,389,941
Expenditure During Construction Period (Pending Capitalisation / Allocation)	5		<b>89,362</b>	98,896
Investments	6		<b>811,400</b>	47,164
Current Assets, Loans & Advances	7			
a) Inventories		<b>4,484,601</b>		2,927,251
b) Sundry Debtors		<b>863,363</b>		754,137
c) Cash & Bank Balances		<b>66,132</b>		182,486
d) Other Current Assets		<b>143,909</b>		40,137
e) Loans & Advances		<b>1,034,819</b>		287,359
				4,191,370
Less : Current Liabilities & Provisions	8			
a) Liabilities		<b>5,161,039</b>		3,303,127
b) Provisions		<b>492,360</b>		220,453
				3,523,580
Net Current Assets			<b>939,425</b>	667,790
Deferred Tax Assets (Net)			—	376,247
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		<b>58,819</b>	103,564
Debit Balance in Profit & Loss Account			—	1,498,279
<b>TOTAL :</b>			<b>16,315,280</b>	<b>19,181,881</b>
Notes on Accounts	15			

The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our attached report of even date.

S.R.BATLIBOI & COMPANY  
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 : 28th April, 2003

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

SCHEDULES	For the year ended 31.03.2003 (Rs.'000)	For the year ended 31.03.2002 (Rs.'000)
<b>INCOME</b>		
Gross Sales	21,730,509	19,090,617
Less : Inter - Divisional Sales	1,587,138	2,334,029
	<b>20,143,371</b>	16,756,588
Less : Excise Duty	2,901,658	2,247,540
Net Sales	17,241,713	14,509,048
Other Income	10      246,640	132,283
Increase in Stocks	11      1,210,849	39,502
<b>TOTAL : (A)</b>	<b>18,699,202</b>	14,680,833
<b>EXPENDITURE</b>		
Purchase of Goods for Resale	1,554,303	—
Raw Materials Consumed	10,666,336	8,303,054
Payments to & Provisions for Employees	12      339,170	499,655
Manufacturing , Administrative & Selling Expenses	13      2,490,296	3,063,592
Miscellaneous Expenditure Written off	9      27,507	30,519
<b>TOTAL : (B)</b>	<b>15,077,612</b>	11,896,820
Profit before Interest, Depreciation and Tax ( A - B )	3,621,590	2,784,013
Less : Interest	14      (537,410)	(1,070,849)
Profit before Depreciation and Tax	3,084,180	1,713,164
Less : Depreciation	(1,081,650)	(1,274,196)
Less : Transfer From Revaluation Reserve	135,256      (946,394)	228,921      (1,045,275)
Profit before Tax	2,137,786	667,889
Less : Tax Expense		
- Current Tax (Net of write back of excess provision for previous year amounting to Rs. 17,842 thousand)	(101,158)	(19,224)
- Deferred Tax	(788,420)	(235,885)
Profit for the year	1,248,208	412,780
Add : Balance brought forward from Previous year	(1,498,279)	(2,356,925)
Less : General Reserve (as per contra)	—	612,132
Less : Adjusted against Securities Premium Account (Refer Note No.1(c) in Schedule 15)	1,498,279	—      (1,744,793)
Add : Proposed Dividend of previous year, now written back (After transfer of Rs.33,253 thousand to Indo Rama Textiles Limited under the Scheme of Arrangement, Refer Note No. 7 in Schedule 15)	133,013	—
	<b>1,381,221</b>	(1,332,013)
<b>APPROPRIATIONS</b>		
Debenture Redemption Reserve	150,029	—
General Reserve	250,000	—
Proposed Dividend on Equity Shares	299,278	166,266
Tax on Proposed Dividend	38,345	—
Surplus / (Deficit) carried to Balance Sheet	643,569	(1,498,279)
Earning Per Share (In Rupees)		
- Basic & Diluted	9.39	2.48
Notes on Accounts	15	

The Schedules referred to above form an integral part of the Profit & Loss Account.

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 : 28th April, 2003

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2003

### SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2003 (Rs.'000)	As at 31.03.2002 (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>		
133,012,652 (Previous year 166,265,815) Equity Shares of Rs.10 each *	<b>1,330,127</b>	1,662,658
<b>PAID-UP</b>		
133,012,652 (Previous year 166,265,815) Equity Shares of Rs.10 each *	<b>1,330,127</b>	1,662,658
Less : Allotment Money in Arrears	<b>186</b>	187
<b>TOTAL :</b>	<b>1,329,941</b>	1,662,471

\* Refer Note No. 1(b) in Schedule 15

Before the approval of the Scheme of Arrangement, Share Capital included :

- 1) 406,500 Equity Shares of Rs.10 each issued for consideration other than cash.
- 2) 28,659,086 Equity Shares of Rs.10 each allotted as Bonus Shares by way of capitalisation of Share Premium.
- 3) 43,975,380 Equity Shares of Rs.10 each 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>		
Less : Transferred under the Scheme of Arrangement (Refer Note No 1(b) in Schedule 15)	<b>5,657</b>	<b>629</b>	6,286
<b>B. Revaluation Reserve</b>			
As per last Balance Sheet	<b>2,395,073</b>		2,624,645
Less : Adjustment on account of Depreciation on Revalued amount	<b>135,256</b>		228,921
: Adjustment on account of Assets sold	<b>17</b>		651
Less : Transferred under the Scheme of Arrangement (Refer Note No. 1(b) in Schedule 15)	<b>579,846</b>	<b>1,679,954</b>	2,395,073
<b>C. Debenture Redemption Reserve</b>			
As per last Balance Sheet	<b>75,469</b>		
Add : Transferred from Profit and Loss Account	<b>150,029</b>	<b>225,498</b>	75,469
<b>D. Securities Premium Account</b>			
As per last Balance Sheet	<b>3,993,209</b>		4,005,410
Less : Transferred under the Scheme of Arrangement (Refer Note No 1(b) in schedule 15)	<b>773,279</b>		—
Debit Balance in Profit & Loss Account adjusted, as per Scheme of Arrangement (Refer Note No. 1(c) in Schedule 15)	<b>1,498,278</b>		—
Net Balance	<b>1,721,652</b>		4,005,410
Less : Share, Debenture and GDR Issue Expenses Adjusted	<b>7,589</b>		9,554
Premium on Redemption of Debentures Adjusted	<b>2,308</b>	<b>1,711,755</b>	2,647
<b>E. Investment Allowance Reserve</b>			
As per last Balance Sheet	<b>26,999</b>		
Less : Transferred under the Scheme of Arrangement (Refer Note No 1(b) in Schedule 15)	<b>26,999</b>	—	26,999
<b>F. General Reserve</b>			
Created during the year		<b>250,000</b>	—
<b>G. Profit &amp; Loss Account Balance</b>		<b>643,569</b>	—
<b>TOTAL :</b>	<b>4,511,405</b>		6,497,036

**SCHEDULE 3 : LOAN FUNDS**

	<b>As at 31.03.2003</b> <b>(Rs.'000)</b>	<b>As at 31.03.2002</b> <b>(Rs.'000)</b>
<b>A) SECURED LOANS</b>		
<b>I) Debentures</b>		
9,020,000 (Previous Year 9,500,000) - 16.5% Redeemable Non-Convertible Debentures of Rs.100 each	<b>902,000</b>	950,000
<b>II) Term Loans</b>		
<b>1. From Banks</b>		
a) Rupee Loans	<b>501,554</b>	459,171
b) Foreign Currency Loans	<b>1,834,984</b>	2,506,022
<b>2. From Financial Institutions</b>		
a) Rupee Loans	—	75,000
b) Foreign Currency Loans	<b>5,302,450</b>	6,136,363
<b>III) Working Capital Loans</b>		
From Banks	<b>781,554</b>	371,526
<b>IV) Others</b>		
a) Car Finance Loans from Banks	<b>2,989</b>	2,294
b) Hire Purchase Arrangements with Bodies Corporate	<b>781</b>	1,568
<b>Interest Accrued &amp; Due on Loans</b>	<b>25,370</b>	10,436
<b>TOTAL : (A)</b>	<b>9,351,682</b>	10,512,380
<b>B) UNSECURED LOANS</b>		
<b>Term Loans</b>		
Foreign Currency Loans from a Financial Institution	<b>399,893</b>	509,994
Foreign Currency Loan from a Bank	<b>167,916</b>	—
<b>TOTAL : (B)</b>	<b>567,809</b>	509,994
<b>TOTAL : (A+B)</b>	<b>9,919,491</b>	11,022,374

**NOTES :**

- Loan Funds of the Company as on 1st April, 2002 are allocated between the Company and Indo Rama Textiles Ltd. (IRTL), as per the Scheme of Arrangement, which is also principally approved by the respective Banks and Financial Institutions. The discharge of security created by the Company to the extent of assets transferred to IRTL under the Scheme of Arrangement is pending. Till such formalities are completed, Loan Funds of the Company and those transferred to IRTL are secured as per the same terms and conditions, as applicable prior to the Scheme of Arrangement becoming effective.
- 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 and IRTL (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

**SCHEDULE 3 (Contd.)**

placed with IFCI Ltd. and are redeemable at a premium of 5%. According to the redemption schedule fixed by IFCI Ltd., 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.

3. Rupee Term Loans referred to in A (II)(1)(a) above to the extent of Rs. 400,000 thousand from Banks (IDBI Bank Ltd. and HDFC Bank Ltd.) are secured by way of lien on certain Investments in Mutual Funds as shown in Schedule 6.
4. Rupee Term Loans referred to in A (II)(1)(a) above to the extent of Rs. 101,554 thousand from Banks (including Rs. 2,500 thousand in respect of which security is yet to be created), Foreign Currency Term Loans referred to in A (II)(1)(b) above to the extent of Rs. 1,789,443 thousand (from State Bank of India – New York, State Bank of India – Singapore, State Bank of India – Indore, Punjab National Bank and Bank of India), Foreign Currency Term Loans referred to in A (II) (2) (b) above to the extent of Rs. 5,028,784 thousand (from International Finance Corporation, IKB Deutsche Industriebank AG, DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH, The ICICI Ltd. and IFCI Ltd.) 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 of the Company and IRTL (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 IFCI 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 99,054 thousand and Rs. 214,596 thousand respectively are further secured by personal guarantee of Managing Director of the Company.
5. Foreign Currency Term Loan referred to in A(II) (2) (b) above to the extent of Rs. 273,665 thousand from DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH is secured by a first ranking floating charge on specific machines purchased under the loan agreement.
6. Foreign Currency Term Loan referred to in A(II) (1) (b) above to the extent of Rs. 45,541 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 and IRTL including movable plant and machinery, machinery spares, tools and accessories, both present and future (save and except book debts, stocks of raw materials, goods under process and finished goods and assets exclusively hypothecated to Banks and Bodies Corporate).
7. Working Capital Loans from Banks amounting to Rs. 781,336 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 of the Company and IRTL, both present and future. These loans are further secured by second charge on all the immovable properties of the Company and IRTL.
8. Car Finance Loans from Banks referred to in A (IV) (a) above amounting to Rs. 2,989 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. 781 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.
9. 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.
10. Loans and Debentures aggregating to Rs. 2,238,723 thousand (Previous year Rs. 2,359,249 thousand) are repayable within one year. The above amount includes a sum of Rs. 118,789 thousand which has not been paid by the Company on the due date in terms of the order of Debt Recovery Tribunal passed in a matter of dispute between a Financial Institution (lender to the Company) and another Bank, from whom the aforesaid Financial Institution had borrowed the money.

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

Description	Gross Block					Depreciation					Net Block	
	As at 01.04.2002	Transferred under the Scheme of Arrangement (Refer Note 1(b) in Schedule 15)	Additions during the year	Deductions & Adjustments	As at 31.03.2003	Upto 01.04.2002	Transferred under the Scheme of Arrangement (Refer Note 1(b) in Schedule 15)	Provided during the year	Deductions & Adjustments	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
1. Freehold Land	1,361	—	—	—	1,361	—	—	—	—	—	1,361	1,361
2. Leasehold Land	122,164	26,414	—	—	95,750	6,171	1,440	1,085	—	5,816	89,934	115,993
3. Road & Building	1,633,620	421,413	10,295	—	1,222,502	232,655	75,354	25,539	—	182,840	1,039,662	1,400,965
4. Plant & Machinery	21,012,801	2,907,319	1,270,208	160,380	19,215,310	6,301,099	1,221,035	1,037,905	5,762	6,112,207	13,103,103	14,711,702
5. Furniture & Office Equipment	252,578	37,749	33,450	5,758	242,521	135,454	26,156	17,744	3,059	123,983	118,538	117,124
6. Vehicles	26,223	1,192	3,902	4,201	24,732	9,089	719	2,296	2,108	8,558	16,174	17,134
<b>SUB-TOTAL</b>	23,048,747	3,394,087	1,317,855	170,339	20,802,176	6,684,468	1,324,704	1,084,569	10,929	6,433,404	14,368,772	16,364,279
<b>CAPITAL WORK-IN-PROGRESS</b>												
Land											—	25
Capital Store (Including in Transit Rs. 11,257 thousand, Previous year Nil)											13,488	—
Plant & Machinery											22,507	11,766
Furniture & Office Equipment											—	13,871
Capital Advances (Unsecured, Consided Good)											11,507	—
<b>SUB-TOTAL</b>	—	—	—	—	—	—	—	—	—	—	47,502	25,662
<b>TOTAL</b>	23,048,747	3,394,087	1,317,855	170,339	20,802,176	6,684,468	1,324,704	1,084,569	10,929	6,433,404	14,416,274	16,389,941
PREVIOUS YEAR	22,652,908	—	419,948	24,109	23,048,747	5,418,969	—	1,274,196	8,697	6,684,468	16,389,941	—

**NOTES :**

- Leasehold Land worth Rs. 991 thousand (previous year Rs. 991 thousand) is 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. 422,597 thousand and Rs. 145,891 thousand respectively on account of foreign exchange fluctuations.
- Vehicles include Rs. 10,072 thousand (Previous year Rs. 6,043 thousand) acquired on hire purchase basis.
- Buildings include Rs. 101 thousand (Previous year Rs. 101 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. Out of same, Revaluation Reserve of Rs. 853,796 thousand has been reversed during the year on transfer of Spinning Business to Indo Rama Textiles Limited under the Scheme of Arrangement.
- Depreciation provided during the year includes Rs. 2,920 thousand (Previous year Nil) debited to Expenditure During Construction Period .

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

	As at 31.03.2003 (Rs.'000)	As at 31.03.2002 (Rs.'000)
<b>TRIAL RUN EXPENSES</b>		
Raw Materials Consumed	49,212	—
Stores & Spares Consumed	1,756	—
Packing Materials Consumed	4,431	—
Power, Fuel & Water Charges	6,312	—
Insurance	140	—
<b>TOTAL : (A)</b>	<b>61,851</b>	—
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Allowances, Gratuity & Bonus	5,823	21,774
Contribution to Provident & Other Funds	423	983
Staff & Labour Welfare Expenses	1,145	2,118
Recruitment Expenses	32	766
<b>TOTAL : (B)</b>	<b>7,423</b>	25,641

**SCHEDULE 5 (Contd.)**

	<b>As at 31.03.2003</b>	<b>As at 31.03.2002</b>
	<b>(Rs.'000)</b>	<b>(Rs.'000)</b>
<b>MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores & Spares Consumed	<b>100</b>	—
Power, Fuel & Water Charges	<b>1,831</b>	—
Repairs & Maintenance (Excluding Stores Consumption)		
Machinery	<b>253</b>	
Buildings	<b>59</b>	
Others	<b>21</b>	
Excise Duty on Stocks	<b>14,923</b>	—
Other Manufacturing Expenses	<b>127</b>	—
<b>SUB-TOTAL</b>	<b>17,314</b>	—
<b>ADMINISTRATIVE EXPENSES</b>		
Rent (Including Lease Rent)	<b>552</b>	6,064
Insurance	<b>2,024</b>	—
Rates & Taxes	<b>215</b>	6
Technical Know how, Drawing and Design Fee	<b>—</b>	18,026
Finance Charges	<b>4,316</b>	2,266
Miscellaneous Expenses	<b>14,767</b>	28,291
<b>SUB-TOTAL</b>	<b>21,874</b>	54,653
<b>SELLING EXPENSES</b>		
Brokerage & Commission on Sales	<b>199</b>	—
Discounts, Rebates & Claims	<b>127</b>	—
Other Selling Expenses	<b>96</b>	—
<b>SUB-TOTAL</b>	<b>422</b>	—
<b>TOTAL (C)</b>	<b>39,610</b>	54,653
<b>INTEREST</b>		
On Debentures	<b>127</b>	—
On Fixed Loans	<b>7,205</b>	—
To Banks & Others	<b>1,730</b>	419
<b>TOTAL : (D)</b>	<b>9,062</b>	419
<b>DEPRECIATION TOTAL : ( E )</b>	<b>2,920</b>	—
<b>TOTAL : (A+B+C+D+E)</b>	<b>120,866</b>	80,713
Less :		
(a) Sales of Goods under Trial Run	<b>59,851</b>	
Less : Inter - Divisional Sales	<b>10,245</b>	
	<b>49,606</b>	
Less : Excise Duty on Sales	<b>11,942</b>	
	<b>37,664</b>	
(b) Stock of Finished Goods under Trial Run	<b>44,048</b>	
(c) Stock of Goods under Process under Trial Run	<b>2,100</b>	
(d) Miscellaneous Income	<b>2</b>	
(e) Foreign Exchange Fluctuation (Net)	<b>106</b>	
	<b>83,920</b>	—
<b>TOTAL :</b>	<b>36,946</b>	80,713
Add : Expenses brought forward from previous year	<b>98,896</b>	18,898
	<b>135,842</b>	99,611
Less : Allocated to Fixed Assets	<b>46,480</b>	715
<b>BALANCE CARRIED FORWARD</b>	<b>89,362</b>	98,896

**SCHEDULE 6 : INVESTMENTS**

	No. of Shares / Units Transferred in Company's Name	As at 31.03.2003		As at 31.03.2002	
		No.	(Rs.'000)	No.	(Rs.'000)
<b>(I) LONG TERM</b>					
<b>(A) Trade, Unquoted</b>					
<b>Share Application Money (Pending Allotment)</b>					
Starpet Inc.			<b>137,491</b>		—
			<b>137,491</b>		—
<b>(B) Non-Trade, Unquoted</b>					
<b>Fully Paid-up Equity Shares of Rs.10 each</b>					
Ritspin Synthetics Ltd.	1,500,000	<b>1,500,000</b>	<b>15,000</b>	1,500,000	15,000
			<b>15,000</b>		15,000
<b>TOTAL : (I)</b>			<b>152,491</b>		15,000
<b>(II) CURRENT</b>					
<b>(A) In Government Securities, Unquoted</b>					
National Savings Certificates VIth Issue (Pledged with Sales Tax Authorities)			<b>4</b>		4
<b>TOTAL : (A)</b>			<b>4</b>		4
<b>(B) Non-Trade, Quoted</b>					
<b>(a) (i) Fully Paid-up Equity Shares of Rs.10 each</b>					
Associated Cement Companies Ltd.	16,000	<b>16,000</b>	<b>2,402</b>	—	—
Alstom Power India Ltd.	7,200	<b>7,200</b>	<b>399</b>	—	—
Apollo Tyres Ltd.	18,745	<b>18,745</b>	<b>2,481</b>	—	—
Arvind Mills Ltd.	89,000	<b>89,000</b>	<b>2,000</b>	1,150	280
Asian Hotels Ltd.	500	<b>500</b>	<b>43</b>	5,000	1,297
Bharat Petroleum Corporation Ltd.	9,006	<b>9,006</b>	<b>2,336</b>	—	—
Balrampur Chini Mills Ltd.	1,500	<b>1,500</b>	<b>177</b>	—	—
Bharat Electronics Ltd.	13,000	<b>13,000</b>	<b>2,396</b>	—	—
Bharat Hotels Ltd.	—	—	—	28,166	3,563
Bharat Heavy Electricals Ltd.	1,200	<b>1,200</b>	<b>262</b>	—	—
BSES Ltd.	1,000	<b>1,000</b>	<b>232</b>	10,800	2,458
Canara Bank	30,000	<b>30,000</b>	<b>1,560</b>	—	—
Cipla Ltd.	3,525	<b>3,525</b>	<b>3,290</b>	—	—
Central India Polyesters Ltd.	101,664	<b>101,664</b>	<b>4,551</b>	374,660	8,409
Digital Global Soft Ltd.	2,000	<b>2,000</b>	<b>1,284</b>	—	—
Divis Laboratories Ltd.	700	<b>700</b>	<b>145</b>	—	—
EIH Ltd.	898	<b>898</b>	<b>162</b>	—	—
Eicher Motors Ltd.	13,000	<b>13,000</b>	<b>1,081</b>	—	—
Engineers India Ltd.	500	<b>500</b>	<b>148</b>	—	—
Garden Silk Mills Ltd.	50	<b>50</b>	<b>2</b>	13,180	409
Grasim Industries Ltd.	—	—	—	1,553	—
Gujarat Fluorochemicals Ltd.	44,000	<b>44,000</b>	<b>3,025</b>	10,200	601
HDFC Bank Ltd.	4,000	<b>4,000</b>	<b>823</b>	—	—
HEG Ltd.	5,319	<b>5,319</b>	<b>163</b>	—	—
HMT Ltd.	13,000	<b>13,000</b>	<b>306</b>	—	—
Hotel Leela Venture Ltd.	—	—	—	24,000	2,082
Hindustan Petroleum Corporation Ltd.	39,900	<b>39,900</b>	<b>10,670</b>	—	—
ICICI Bank Ltd.	2,000	<b>2,000</b>	<b>269</b>	—	—
India Cements Ltd.	2,000	<b>2,000</b>	<b>63</b>	—	—

**SCHEDULE 6 (Contd.)**

	No. of Shares / Units Transferred in Company's Name	As at 31.03.2003		As at 31.03.2002	
		No.	(Rs.'000)	No.	(Rs.'000)
India Glycols Ltd.	12,145	12,145	438	—	—
Indian Petro Chemicals Corporation Ltd.	14,000	14,000	1,117	—	—
Ispat Alloys Ltd.	72,611	72,611	1,661	84,540	1,933
ITC Hotels Ltd.	328	328	18	—	—
Jindal Steel & Power Ltd.	4,300	4,300	1,379	—	—
Jindal Strips Ltd.	7,000	7,000	1,050	—	—
Larsen & Toubro Ltd.	9,400	9,400	1,758	—	—
LIC Housing Finance Ltd.	5,500	5,500	367	—	—
Indo Gulf Corporation Ltd.	—	—	—	200	23
Matsushita Television & Audio (India) Ltd.	—	—	—	88,000	—
Moserbaer (India) Ltd.	2,000	2,000	458	—	—
Nahar International Ltd.	—	—	—	7,900	684
National Aluminium Company Ltd.	10,500	10,500	1,016	—	—
Neyveli Lignite Corporation Ltd.	20,000	20,000	547	—	—
Optel Telecommunications Ltd.	52,501	52,501	3,675	98,600	6,902
Orchid Chemicals & Pharmaceuticals Ltd.	12,993	12,993	971	—	—
Pasupati Spinning & Weaving Mills Ltd.	—	—	—	4,050	275
Prism Cements Ltd.	9,500	9,500	79	—	—
Punjab National Bank	1,500	1,500	155	—	—
Punjab Tractors Ltd.	12,000	12,000	1,849	—	—
Ranbaxy Laboratories Ltd.	3,700	3,700	2,051	—	—
Reliance Industries Ltd.	23,950	24,500	6,442	2,976	686
Reliance Petroleum Ltd.	—	—	—	1,200	15
Steel Authority of India Ltd.	255,000	255,000	2,342	—	—
Sanghi Polyesters Ltd.	709,900	709,900	23,439	709,900	23,439
SRF Ltd.	20,000	20,000	503	—	—
State Bank of India	8,700	8,700	2,444	—	—
Swaraj Mazda Ltd.	10,000	10,000	725	—	—
Syndicate Bank	51,100	51,100	963	—	—
Tata Chemicals Ltd.	6,500	6,500	402	—	—
Tata Power Co. Ltd.	29,500	29,500	3,333	—	—
Tata Engineering & Locomotive Co. Ltd.	9,000	9,000	1,356	—	—
The Karnataka Bank Ltd.	10,900	17,400	809	—	—
(6500 Shares under rights issue pending allotment)					
The Karur Vysya Bank Ltd.					
(539 shares Rs. 6.67 paid up)	2,539	2,539	438	—	—
The Great Eastern Shipping Co. Ltd.	12,000	12,000	425	—	—
The Shipping Corporation of India Ltd.	55,000	55,000	4,658	—	—
Tata Iron & Steel Co. Ltd.	25,000	25,000	3,133	—	—
TVS Motors Company Ltd.	2,650	2,650	1,070	—	—
Videocon Appliances Ltd.	—	—	—	22,300	1,525
Vijaya Bank	46,000	46,000	725	—	—
<b>Total (a) (i)</b>			<b>112,066</b>		<b>54,582</b>
<b>(a) (ii) Fully Paid-up Equity Shares of Rs.5 each</b>					
Dr. Reddy's Laboratories Ltd.	1,000	1,000	766	—	—
Hughes Software Systems Ltd.	750	750	137	—	—
I-Flex Solutions Ltd.	255	255	230	—	—
Infosys Technologies Ltd.	90	90	411	—	—
Mastek Ltd.	500	500	274	—	—
Polaris Software Lab Ltd.	2,500	2,500	464	—	—
<b>Total (a) (ii)</b>			<b>2,282</b>		<b>—</b>

**SCHEDULE 6 (Contd.)**

	No. of Shares / Units Transferred in Company's Name	As at 31.03.2003		As at 31.03.2002	
		No.	(Rs.'000)	No.	(Rs.'000)
<b>(a) (iii) Fully Paid-up Equity Shares of Rs.4 each</b>					
Mascot Systems Ltd.	2,800	<b>2,800</b>	<b>627</b>	—	—
<b>(a) (iv) Fully Paid-up Equity Shares of Rs.2 each</b>					
Satyam Computers Services Ltd.	13,000	<b>13,000</b>	<b>3,481</b>	—	—
<b>(a) (v) Fully Paid-up Equity Shares of Re.1 each</b>					
Hindustan Lever Ltd.	37,500	<b>37,500</b>	<b>6,682</b>	—	—
<b>TOTAL : (a) (i +ii +iii+iv+v)</b>			<b>125,138</b>		54,582
<b>Cost of Quoted Investments in Equity Shares</b>			<b>125,138</b>		54,582
<b>Market Value of Quoted Investments in Equity Shares</b>			<b>86,951</b>		9,174
<b>(b) Share Application Money (Pending allotment)</b>					
<b>Punjab National Bank</b>	—	—	—	645,200	20,001
<b>TOTAL : (b)</b>			—		20,001
<b>(c) Units of Mutual Fund of Rs. 10 each</b>					
Deutsche Premier Bond Fund Institutional Plan-Growth	1,000,000	<b>1,000,000</b>	<b>10,000</b>	—	—
GSSIF - Investment Plan - Growth *	7,531,999	<b>7,531,999</b>	<b>104,597</b>	—	—
HDFC Income Fund - Growth *	4,950,466	<b>4,950,466</b>	<b>68,689</b>	—	—
IL & FS Bond Fund - Growth Plan	630,716	<b>630,716</b>	<b>10,000</b>	—	—
LICMF Bond Fund - Growth	5,100,457	<b>5,100,457</b>	<b>80,983</b>	—	—
Prudential ICICI Income Plan - Growth *	2,976,772	<b>2,976,772</b>	<b>50,655</b>	—	—
Prudential ICICI Sweep Plan	2,044	<b>2,044</b>	<b>21</b>	—	—
Sundaram Bond Saver - Appreciation *	798,403	<b>798,403</b>	<b>15,000</b>	—	—
Sundaram Income Plus - Appreciation *	1,081,646	<b>1,081,646</b>	<b>10,944</b>	—	—
Taurus M.F. - Libra Bond Fund - Dividend	—	—	—	150,000	1,494
Taurus M.F. - Libra Gilt Fund - Dividend	—	—	—	150,000	1,491
Templeton India IBA Plan B - Growth *	9,395,370	<b>9,395,370</b>	<b>187,500</b>	—	—
Templeton India Income Funds - Growth Plan *	2,255,252	<b>2,255,252</b>	<b>47,010</b>	—	—
UTI Master Gain	—	<b>100</b>	<b>1</b>	100	1
<b>TOTAL : (c)</b>			<b>585,400</b>		2,986
<b>Cost of Investments in Mutual Funds</b>			<b>585,400</b>		2,986
<b>Net Assets Value of Investments in Mutual Funds</b>			<b>613,164</b>		2,986
<b>TOTAL : (B) (a+b+c)</b>			<b>710,538</b>		77,569
<b>TOTAL : (A+B)</b>			<b>710,542</b>		77,573
<b>TOTAL : (I+II)</b>			<b>863,033</b>		92,572
Less : Provision for Diminution in the Value of Investments			<b>51,633</b>		45,408
			<b>811,400</b>		47,164

\* Pledged as securities for working capital term loans, except to the extent of 71,071 units of GSSIF - units of Investment Plan-Growth, 9,88,146 units of Sundaram Income Plus - Appreciation and 26,732 units of Templeton India Income Funds - Growth Plan.

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

	<b>As at 31.03.2003</b>	<b>As at 31.03.2002</b>
	<b>(Rs.'000)</b>	<b>(Rs.'000)</b>
<b>A. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Raw Materials (Including in transit Rs.469,985 thousand, Previous year Rs.62,293 thousand)	<b>811,520</b>	335,158
Stores & Spares (Including in transit Rs.17,801 thousand, Previous year Rs.14,062 thousand)	<b>192,431</b>	225,395
Goods under Process	<b>127,606</b>	132,792
Finished Goods (Including in transit Rs.3,472 thousand, Previous year Rs.44,456 thousand)	<b>3,348,380</b>	2,230,609
Waste	<b>4,664</b>	3,297
<b>TOTAL : (I)</b>	<b>4,484,601</b>	2,927,251
<b>II. Sundry Debtors</b> (Unsecured, considered good except stated otherwise)		
Over Six Months (Including Rs.118,912 thousand considered doubtful of recovery, Previous year Rs.154,343 thousand)	<b>242,620</b>	348,272
Less : Provision for Doubtful Debts	<b>118,912</b>	154,343
Within Six Months	<b>739,655</b>	560,208
<b>TOTAL : (II)</b>	<b>863,363</b>	754,137
<b>III. Cash &amp; Bank Balances</b>		
Cash in hand (Including Money in transit Rs.57,217 thousand, Previous year Rs.131,675 thousand)	<b>58,425</b>	167,829
Balances with Scheduled Banks in -		
Current Accounts	<b>6,982</b>	10,909
Cash Credit Account	—	12
Fixed Deposit Account	—	988
Shares / Debentures Application Money Refund Account	—	38
Unpaid Interest on Debentures Account	—	1,655
Unpaid Dividend Account	<b>725</b>	1,055
<b>TOTAL : (III)</b>	<b>66,132</b>	182,486
<b>IV. Other Current Assets</b>		
Interest Accrued on Deposits & Others	<b>23,702</b>	1,946
Claims and Other Receivables	<b>120,207</b>	38,191
<b>TOTAL : (IV)</b>	<b>143,909</b>	40,137
<b>TOTAL : A (I+II+III+IV)</b>	<b>5,558,005</b>	3,904,011

**SCHEDULE 7 (Contd.)**

	<u>As at 31.03.2003</u> (Rs.'000)	<u>As at 31.03.2002</u> (Rs.'000)
<b>B. LOANS &amp; ADVANCES</b>		
(Unsecured, considered good except stated otherwise)		
Loans to Employees	1,101	2,032
Loans to Bodies Corporate	115,000	130,000
Due from Indo Rama Textiles Limited (Refer Note No. 1(h) in Schedule 15)	502,352	—
Advances Recoverable in Cash or in Kind or for Value to be Received or Pending Adjustments (including Rs.1,761 thousand considered doubtful of recovery, Previous year Rs.1,338 thousand)	83,036	72,396
Less : Provision for Doubtful Advances	1,761	1,338
Balance with Excise & Customs Authorities	199,351	47,946
Payment of Income Tax / Tax Deducted at Source	113,738	4,522
Security & Other Deposits	22,002	31,801
<b>TOTAL : (B)</b>	<b>1,034,819</b>	<b>287,359</b>
<b>TOTAL : (A+B)</b>	<b>6,592,824</b>	<b>4,191,370</b>

**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS**

<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods & Expenses (Including Acceptances Rs.1,299,366 thousand, Previous year Rs.965,290 thousand and Dues to Directors Rs.1,550 thousand, Previous year Nil )	4,992,594	3,108,805
Other Liabilities	11,478	34,200
Advances and Credit Balances of Customers	27,579	26,807
Deposits from Dealers & Others	3,926	6,848
Investors' Education and Protection Fund		
- Share / Debentures Application Money Refundable	—	64
- Interest Accrued on Debentures	—	1,736
- Unpaid Dividend	725	1,055
Interest Accrued but not Due on Loans	113,236	123,002
Unaccrued Income	11,501	610
<b>TOTAL : (A)</b>	<b>5,161,039</b>	<b>3,303,127</b>
<b>PROVISIONS</b>		
Gratuity	21,679	24,169
Leave Encashment	14,058	10,794
Taxation	119,000	19,224
Proposed Dividend	299,278	166,266
Tax on Proposed Dividend	38,345	—
<b>TOTAL : (B)</b>	<b>492,360</b>	<b>220,453</b>
<b>TOTAL : (A+B)</b>	<b>5,653,399</b>	<b>3,523,580</b>

**SCHEDULE 9 : MISCELLANEOUS EXPENDITURE**

<b>(to the extent not written off or adjusted)</b>	<b>As at 31.03.2003</b>		<b>As at 31.03.2002</b>	
	<b>(Rs.'000)</b>		<b>(Rs.'000)</b>	
<b>A. Share / Debenture Issue Expenses</b>	<b>10,011</b>		13,089	
Less : Transferred under the Scheme of Arrangement *	<b>2,002</b>		—	
	<b>8,009</b>		13,089	
Less : Written off	<b>2,408</b>	<b>5,601</b>	3,078	10,011
<b>B. GDR Issue Expenses</b>	<b>25,904</b>		32,380	
Less : Transferred under the Scheme of Arrangement *	<b>5,181</b>		—	
	<b>20,723</b>		32,380	
Less : Written off	<b>5,181</b>	<b>15,542</b>	6,476	25,904
<b>C. Deferred Revenue Expenditure</b>	<b>67,649</b>		98,168	
Less : Transferred under the Scheme of Arrangement *	<b>2,466</b>		—	
	<b>65,183</b>		98,168	
Less : Written off	<b>27,507</b>	<b>37,676</b>	30,519	67,649
<b>TOTAL :</b>		<b>58,819</b>		103,564

\* Refer Note No. 1(b) in Schedule 15

**SCHEDULE 10 : OTHER INCOME**

	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31.03.2003</b>	<b>31.03.2002</b>
	<b>(Rs.'000)</b>	<b>(Rs.'000)</b>
Rent Received	<b>18,080</b>	19,748
Dividend Received on Non-trade Investments	<b>2,200</b>	274
Sale of Scrap	<b>29,151</b>	30,373
Recovery of Indirect Costs from Indo Rama Textiles Ltd (Refer Note No. 9 in Schedule 15)	<b>16,971</b>	—
Unspent Liabilities Written Back	<b>23,677</b>	51,532
Profit on Sale of Current Non-trade Investments (Net)	<b>34,614</b>	—
Gain on Sale of Raw Materials & Stores (Net)	<b>50</b>	—
Foreign Exchange Fluctuation (Net)	<b>110,849</b>	—
Miscellaneous Receipts	<b>11,048</b>	30,356
<b>TOTAL :</b>	<b>246,640</b>	132,283

**SCHEDULE 11 : INCREASE IN STOCKS**

	<b>For the year ended 31.03.2003</b>		<b>For the year ended 31.03.2002</b>	
	<b>(Rs.'000)</b>		<b>(Rs.'000)</b>	
<b>CLOSING STOCKS</b>				
Finished Goods	<b>3,348,380</b>		2,230,609	
Goods under Process	<b>127,606</b>		132,792	
Waste	<b>4,664</b>	<b>3,480,650</b>	3,297	2,366,698
<b>Less : OPENING STOCKS</b>				
Finished Goods	<b>2,230,609</b>		2,187,387	
Goods under Process	<b>132,792</b>		136,550	
Waste	<b>3,297</b>		3,259	2,327,196
	<b>2,366,698</b>			
<b>Add : Trial Run Stock of New Project at Nagpur</b>				
Finished Goods	<b>44,048</b>			
Goods under Process	<b>2,100</b>			
	<b>46,148</b>			
	<b>2,412,846</b>			
<b>Less : Transferred under the Scheme of Arrangement (Refer Note No 1(b) in Schedule 15)</b>				
Finished Goods	<b>96,891</b>			
Goods under Process	<b>43,463</b>			
Waste	<b>2,691</b>			
	<b>143,045</b>			
	<b>2,269,801</b>			
Increase in Stocks		<b>1,210,849</b>		39,502

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

Salaries, Wages, Allowances, Gratuity & Bonus	<b>279,161</b>	419,740
Contribution to Provident & Other Funds	<b>19,957</b>	32,162
Staff & Labour Welfare Expenses	<b>33,826</b>	42,315
Recruitment Expenses	<b>6,226</b>	5,438
<b>TOTAL :</b>	<b>339,170</b>	499,655

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

<b>A) MANUFACTURING EXPENSES</b>			
Stores & Spares Consumed	<b>397,118</b>		476,030
Packing Materials Consumed	<b>299,539</b>		335,869
Power, Fuel and Water Charges	<b>833,782</b>		918,242
Repairs & Maintenance : (Excluding Stores Consumption)			
Machinery	<b>22,510</b>	25,315	
Buildings	<b>10,949</b>	6,082	
Others	<b>8,714</b>	8,078	39,475
Excise Duty on Stocks & Others	<b>124,854</b>		53,793
Other Manufacturing Expenses	<b>4,943</b>		10,307
<b>TOTAL : (A)</b>	<b>1,702,409</b>		1,833,716

**SCHEDULE 13 (Contd.)**

	<b>For the year ended 31.03.2003 (Rs.'000)</b>	For the year ended 31.03.2002 (Rs.'000)
<b>B) ADMINISTRATIVE EXPENSES</b>		
Rent (Including Lease Rent and Hire charges Rs.643 thousand, Previous year Rs.4,403 thousand)	<b>19,375</b>	29,925
Insurance (Net)	<b>28,855</b>	31,463
Rates & Taxes	<b>12,575</b>	8,350
Loss on Sale of Raw Material & Stores (Net)	—	498
Loss on Fixed Assets Sold / Discarded (Net)	<b>7,838</b>	3,600
Charity and Donations	<b>185</b>	812
Provision against Diminution in the Value of Non-trade Investments		
- Long Term	<b>13,284</b>	—
- Current	<b>6,983</b>	834
Difference in Share Transactions (Net)	<b>35,585</b>	—
Bad Debts & Other Balances Written Off (Net)	<b>2,250</b>	339,638
Provision for Doubtful Advances / Debts	<b>18,595</b>	153,995
Foreign Exchange Fluctuation (Net)	—	14,606
Finance Charges	<b>69,303</b>	92,688
Miscellaneous Expenses	<b>220,187</b>	236,662
<b>TOTAL : (B)</b>	<b>435,015</b>	913,071
<b>C) SELLING EXPENSES</b>		
Brokerage & Commission on Sales	<b>41,804</b>	49,764
Discounts, Rebates & Claims	<b>125,269</b>	96,198
Freight & Forwarding Charges	<b>463,543</b>	440,376
Less : Recovery	<b>290,145</b>	279,263
Other Selling Expenses	<b>12,401</b>	9,730
<b>TOTAL : (C)</b>	<b>352,872</b>	316,805
<b>TOTAL : (A+B+C)</b>	<b>2,490,296</b>	3,063,592

**SCHEDULE 14 : INTEREST**

<b>INTEREST</b>		
On Debentures	<b>154,196</b>	172,656
On Fixed Loans	<b>341,131</b>	739,740
To Others	<b>124,843</b>	215,895
	<b>620,170</b>	1,128,291
Less : Interest Received (Gross, Tax Deducted at Source Rs.8,125 thousand, Previous Year Rs.1,887 thousand)	<b>82,760</b>	57,442
<b>TOTAL :</b>	<b>537,410</b>	1,070,849

## SCHEDULE 15 : NOTES ON ACCOUNTS

### 1. SCHEME OF ARRANGEMENT FOR DEMERGER OF SPINNING BUSINESS

The Scheme of Arrangement under Sections 391 and 394 of the Companies Act, 1956 between the Company and Indo Rama Textiles Ltd. (IRTL), the transferee company, for the transfer and vesting of the Spinning business of the Company as a going concern to IRTL with effect from the Appointed date i.e. 1st April, 2002 has been approved by the Hon'ble High Courts at Madhya Pradesh, Indore Bench and at New Delhi vide their Orders dated 24th March, 2003 and 27th February, 2003 respectively and on filing of the Orders of the Hon'ble Courts with the respective Registrars of Companies by 31st March, 2003, has become effective from 31st March, 2003. The Scheme is also in conformity with the provisions of Section 2(19AA) of the Income Tax Act, 1961. In terms of the said scheme :

- The Company shall continue to run the Polyester business consisting of manufacture and sale of Polyester Staple Fibre (PSF), Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Textile grade Polyester Chip and Draw Texturised Yarn (DTY). IRTL, on the other hand, shall run the Spinning business consisting of manufacture and sale of Cotton Yarn, Polyester-Cotton Yarn and Manmade Fibre Yarn.
- The equity share capital of the Company (including Global Depository Receipts) shall be split in the ratio of 80:20, i.e., for every ten equity shares of the Company, the shareholders will get eight shares of the Company and two shares of IRTL. As a result, the issued equity share capital of 166,265,815 shares of Rs. 10 each has been split into 133,012,652 equity shares of Rs. 10 each (132,975,277 equity shares of Rs. 10 each fully paid up and 37,375 equity shares of Rs. 10 each partly paid up to the extent of Rs. 5 each) and 33,253,163 (before cancellation of 10,500 equity shares out of 52,500 equity shares held by IRTL in the Company as stated in (d) below) equity shares of Rs. 10 each fully paid up between the Company and IRTL. Accordingly, with effect from the appointed date, the paid up equity share capital of the Company stands reduced to the extent of equity shares to be allotted to the shareholders of the Company in IRTL.

In terms of the scheme, the consideration of Rs. 332,532 thousand (33,253,163 equity shares of Rs. 10 each fully paid up) has been worked out by way of transfer of following assets and liabilities of the Company to IRTL :

	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)
Fixed Assets :			
Gross Block	3,394,087		
Less : Accumulated Depreciation	(1,324,704)		
Less : Revaluation Reserve	<u>(579,846)</u>	1,489,537	
Capital Work in Progress		1,282	
Deferred Tax Assets (Net)		142,270	
Net Current Assets		89,548	
Miscellaneous Expenditure		9,649	
Less : Loan Funds		<u>(593,819)</u>	<b>1,138,467</b>
<b>Less :</b>			
Share Premium		773,279	
Capital Reserve		5,657	
Investment Allowance Reserve		26,999	<b>(805,935)</b>
<b>Face Value of Shares to be issued in IRTL</b>			<b><u>332,532</u></b>

- In terms of the Scheme of Arrangement, the accumulated losses appearing in the balance sheet of the Company as on 1st April, 2002 amounting to Rs. 1,498,278 thousand have been adjusted against the balance in the Securities Premium Account.
- Shares held as Investment by IRTL in the Company to the extent of 20% (being 10,500 shares) have been cancelled in pursuance to the Scheme of Arrangement.
- Under the scheme, the non-promoter equity shareholders of the Company have been given an option to convert their equity shares of Rs. 10 each into debentures of Rs.10 each, redeemable at a premium of Rs. 20

**SCHEDULE 15 (Contd.)**

each or such higher premium as may be decided by the Board of Directors. The debentures shall be redeemable in two equal instalments payable at the end of three months and fifteen months respectively from the date of allotment of debentures. The debentures shall be carrying 0.0% coupon rate.

- f) Under the scheme, with effect from the appointed date, i.e. 1st April, 2002 and upto and including the effective date i.e. 31st March, 2003, the Spinning business has been carried on by the Company for and on account of and in trust for IRTL. All profits that accrued to the Company during the said period and all taxes thereof or losses arising or incurred by it relating to the Spinning business during the said period have been transferred as the profits, taxes or losses, as the case may be, of IRTL.
- g) Pursuant to the scheme, the Spinning business has been transferred to IRTL on a going concern basis. Accordingly, all the assets, liabilities, rights, licences, benefits, obligations etc. of the Spinning business, as on 1st April, 2002, stand transferred to and vested in IRTL.
- h) As on 31st March, 2003 the Banks had not split the Working Capital Finance facility between IRTL and the Company; therefore, the entire bank borrowings have been shown in the books of the Company (post-demergers). In the consortium meeting of Banks held on 22nd April, 2003, the lead bank has appraised the Working Capital limit for IRTL. Pending formal allocation of the Working Capital Finance facility between the two companies, the operations of IRTL during the year 1st April, 2002 to 31st March, 2003 are deemed to have been funded out of the common pool of funds available with the Company (post-demergers). Accordingly, the amount outstanding on this account has been shown in the books of the Company as amount due from IRTL under Loans & Advances in Schedule 7 (except for an amount of Rs. 170,121 thousand shown under Sundry Debtors in Schedule 7 in respect of supply of goods based on credit period of 45 days) and will be appropriately adjusted as soon as Working Capital limits for IRTL are carved out of the total limit. Also, the interest has been charged thereon as mutually agreed between the two companies.
- i) In accordance with the Scheme of Arrangement, part of the Loan taken by the Company from a Financial Institution, namely DEG - Deutsche Investitions-und Entwicklungsgesellschaft GmbH, was supposed to have been transferred to IRTL. However, the Company during the year has entered into a tripartite agreement with DEG and IRTL in respect of the said loan taken from DEG by the Company, as per which, the Company has agreed to retain the entire loan in its books. Accordingly, the Company has shown in its books an amount due from IRTL equivalent to the amount that would have been transferred by DEG to IRTL as per the Scheme of Arrangement. Also, to the extent of loan retained by the Company in its books, IRTL has to give a guarantee to make up for the default by the Company, if any, in repayment of loan amount that had to be transferred to IRTL under the Scheme of Arrangement.
- j) All permanent employees of the Company engaged in or in relation to and required in the opinion of IRSL's management for the Spinning business at the works, factories, branches and other offices etc. stand transferred to and vested in IRTL with effect from 1st April, 2002.
- k) Pursuant to the Scheme of Arrangement, export sales of spinning products with effect from the appointed date upto and inclusive of the effective date have been recorded in the books of the Company, after procuring the relevant goods from IRTL on an arms-length basis.
- l) The Company has received in-principle approval from SICOM Ltd. (a Maharashtra Government undertaking) for demerger of Spinning business. However, the Company is in the process of getting the eligibility and entitlement certificates separately for itself and IRTL indicating the amount of sales tax incentive by way of exemption under the Package Scheme of Incentives, 1993 of the Government of Maharashtra.
- m) The Company has applied to the relevant authorities for their approval for sharing of power generated by the Company between itself and IRTL and also for exemption from payment of electricity duty thereon. The aforesaid approvals are, however, awaited.

**2. 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

**SCHEDULE 15 (Contd.)**

following items, which are accounted for, on cash / acceptance basis since the exact quantum in respect thereof 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 including trial run production expenses (net of income, if any) on new Projects is carried forward and is allocated to Fixed Assets on the commissioning of the respective 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 is provided over the remaining useful lives of the respective mother 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, considered to be of strategic importance, 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 is ascertained on moving weighted average basis.
- (c) Cost of Goods under Process and Finished Goods comprises of cost of materials, production overheads and depreciation. Cost of materials for this purpose is ascertained on First In First Out basis.
- (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**

Company's contribution to Provident Fund is charged every month to Profit & Loss Account. 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 Securities 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. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**XIII. Income Taxes**

- (a) Tax expense comprises both current and deferred taxes.
  - (b) 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.
  - (c) 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.
  - (d) Deferred tax assets are recognized 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.
  - (e) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 62,069 thousand (Previous Year Rs. 468,090 thousand).
  4. Contingent liabilities not provided for in respect of :
    - (a) Letters of Credit & Guarantees outstanding - Rs. 441,898 thousand (Previous Year Rs. 716,210 thousand).
    - (b) Export / Inland Bills negotiated under Irrevocable Letters of Credit Rs. 589,271 thousand (Previous Year Rs. 521,877 thousand).

**SCHEDULE 15 (Contd.)**

- (c) Uncalled liability on partly paid up shares held as Investments Rs. 11 thousand (Previous Year Nil).
  - (d) Differential amount of customs duty in respect of machinery imported under EPCG Scheme Rs. 861,995 thousand (Previous Year Rs. 810,644 thousand) and interest thereon Rs. 1,406,031 thousand (Previous Year Rs. 1,203,715 thousand).
  - (e) Demand / Show Cause Notices from Excise / Customs Department Rs. 192,247 thousand (Previous Year Rs. 245,817 thousand).
  - (f) Claims against the Company not acknowledged as debts Rs. 30,838 thousand (Previous Year Rs. 19,478 thousand).
  - (g) Cases pending with Labour Courts (to the extent the amount is not ascertainable).
- 5. Loans include :**
- (a) Amount outstanding from an officer of the Company Rs. 7 thousand (Previous Year Nil). Maximum amount outstanding at any time during the year Rs. 39 thousand (Previous Year Rs. 49 thousand).
  - (b) Amount outstanding from Ex-Whole-time 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. 74 thousand).
  - (c) Maximum amount outstanding at any time during the year from the Whole-time Director of the Company Rs. 29 thousand (Previous Year Nil).
- 6.** Income on account of foreign exchange difference on outstanding forward exchange contracts aggregating to Rs. 10,410 thousand (Previous Year Rs. 149 thousand) is being carried forward to be recognised in the Profit and Loss Account of the next year.
- 7.** In the previous year, the Company, in the public interest, had made an application to the Central Government, requesting for an exemption from meeting the condition prescribed in clause (b) of first proviso to Section 205(1) of the Companies Act, 1956, to enable it to declare dividend. Pending the aforesaid approval, the Board of Directors had recommended dividend @ 10% (Re.1 per Equity Share of the face value of Rs.10), which was provided for in the accounts. However, since subsequently the approval was not granted by the Central Government, the Company has, during the year, withdrawn the proposal of declaring dividends and accordingly the proposed dividend provided in the previous year has been written back during the year.
- 8.** Prior Period Items aggregating to Rs. 11,614 thousand (net debit) (Previous Year Rs. 7,614 thousand) have been booked under the respective heads of account in the Profit & Loss Account.
- 9.** As per the Memorandum of Understanding entered into between the Company and IRTL, the Company has charged to IRTL a sum of Rs. 200,294 thousand for the use of common utilities & facilities such as power & utilities, administrative and marketing assistance etc. The same have been netted off from the expenses shown under the various heads of account in the Profit & Loss Account except for indirect costs charged of Rs. 16,971 thousand, which have been shown separately under Other Income in Schedule 10.
- 10.** With a view to reflect valuation of the finished goods and goods under process as at the year end in a changed market environment, which witnessed unprecedented steep increase in the raw material prices in the last quarter of the year, the Company has changed the basis of inclusion of raw material cost for the valuation of finished goods and goods under process from yearly weighted average basis to First In First Out basis. As a result of this change, the closing inventory of finished goods and goods under process is higher by Rs. 232,196 thousand and profit for the year before tax is higher by the same amount.
- 11.** The Company is liable to pay Income Tax for the year under the provisions of Section 115 JB of the Income Tax Act, 1961. For computing such liability, brought forward accumulated losses as computed upto 31st March, 2002, based on expert opinion, have been set off even though such accumulated losses have been adjusted against the Securities Premium Account, during the current year in terms of the Scheme of Arrangement.
- 12.** Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 81,650 thousand (Previous Year Rs. 35,305 thousand). The names of Small Scale Industrial Undertakings (to the extent of information available with the management) to whom the Company owes any sum which is outstanding for more than 30 days are as under :

**SCHEDULE 15 (Contd.)**

Aksa Stick-On Pvt. Ltd.; Aryan Paper Mills Pvt. Ltd.; Associated Plasmatron Pvt. Ltd; Bazargaon Pulp & Paper Mills; Bi Ltd.; B.N. Enterprises; Balzers (India) Ltd.; Bindal Packagings; Bhandari Industries; Choudhary Packagers; Deepak Tex-Spares; Excel Tubes And Cones; Gondwana Packers (P) Ltd.; Global Packaging Products; Hitech Engineers; Ideal Wrappers; IPSA Texchem Pvt. Ltd.; Jayesh Plastics; Kamal Packaging (P) Ltd.; Kochar Industries; Mevada Engineering Works Pvt. Ltd.; Minar Hydrosystems Pvt. Ltd; Nagpur Fibro Pack Pvt. Ltd.; Narayani Industries; Narayani Paper Industries; Paper Combines; Prabhu Packaging Products; PLA-Chem Industries; Polyfilms Industries; Raj Filters; Safety Packers; Sigma Engineering; Standard Elect Clock Co; Sharda Paper Products Pvt. Ltd.; Shree Gajanand Plastics (P) Ltd.; Shakti Press Limited; Suresh Polymers Pvt. Ltd.; Sujay Enterprise; Tex-Tube Mfg.Co.Pvt. Ltd.; Unique Wire Industries.

None of the aforesaid outstandings are due for payment as at 31st March, 2003 as per the payment terms agreed with the respective parties.

**13. Earnings per Share (EPS)**

	<u>2003</u>	<u>2002</u>
(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>	166,265,815
Reduction in number of shares pursuant to the Scheme of Arrangement with IRTL	<b>33,253,163</b>	—
Total number of equity shares outstanding at the end of the year	<b>133,012,652</b>	166,265,815
Weighted Average number of equity shares outstanding during the year	<b>133,012,652</b>	166,265,815
(b) Net profit after tax available for Equity Shareholders (Rs. in thousand)	<b>1,248,208</b>	412,780
(c) Basic and Diluted Earnings (in Rupees) Per Share	<b>9.39</b>	2.48

**14. Deferred Tax Assets (Net) :**

	<b>(Rs.'000)</b>			
	<b>Deferred Tax Asset / (Liability) as at 01.04.2002</b>	<b>Transferred to IRTL under the Scheme of Arrangement</b>	<b>Current Year (Charge) / Credit</b>	<b>Deferred Tax Asset / (Liability) as at 31.03.2003</b>
Difference between Book & Tax Depreciation	<b>(3,047,295)</b>	<b>(276,068)</b>	<b>(181,677)</b>	<b>(2,952,904)</b>
Deferred Revenue Expenses	<b>(24,151)</b>	<b>(880)</b>	<b>9,425</b>	<b>(13,846)</b>
Disallowance under Section 43B	<b>6,208</b>	<b>3,206</b>	<b>(1,231)</b>	<b>1,771</b>
Brought Forward Unabsorbed Depreciation	<b>3,433,032</b>	<b>411,964</b>	<b>(656,595)</b>	<b>2,364,473</b>
Others	<b>8,453</b>	<b>4,048</b>	<b>41,658</b>	<b>46,063</b>
<b>Total</b>	<b>376,247</b>	<b>142,270</b>	<b>(788,420)</b>	<b>(554,443)</b>

**Notes :**

- Deferred tax assets for the period upto 31st March, 2002 pertaining to Spinning business, amounting to Rs. 142,270 thousand, have been transferred to IRTL under the Scheme of Arrangement.
- The Company expects to generate sufficient taxable income in the coming years that will enable it to utilize the carried forward-unabsorbed depreciation.

**SCHEDULE 15 (Contd.)****15. Related Party Disclosures****List of Related Parties****(a) Managing Director and relatives**

Mr. O P Lohia	Managing Director
Mr. Vishal Lohia	Whole-time Director
Relatives	Relationship with the Managing Director
Ms. Ritika Kumar	Daughter

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

Parties where the Managing Director has a significant influence	Indo Rama Petrochemicals Ltd.
Joint Venture	Starpet Inc.

**(c) Transactions with Related parties**

	<b>Current Year (Rs.'000)</b>	Previous Year (Rs.'000)
i) Rent *		
- Paid to Mr. Vishal Lohia towards rent of Mohandev Building's Flat No. 904	<b>353</b>	393
- Paid to Ms. Ritika Kumar towards rent of Mohandev Building's Flat No. 903	<b>199</b>	221
ii) Managerial Remuneration *		
- Paid to Mr. O P Lohia for year 2002-2003	<b>5,907</b>	4,209
- Paid to Mr. Vishal Lohia for year 2002-2003	<b>1,116</b>	—
iii) Investment in Starpet Inc., a Joint Venture	<b>137,491</b>	—
iv) Outstanding balance as at 31st March, 2003 from Indo Rama Petrochemicals Ltd.	<b>1,019</b>	3,092
v) Outstanding balance as at 31st March, 2003 in respect of Guarantees given by Mr. O P Lohia against loans from Banks / Institutions	<b>359,191</b>	811,447
vi) Outstanding balance as at 31st March, 2003 in respect of Investment in Starpet Inc., a Joint Venture	<b>137,491</b>	—

**(d) Amount provided as doubtful advances / written off in respect of dues from above related parties :**

Indo Rama Petrochemicals Limited\*

<b>Particulars</b>	<b>Current Year (Rs.'000)</b>	Previous Year (Rs.'000)
i) Amount of Provision for Doubtful Advances	<b>898</b>	—
ii) Amount Written off	<b>1,862</b>	—

\* Net of amount allocated to IRTL as per Memorandum of Understanding between IRSL and IRTL.

**16. Segment Reporting Policies****(a) Identification of Segments :****Primary Segment**

Business Segment : The Company's operating businesses are organized 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 Draw Texturised Yarn and Spun Yarn (Trading).

**Secondary Segment**

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

**SCHEDULE 15 (Contd.)**

- (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 unrealized 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)  
Segment Revenues, Results and Other Information**

	(Rs.'000)		
	<u>Polyester</u>	<u>Yarn</u>	<u>Total</u>
External Sales / Income	<b>13,851,433</b>	<b>3,547,196</b>	<b>17,398,629</b>
	9,944,664	4,691,347	14,636,011
Inter-Segment Sales / Income	<b>1,587,138</b>	—	<b>1,587,138</b>
	2,304,118	3,424	2,307,542
<b>Segment Revenue</b>	<b>15,438,571</b>	<b>35,47,196</b>	<b>189,85,767</b>
	12,248,782	4,694,771	16,943,553
Segment Results	<b>2,875,924</b>	<b>21,461</b>	<b>2,897,385</b>
	1,912,301	180,186	2,092,487
Segment Assets	<b>18,568,021</b>	<b>1,472,929</b>	<b>20,040,950</b>
	16,533,758	3,759,848	20,293,606
Segment Liabilities	<b>4,767,469</b>	<b>191,451</b>	<b>4,958,920</b>
	2,716,590	3,88,960	3,105,550
Capital Expenditure	<b>1,179,868</b>	<b>123,099</b>	<b>1,302,967</b>
	462,815	22,841	485,656
Depreciation	<b>865,972</b>	<b>51,727</b>	<b>917,699</b>
	844,237	189,956	1,034,193
Amortisation	<b>8,657</b>	—	<b>8,657</b>
	9,671	1,622	11,293

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

	(Rs.'000)			
	<u>Revenues</u>	<u>Results / Net Profit</u>	<u>Assets</u>	<u>Liabilities</u>
Total of Reportable Segments	<b>18,985,767</b>	<b>2,897,385</b>	<b>20,040,950</b>	<b>4,958,920</b>
	16,943,553	2,092,487	20,293,606	3,105,550
Add / (Less) : Corporate-Unallocated	<b>89,724</b>	<b>(206,349)</b>	<b>1,951,471</b>	<b>10,157,347</b>
	35,231	(353,731)	1,171,027	11,254,914
: Inter-Segment Elimination	<b>(1,587,138)</b>	<b>(15,838)</b>	<b>(23,740)</b>	—
	(2,337,453)	(19)	(21,566)	—
: Interest Expense (Net)	—	<b>(537,409)</b>	—	—
	—	(1,070,848)	—	—
<b>As Per Segment</b>	<b>17,488,354</b>	<b>2,137,789</b>	<b>21,968,681</b>	<b>15,116,267</b>
	14,641,331	667,889	21,443,067	14,360,464
<b>As Per Financial Statements</b>	<b>17,488,354</b>	<b>2,137,789</b>	<b>21,968,681</b>	<b>15,116,267</b>
	14,641,331	667,889	21,443,067	14,360,464

**SCHEDULE 15 (Contd.)****B) Secondary Segment Reporting ( by Geographical Segments)**

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

	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>
Segment Revenue	<b>15,043,813</b>	<b>2,354,816</b>	<b>17,398,629</b>
	14,738,467	2,120,092	16,858,559

**Notes :**

- (a) The Company has common assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for assets / additions to assets cannot be furnished.  
 (b) Figures in Italics are for previous year.

17. The following are the details of Loans and Advances of the Company outstanding at the end of the year in terms of Securities & Exchange Board of India's circular dated January 10, 2003 :

	<b>Outstanding amount as at year end</b>		<b>Maximum amount outstanding during the year</b>	
	<b>Current Year</b>	Previous Year	<b>Current Year</b>	Previous Year
<b>Loans and Advances to Companies in which the directors are interested</b>				
Indo Rama Textiles Ltd.				
- Loan	<b>502,352</b>	—	*	—
- Interest Accrued on Loan	<b>20,347</b>	—	*	—
Indo Rama Petrochemicals Ltd.				
- Loan **	<b>1,019</b>	3,092	<b>3,092</b>	72,714
<b>Investment by Loanee in the shares of the Company</b>				
- Indo Rama Textiles Ltd.	<b>1,667</b>	2,084	<b>2,084</b>	2,084

\* Maximum amount is not ascertainable, since business operations of IRTL were funded out of common pool of funds with the Company.

\*\* Not bearing interest.

There is no repayment schedule for all the above loans.

18. Interest in Joint Venture Companies :

Pursuant to Accounting Standard – 27 on Financial Reporting of Interests in Joint Ventures the relevant information relating to following joint venture company is as given below :

<b>Name of the Joint Venture Company</b>	<b>Country of Incorporation</b>	<b>Proportion of Ownership interest</b>	<b>Description of Interest</b>
Starpet Inc.	United States of America	24 %	JV is established principally for manufacture of Bottled Grade PET

The Company's share in the aggregate amounts of each of the assets, liabilities, income, expenses, contingent liabilities and capital commitments as at / for the years ended 31st March, 2003 and 31st March, 2002 are as under :

<b>Proportion of Company's Interest in Joint Venture</b>	<b>Current Year (Rs.'000)</b>	Previous Year (Rs.'000)
Assets	<b>136,757</b>	—
Liabilities	<b>136,757</b>	—
Income	<b>Nil</b>	—
Expenses	<b>Nil</b>	—
Capital Commitments	<b>393,176</b>	—
Contingent Liabilities	<b>Nil</b>	—

**NOTES :**

- The above details represent proportionate amount of the Company's share in the Joint Venture.
- In the absence of the audited accounts, the above information is furnished on the basis of the unaudited information provided by the company.

**SCHEDULE 15 (Contd.)**

	<b>Current Year (Rs.'000)</b>	Previous Year (Rs.'000)
<b>19. Managerial Remuneration</b>		
a) Remuneration to Managing Director * / **		
Salary & Allowances	<b>5,333</b>	3,612
Contribution to Provident Fund	<b>457</b>	310
Other Perquisites	<b>785</b>	287
	<b>6,575</b>	4,209
b) Remuneration to Whole-time Director * / **		
Salary & Allowances	<b>1,274</b>	—
Contribution to Provident Fund	<b>109</b>	—
Other Perquisites	<b>153</b>	—
	<b>1,536</b>	—
c) Payment to a Director (Legal & Professional Fee)	—	605
d) Directors' Fees ***	<b>445</b>	199

\* Does not include the value of non-monetary perquisites, leave encashment and gratuity.

\*\* The managerial personnel, namely, Mr. O P Lohia, Managing Director and Mr. Vishal Lohia, Whole-time Director hold their appointment as such in the Company and accordingly, the entire amount of Managerial Remuneration has been shown in the Company as above. However, in terms of the Memorandum of Understanding between the Company and IRTL upon demerger, from 1st April, 2002, the remuneration aggregating to Rs. 1,088 thousand has been charged / allocated by the Company to IRTL, as these managerial personnel were deemed to have devoted their time in managing the affairs of IRTL before demerger became effective.

\*\*\* Net of amount allocated to IRTL as per Memorandum of Understanding between IRSL and IRTL.

**20. Particulars of Payments to Auditors**

Audit Fee	<b>2,940</b>	3,150
Tax Audit Fee	<b>919</b>	788
Other Services	<b>1,995</b>	1,102
Expenses	<b>338</b>	324
	<b>6,192</b>	5,364

**21. Information pursuant to the provisions of paragraphs 3,4(c) & 4(d) of Part II of Schedule VI to the Companies Act,1956**

a) Particulars of Capacity : (As certified by the management)	UNIT		
<b>Licenced Capacity :</b> Spindles	Nos.	—	154,272
Looms	Nos.	—	120
Knitting Machines	Nos.	—	4
Draw Texturised Yarn	TPA	<b>97,500</b>	97,500
Draw Twisted Yarn	TPA	<b>45,000</b>	45,000
Polyester Staple Fibre	TPA	<b>135,000</b>	135,000
Polyester Chips	TPA	<b>18,000</b>	18,000
Polyester Filament Yarn	TPA	<b>97,500</b>	97,500
<b>Installed Capacity :</b> Spindles	Nos.	—	122,976
Knitting Machines	Nos.	—	—
Draw Texturised Yarn	TPA	<b>32,025</b>	23,625
Polyester Staple Fibre	TPA	<b>132,300</b>	132,300
Polyester Chips	TPA	<b>52,500</b>	52,500
Polyester Filament Yarn	TPA	<b>126,000</b>	105,000

**SCHEDULE 15 (Contd.)**

	<b>Current Year (Rs.'000)</b>	Previous Year (Rs.'000)
<b>b) C.I.F. Value of Imports :</b>		
i) Raw Materials	<b>1,171,499</b>	861,496
ii) Stores and Spares	<b>137,866</b>	159,525
iii) Capital Goods	<b>548,730</b>	3,375
<b>c) Expenditure in Foreign Currency :</b>		
i) Travelling	<b>1,538</b>	4,227
ii) Claims	<b>1,553</b>	6,644
iii) Commission	<b>3,867</b>	32,804
iv) Interest (Net)	<b>263,467</b>	672,226
v) Finance Charges	—	5,651
vi) Others	<b>8,220</b>	17,071
<b>d) Earnings in Foreign Exchange :</b>		
i) F.O.B.Value of Exports	<b>2,145,786</b>	2,023,932
ii) Others	—	80,707

**e) Particulars in respect of Production, Sales & Stocks of Finished Goods :**  
(Including during Trial Run Production in current year)

Classes of Goods	Opening Stocks		Production		Transferred to IRTL under Scheme of Arrangement		Sales		Closing Stocks	
	Qty (MT)	Value (Rs.'000)	Qty (MT)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	
1. Man Made Fibre Yarn	<b>387</b> (847)	<b>28,101</b> (80,652)	— (17,461)	<b>387</b> —	<b>28,101</b> —	— (17,921)	— (1,468,446)	— (387)	— (28,101)	
2. Polyester Cotton Yarn	<b>1,001</b> (1,564)	<b>68,766</b> (103,259)	— (18,264)	<b>1,001</b> —	<b>68,766</b> —	— (18,827)	— (1,608,871)	— (1,001)	— (68,766)	
3. Cotton Yarn	— —	<b>2</b> (2)	— —	— —	<b>2</b> —	— —	— —	— —	— (2)	
4. Draw Texturised Yarn	<b>598</b> (585)	<b>31,447</b> (37,582)	<b>30,810</b> (29,129)	— —	— —	<b>28,033</b> (29,116)	<b>2,143,284</b> (2,045,169)	<b>3,375</b> (598)	<b>260,789</b> (31,447)	
5. Knitted Fabrics	— —	<b>23</b> (27)	— —	— —	<b>23</b> —	— —	— —	— —	— (23)	
6. Polyester Staple Fibre	<b>22,824</b> (17,041)	<b>970,195</b> (834,246)	<b>159,772</b> (152,276)	— —	— —	<b>158,494</b> (146,493)	<b>9,494,781</b> (7,256,228)	<b>24,102</b> (22,824)	<b>1,421,006</b> (970,195)	
7. Partially Oriented Yarn	<b>18,841</b> (16,967)	<b>1,077,211</b> (1,093,009)	<b>104,904</b> (99,821)	— —	— —	<b>105,970</b> (97,947)	<b>7,049,932</b> (5,500,413)	<b>17,775</b> (18,841)	<b>1,256,539</b> (1,077,211)	
8. Polyester Chips	<b>1,510</b> (907)	<b>54,864</b> (38,610)	<b>35,960</b> (28,689)	— —	— —	<b>29,730</b> (28,086)	<b>1,378,196</b> (1,094,977)	<b>7,740</b> (1,510)	<b>410,046</b> (54,864)	
9. Waste - Spun	<b>115</b> (100)	<b>2,691</b> (2,169)	— (2,395)	<b>115</b> —	<b>2,691</b> —	— (2,379)	— (53,754)	— (115)	— (2,691)	
10. Waste - Poly & DTY	<b>41</b> (94)	<b>606</b> (1,090)	<b>3,052</b> (2,811)	— —	— —	<b>2,842</b> (2,864)	<b>55,974</b> (62,759)	<b>251</b> (41)	<b>4,664</b> (606)	

**NOTES :**

- Figures in brackets are for previous year.
- Sales is after netting of returns out of earlier year sales amounting to Rs. 1,948 thousand (Previous Year Rs.5,109 thousand).
- PFY of 30,859 MT (Previous Year 28,941 MT) has been transferred to DTY Section for internal consumption.
- Production of Draw Texturised Yarn includes 835 MT (Previous Year 892 MT) of Draw Texturised Yarn received after job work.

**SCHEDULE 15 (Contd.)****f) Particulars in respect of Purchase, Sales and Stocks of Finished Goods Purchased for Resale :**

S.N.	Class of Goods	Opening Stock		Purchases		Sales		Closing Stock	
		Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)
1	Man Made Fibre Yarn	— (—)	— (—)	<b>8,779</b> (—)	<b>629,503</b> (—)	<b>8,779</b> (—)	<b>694,586</b> (—)	— (—)	— (—)
2	Polyester Cotton Yarn	— (—)	— (—)	<b>11,667</b> (—)	<b>912,468</b> (—)	<b>11,667</b> (—)	<b>960,612</b> (—)	— (—)	— (—)
3	Cotton Yarn	— (—)	— (—)	<b>134</b> (—)	<b>12,332</b> (—)	<b>134</b> (—)	<b>12,995</b> (—)	— (—)	— (—)

**NOTES :**

- Purchase of Finished Goods is net of DEPB benefit amounting to Rs.185,641 thousand.
- Figures in Brackets are for previous year.

**g) Raw Materials Consumed :**

(Including during Trial Run Production in current year)

Particulars	Current Year		Previous Year	
	Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)
1. Purified Terephthalic Acid	<b>258,393</b>	<b>7,779,019</b>	241,379	5,405,537
2. Mono Ethylene Glycol	<b>101,710</b>	<b>2,850,918</b>	95,309	2,072,219
3. Polyester Staple Fibre	—	—	12	10,019
4. Viscose Staple Fibre	—	—	6,150	366,649
5. Cotton	—	—	9,737	492,912
6. Polyester Filament Yarn	<b>32</b>	<b>3,359</b>	5	1,455
7. Others	<b>725</b>	<b>89,319</b>	715	82,690
<b>Total</b>	<b>360,860</b>	<b>10,722,615</b>	353,307	8,431,481

**NOTES :**

- DEPB benefit amounting to Rs. 7,067 thousand (Previous Year 128,427 thousand) reduced from raw material consumption has not been considered above.
- The aforesaid details exclude consumption out of inter-divisional transfers :  
Partially Oriented Yarn- 30858 MT (Previous Year 28,941 MT)

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

(Including during Trial Run Production in current year)

Particulars	Current Year		Previous Year	
	Value (Rs'000)	%	Value (Rs'000)	%
<b>1. Raw Materials</b>				
Imported	<b>1,199,504</b>	<b>11.19</b>	946,496	11.23
Indigenous	<b>9,523,111</b>	<b>88.81</b>	7,484,985	88.77
<b>Total</b>	<b>10,722,615</b>	<b>100</b>	8,431,481	100
<b>2. Stores &amp; Spares</b>				
Imported	<b>165,722</b>	<b>41.54</b>	172,888	36.32
Indigenous	<b>233,252</b>	<b>58.46</b>	303,142	63.68
<b>Total</b>	<b>398,974</b>	<b>100</b>	476,030	100

**SCHEDULE 15 (Contd.)****22. Following Non-trade Investments have been Purchased and Sold during the year :**

<b>Description</b>	<b>Number / Units</b>	<b>Purchased # (Rs.'000)</b>	<b>Sold * (Rs.'000)</b>
<b>Equity Shares of Rs. 100 each of -</b>			
Motor Industries Company Ltd.	91	300	292
<b>Equity Shares of Rs. 10 each of -</b>			
Alembic Ltd.	636	104	91
Ambuja Cement Rajasthan Ltd.	150,000	947	465
Andhra Bank	25,000	257	350
Apollo Tyres Ltd.	52,954	6,625	6,707
Arvind Mills Ltd.*	64,150	1,431	1,295
Asian Hotels Ltd.*	5,200	370	378
Associated Cement Companies Ltd.	11,000	1,652	1,573
BSES Ltd.*	15,300	3,391	3,344
Bajaj Auto Ltd.	10,000	4,549	4,243
Bank of Baroda	2,382	185	177
Bank of India	9,599	332	347
Bayer ABS Ltd.	8,249	527	533
Bharat Electronics Ltd.	12,755	2,351	2,466
Bharat Heavy Electricals Ltd.	11,000	2,011	1,642
Bharat Hotels Ltd. *	28,166	525	764
Bharat Petroleum Corporation Ltd.	18,500	4,799	3,895
Canara Bank	70,000	3,627	4,511
Central India Polyesters Ltd.*	86,166	344	431
Cipla Ltd.	1,100	1,027	806
Container Corporation of India Ltd.	3,000	898	750
Corporation Bank	17,560	1,938	2,511
Digital Globalsoft Ltd.	8,400	4,490	4,796
Divis Laboratories Ltd.	2,000	415	427
E I H Ltd.	102	18	17
Eicher Ltd.	38,000	955	958
Eicher Motors Ltd.	11,602	913	929
Engineers India Ltd.	500	148	124
Garden Silk Mills Ltd.*	13,130	175	256
GAIL (India) Ltd.	12,500	907	860
Goodlass Nerolac Paints Ltd.	11,000	1,461	1,554
Grasim Industries Ltd.*	1,553	449	518
Gujarat Ambuja Cements Ltd.	4,000	830	626
Gujarat Flourochemicals Ltd.*	6,409	412	425
HDFC Bank Ltd.	15,000	3,050	3,382
Housing Development Finance Corporation Ltd.	800	479	485
HEG Ltd.	45,930	1,409	1,242
Hindustan Petroleum Corporation Ltd.	10,250	2,568	2,381
HMT Ltd.	4,000	94	57
Hotel Leela Venture Ltd.*	24,000	356	457
ICICI Bank Ltd.	9,210	1,237	1,333
India Cements Ltd.	13,000	408	199
Indian Petrochemicals Corporation Ltd.	73,000	9,314	9,657
Indo Gulf Corporation Ltd.*	200	9	9
Ispat Alloys Ltd.*	11,929	10	29
Jindal Steel & Power Ltd.	9,450	2,644	3,326
Jindal Strips Ltd.	5,000	752	766
Kale Consultants Ltd.	5,000	370	223
Larsen & Toubro Ltd.	13,000	2,336	2,509
LIC Housing Finance Ltd.	16,000	1,068	1,091
Mahanagar Telephone Nigam Ltd.	13,000	1,903	1,238
Maharashtra Seamless Ltd.	15,000	897	1,947
Matsushita Television.& Audio (India) Ltd.*	90,700	822	791

**SCHEDULE 15 (Contd.)**

<b>Description</b>	<b>Number/ Units</b>	<b>Purchased # (Rs. '000)</b>	<b>Sold * (Rs. '000)</b>
Nahar International Ltd.*	7,900	17	38
National Aluminium Company Ltd.	21,419	2,234	1,854
Neyveli Lignite Corporation Ltd.	38,000	1,032	872
Optel Telecommunications Ltd.*	46,099	221	435
Orchid Chemicals & Pharmaceutical Ltd.	1,000	75	63
Oriental Bank of Commerce	4,496	184	189
Pasupati Spinning & Weaving Mills Ltd.*	4,050	4	20
Pfizer Ltd.	3,750	1,710	1,493
Prism Cements Ltd.	70,500	588	329
Punjab National Bank	90,500	2,765	3,991
Punjab Tractors Ltd.	3,000	462	400
Ranbaxy Laboratories Ltd.	4,600	2,550	2,865
Reliance Industries Ltd.*	2,700	727	723
Reliance Petroleum Ltd.*	1,200	31	30
Siemens Ltd.	8,448	2,263	2,656
SRF Ltd.	41,000	1,030	924
Steel Authority of India Ltd.	45,000	413	436
Swaraj Mazda Ltd.	3,339	242	230
Syndicate Bank	40,000	754	651
Tata Power Co. Ltd.	654	74	74
The Karur Vysya Bank Ltd.	500	87	97
Tata Engineering & Locomotive Co. Ltd.	28,250	4,070	4,451
The Karnataka Bank Ltd.	18,101	1,714	1,998
The Shipping Corporation of India Ltd.	19,500	1,652	1,087
Tata Iron & Steel Co. Ltd.	7,000	869	957
TVS Motor Company Ltd.	8,244	3,246	4,161
Union Bank of India	115,000	1,840	2,397
Venkys (India) Ltd.	7,000	297	312
Videocon Appliances Ltd.*	22,300	154	176
Videsh Sanchar Nigam Ltd.	7,000	1,067	716
Vijaya Bank	25,000	394	373
West Coast Paper Mills Ltd.	9,000	842	826
<b>Equity Shares of Rs. 5 each of -</b>			
Dr. Reddy's Laboratories Ltd.	5,000	3,828	4,607
Hughes Software System Ltd.	12,000	2,244	2,038
Infosys Technologies Ltd.	2,160	8,589	8,714
Mastek Ltd.	11,200	4,389	5,396
Mukta Arts Ltd.	15,000	1,489	1,155
Polaris Software Lab Ltd.	20,500	3,879	3,312
<b>Equity Shares of Rs. 4 each of -</b>			
Mascot Systems Ltd.	200	45	23
<b>Equity Shares of Rs. 2 each of -</b>			
HCL Technologies Ltd.	13,200	2,282	2,263
Hero Honda Motors Ltd.	10,500	2,991	2,947
Satyam Computer Services Ltd.	24,000	5,967	5,195
<b>Equity Shares of Re 1 each of -</b>			
Hindustan Lever Ltd.	5,500	996	964
<b>Units of Mutual Funds of -</b>			
Birla Income Plus Plan B-Growth	207,900	5,000	5,265
Chola Triple Ace (Bonus)-Growth	442,119	5,000	5,094
DSP Merrill Lynch Short Term Fund-Growth	250,000	2,500	2,511
Grindlays Cash Fund-Growth	2,722,372	30,000	30,005
Grindlays Dynamic Bond Fund-Growth	735,402	7,500	7,782
GSSIF-Investment Plan-Growth	6,200,778	84,152	87,500

**SCHEDULE 15 (Contd.)**

<b>Description</b>	<b>Number/ Units</b>	<b>Purchased # (Rs.'000)</b>	<b>Sold * (Rs.'000)</b>
GSSIF Short Term Plan-Growth	15,789,095	185,000	185,604
HDFC Income Fund-Growth	2,912,686	38,811	40,557
IDBI Principal LQ - LF 275	2,222,874	25,000	25,034
IDBI Principal MC - LF 275	3,597,933	40,034	40,076
IDBI Principal MC - LF 297	2,023,982	22,500	22,526
IL&FS Bond Fund-Bonus Plan	965,388	10,000	10,018
JM High Liquidity Fund-Growth Plan-Bonus	494,888	5,000	5,032
Kotak Mahindra Liquid IP Growth	3,062,392	37,000	37,021
LICMF Bond Fund	9,700,197	154,017	160,587
Prudential ICICI Flexible Income Plan Cumulative	1,988,357	20,000	20,552
Prudential ICICI Gilt Fund-Investment Plan-Growth	1,929,530	30,000	32,960
Prudential ICICI Income Plan-Growth	4,698,927	79,345	83,235
Prudential ICICI Short Term Plan-Cumulative	10,262,650	111,550	111,975
Prudential ICICI Sweep Plan	3,625,434	36,923	36,944
SBI Magnum Multiplier Plus 1993	5,973,716	50,000	46,978
SUN F & C Money Value Fund-Liquid Normal	4,274,287	60,000	60,049
Sundaram Income Plus-Appreciation	1,389,199	14,056	14,879
Sundaram Money Fund- Appreciation	385,576	4,879	4,880
Sundaram Select Debt Short Term Asset Plan-Appreciation	1,000,000	10,000	10,052
Tata Income Plus Fund- Growth	484,595	5,000	4,949
Taurus M.F.-Libra Bond Fund- Dividend*	150,000	1,494	1,632
Taurus M.F.-Libra Gilt Fund- Dividend*	150,000	1,491	1,641
Templeton India Govt Securities Fund-Growth	1,492,502	25,000	26,393
Templeton India Income Builder Account Plan A-Growth	490,295	10,000	10,452
Templeton India Income Fund-Growth	2,321,506	47,990	50,000
Templeton India Liquid Fund-Growth	1,232,759	17,500	17,519
Templeton India Short Term Income Plan-Growth	171,531	182,887	183,552
Templeton India Treasury Management Account-Growth	385,984	556,500	556,852
Zurich India High Interest Fund STP-Growth	12,473,469	133,500	134,176
Zurich India High Interest Fund-Regular Growth	6,382,204	125,000	131,247
Zurich India Liquidity Fund-Savings Plan-Growth	13,876,680	168,750	168,833
		<b>2,492,774</b>	<b>2,526,980</b>
<b>Units of Bond Funds of Rs. 1 Lacs each</b>			
9.6% Power Finance Corporation Ltd. - Bond Fund-2017	500	50,000	50,408
		<b>2,542,774</b>	<b>2,577,388</b>

# Purchase cost being net of provision as at 31st March, 2002.

\* Sold out of purchases made in the Previous Year Rs. 10,015 thousand.

- 23.** In view of the transfer of the Spinning business of the Company with effect from 1st April, 2002 to IRTL, the current year figures to that extent are not comparable with the previous year figures. Figures of previous year have been re-grouped / re-arranged wherever considered necessary.

Signatures to Schedules 1 to 15

**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: 28th April, 2003

**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.  State Code

Balance Sheet Date     
Date Month Year

**II. Capital raised during the year**

(Amount in Rs. thousand)

Public Issue	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Rights Issue	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Private Placement	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

**III. Position of Mobilisation and Deployment of Funds**

(Amount in Rs. thousand)

Total Liabilities	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/>	Total Assets	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/>
<b>Sources of Funds</b>		<b>Reserves &amp; Surplus</b>	
Paid-Up Capital	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/>
Secured Loans	<input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="2"/>		<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="9"/>
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/>		
<b>Application of Funds</b>		<b>Investments</b>	
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="5"/>		<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/>

**IV. Performance of the Company**

(Amount in Rs. thousand)

Turnover (Incl. Other Income)	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="3"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="7"/>
Profit before Tax	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/>	Profit after Tax	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/>
Earning per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="9"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>

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

1) Item Code No.   
(ITC Code)

Product Description

2) Item Code No.   
(ITC Code)

Product Description

3) Item Code No.   
(ITC Code)

Product Description

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2003

	For the year ended 31.03.2003	For the year ended 31.03.2002
	(Rs. '000)	(Rs. '000)
<b>A) Cash Flow from Operating Activities</b>		
<b>Net Profit before Tax</b>	<b>2,137,786</b>	667,889
Adjustments for :		
Depreciation	<b>946,394</b>	1,045,275
Miscellaneous Expenditure	<b>27,507</b>	30,519
Provision for Doubtful Advances	<b>423</b>	(3,032)
Provision for Doubtful Debts	<b>(21,304)</b>	127,706
Loss on Fixed Assets Sold / Discarded (Net)	<b>7,838</b>	3,600
Dividend Received on Non-trade Investments	<b>(2,200)</b>	(274)
Provision against Diminution in the Value of Non-trade Investments	<b>6,225</b>	834
Difference in Share Transactions (Net)	<b>35,585</b>	—
Profit on Sale of Current Non-trade Investments (Net)	<b>(34,614)</b>	—
Interest Received	<b>(82,760)</b>	(57,442)
Interest Paid	<b>620,170</b>	1,128,291
<b>Operating Profit before Working Capital Changes</b>	<b>3,641,050</b>	2,943,366
Adjustments for :		
Trade & Other Receivables	<b>(544,471)</b>	627,722
Inventories	<b>(1,772,644)</b>	(121,525)
Trade Payables	<b>2,168,574</b>	(206,484)
<b>Cash Generated from Operating Activities</b>	<b>3,492,509</b>	3,243,079
Direct Taxes Paid (Net)	<b>(110,598)</b>	(1,886)
<b>Net Cash from Operating Activities</b>	<b>3,381,911</b>	3,241,193
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(760,035)</b>	(110,195)
Sale of Fixed Assets	<b>5,665</b>	8,341
Purchase of Non-trade Investments	<b>(3,175,744)</b>	(22,986)
Purchase of Trade Investments	<b>(137,491)</b>	—
Sale of Non-trade Investments	<b>2,577,388</b>	—
Dividend Received on Non-trade Investments	<b>2,200</b>	274
Movements in Loans	<b>(486,967)</b>	(126,453)
Interest Received	<b>71,954</b>	184,899
Difference in Share Transactions (Net)	<b>(35,585)</b>	—
<b>Net Cash used in Investing Activities</b>	<b>(1,938,615)</b>	(66,120)

**CASH FLOW STATEMENT (Contd.)**

	<b>For the year ended 31.03.2003</b>	<b>For the year ended 31.03.2002</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	<b>(1,421,642)</b>	(1,788,130)
Proceeds from Short Term Borrowings (Net)	<b>475,045</b>	(73,197)
Interest Paid	<b>(608,315)</b>	(1,278,336)
<b>Net Cash used in Financing activities</b>	<b>(1,554,912)</b>	(3,139,663)
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(111,616)</b>	35,410
Cash and Cash Equivalents as at beginning of the year (Opening Balance) - Cash and Bank Balances	<b>182,486</b>	147,076
Cash and Cash Equivalents Transferred under the Scheme of Arrangement to Indo Rama Textiles Ltd.	<b>(4,738)</b>	—
Cash and Cash Equivalents as at end of the year (Closing Balance) - Cash and Bank Balances	<b>66,132</b>	182,486

**Notes :**

1. The vesting of the Spinning Business of the Company as a going concern to Indo Rama Textiles Ltd. with effect from 1st April, 2002 pursuant to the Scheme of Arrangement is cash neutral and does not affect the cash flow.
2. The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
3. Negative figures have been shown in brackets.
4. Previous year figures are not comparable with those of the current year on account of the aforesaid Scheme of Arrangement. The figures of previous year have been regrouped wherever necessary.

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

SHAILENDRA TANDON  
President &  
Chief Financial Officer

A.K. LADHA  
Director

O.P. LOHIA  
Managing Director

Place : New Delhi  
Dated : 28th April, 2003

## 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, 2003

S. NO.	NAME (MESSRS)	DESIGNATION/ NATURE OF DUTIES	TOTAL REMUNERA- TION (RS.)	QUALIFICATION	AGE (YEARS)	EXPERI- ENCE (YEARS)	COMMENCE- MENT OF EMPLOYMENT	LAST EMPLOYMENT HELD (DESIGNATION)
<b>(A) Employed for full financial year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 2,400,000 p.a.</b>								
1	<b>Bhatia G.P.</b>	Sr. Vice President & Head of Operations.	3,315,996	B.Sc., M.B.A.	57	32	01.11.1999	Reliance Industries Ltd. (Sr. Vice President)
2	<b>Chadha A.K.</b>	President (SBU-Poly)	4,417,560	B.Sc. (Physics Hons.)	53	33	02.04.2001	Haldia Petrochemicals Ltd. (Chief of Mrkt. & Business Relations)
3	<b>Jain J.K.</b>	Sr. Vice President (Operation-Poly)	2,799,140	B.E.(Elect.)	56	34	01.03.1993	Indo Rama Projects & Investments Ltd. (Vice President - Engg.)
4	<b>Kishore Anant</b>	Sr. Vice President (Projects)	3,152,091	B.Sc., Chem. Engg., PGDB & IM.	55	33	07.07.1999	Reliance Industries Ltd. (Vice President (Projects))
5	<b>Tandon Shailendra</b>	President & C.F.O.	3,211,839	B.Sc., A.C.A.	47	25	02.01.2002	Carrier Aircon Ltd. (Vice President & C.F.O.)
<b>(B) Employed for part of the year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 200,000 p.m.</b>								
6	<b>Agarwal Rajiv</b>	President Spinning Operations	3,635,280	B.com, CA, ICWA, CS	40	21	27.08.2002	Essar Shipping Ltd. (Executive Director)
7	<b>Bhalla Vijay</b>	President (SBU-Yarn)	2,376,492	B.Tech. ( Text )	55	34	01.08.1995	Shree Minakshi Mills Ltd. (Managing Director)
8	<b>Jindal Amitabh</b>	Vice President (Corp HR)	2,159,292	B.Sc.( Hons.) PGDPM., M.A ( Eco.)	52	28	01.09.1999	Reckitt & Colman (I) Ltd Vice President (HR)
9	<b>Kapoor Arun</b>	President Corporate	4,737,950	B.Sc. (Chemistry Hons.)	49	29	01.07.2002	Usha Martin Infotech Group (Group CEO)
10	<b>Das Soman</b>	Sr.Vice President & SBU Head DTY	1,675,410	B.Sc.PGDM.	48	24	24.07.2002	Haldia Petrochemicals Ltd. (Head Corporate Affairs)

#### Notes :

- Total remuneration comprises salary, special pay and 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 exclude ex-gratia payments on separation.
- All employments are/were non-contractual.
- None of the above employees is a relative of any of the Directors of the Company.

New Delhi  
Dated: 28th April, 2003

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

**A.K.IADHA**  
(Director)