



ANNUAL REPORT 2003 - 2004

INDO RAMA
Built on Global Trust

Message from the **Managing Director**



Dear Shareholders,

In the last year we posted strong growth in our operating and financial results, driven by greater success in both domestic and international markets.

Our earnings performance was particularly encouraging. Our Profits Before Tax increased by 18 percent to Rs.2,526 million. The Profit After Tax was higher by 38 percent to Rs.1,717 million. These earnings also provided for higher dividends and the Company declared a total dividend of 40 percent for the year amounting to a payout of Rs.595 million, including dividend tax.

It is our belief that our progress will continue going forward. The textiles sector in India is showing renewed enthusiasm. The man-made fibre sector is likely to be a substantial beneficiary of this trend given the multi-functional quality of polyester, firm cotton prices and better affordability and acceptance of man-made fibre products.

Our country's GDP performance is strong and the expanding middle-class base with higher dispensable incomes will add to demand. Cost efficiency and availability of skilled manpower will contribute to the earnings capability of the sector.

The Fiscal Stimulation Package announced by the Government had a positive impact on the Textile Industry.

The completion of the Cenvat chain and the restructuring package for the viable Textile units, have ensured further growth and revival of the industry.

As the world trade barriers are progressively dismantled, and the global markets open further, from January 2005 onwards, the Indian textile industry is poised for substantial growth. Not only has the global demand for our products increased, the economies of scale also provide us with a distinct competitive edge. We believe that in such a scenario, post MFA, India will be the single largest gainer after China in world trade in this sector.

Indo Rama is poised to be a key beneficiary of the emerging scenario, given our sector position and our operating strengths. We are considered as one of the world's lowest cost polyester producers. We have been working consistently and dedicatedly towards positioning the Company as the most viable trade partner across the global markets once the quotas are phased out post December 2004.

The opportunities are substantial, and we believe that we must capitalize on such a scenario, leveraging our strengths to expand our size that will reflect performance going forward. Towards this end, Indo Rama has entered into a technical collaboration with Zimmer AG, a leading German construction and engineering company, for establishing a Rs.9,000 million Polyester expansion project at the Butibori plant in Maharashtra. This project aims at doubling the Polyester production capacity from 800 tonnes per day (tpd) to 1600 tpd, for both Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY).

The future is bright and we are confident of maintaining our growth momentum. All our stakeholders, including shareholders, have provided us with support and motivation to achieve growth and performance. I look forward to further strengthening such a partnership as we move into the future, delivering results that enhance value for all shareholders.

Warm regards,

O P Lohia

Management

Discussion & Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

World fibre production maintained its growth pattern throughout 2003, increasing from the level of 53.71 million tonnes to more than 56 million tonnes today. As expected, Polyester consumption grew much faster compared to all other fibres. Today, Polyester accounts for 68 percent of total synthetic fibre production and 38 percent of the total fibre production in the world. Out of the total production of 21 million tonnes, Asia accounts for 16.3 million tonnes of production, which represents 77 percent of the total global production.

Some of the major Polyester producing countries are China, Taiwan, Korea, India, Thailand, Japan and Indonesia. Amidst the Asian countries, the world share of Polyester is as follows. India occupies the fourth position in this list.

Country	World share (in percent)
China	38 percent
Taiwan	12 percent
Korea	9 percent
India	6 percent
Indonesia	5 percent
Thailand	3 percent
Japan	3 percent

Presently, India's Polyester capacity is around 1.65 million tonnes. In the coming years, abundance



of raw material, mass appeal of polyester fibre combined with the easy availability of quality end-use products will ensure India's position in the top league. Indo Rama is currently very well placed to harness the emerging opportunities, as it is the only dedicated Polyester player in India, equipped with the latest technology and a strong domestic customer base.

POLYESTER FILAMENT YARN (PFY)

India commands the third position after China, Taiwan and South Korea. The country's total installed capacity is 1.14 million tonnes. Against an operational capacity of 1.05 million tonnes, the estimated production is 1.00 million tonnes. This represents an increase of 1.5 percent in the overall production over the previous year. India is

witnessing a large capacity addition by small players due to the inherent competitive strengths of Indian industry in PFY. The low cost of production, skilled manpower, latest texturing facilities and excellent domestic and overseas markets augur well for the growing PFY Industry. Indo Rama accounts for 11.4 percent of the installed capacity and 13.0 percent of the estimated production in India. The PFY segment is largely fragmented and presently has 33 competing players, out of which only 6 have a capacity of over 50 thousand tonnes annually.



POLYESTER STAPLE FIBRE (PSF)

India stands at fourth position after China, Taiwan and Korea in terms of production capacity. The total installed capacity is 0.65 million tonnes and the operational capacity is 0.61 million tonnes. Production is estimated to be at 0.606 million tonnes, approximately. High quality standards, latest technology and low cost of production make the PSF Industry highly competitive. Indo Rama accounts for 21 percent of the country's installed capacity and 26 percent of its operational capacity and production.

OPPORTUNITIES AND THREATS

- Strong GDP growth and emergence of a large middle class segment signals enhanced buying power, which will fuel the growth of Polyesters
- High disposable income will translate into increased spending on clothing
- The National Textile Policy aims at strengthening the Indian textile industry in areas of manufacturing and exporting of quality textiles and clothing. The aim to achieve an export target of USD 50 million by 2010 cannot be met by cotton alone. Polyester is an important partner to meet the target of exports and the RMG sector will rely heavily on Polyester
- The completion of CENVAT chain augurs well for the Polyester Industry and will go a long way towards improving the cost efficiency of the entire textile value chain. The Government's initiatives to recognize the textile industry as

- a key thrust area and ongoing measures like rationalization of yarn duties, along with measures to enhance the industry's global competitiveness, will ensure rapid and permanent growth
- Opening of the world market post-December 2004, will increase competition among major yarn and fabric manufacturers to hold and increase their market share in world Textiles and Clothing. The strength India enjoys in terms of cheap and skilled manpower, excellent product quality and low cost of production will provide an excellent opportunity to the Indian Polyester Industry. This will increase export volumes significantly, which will result in increased consumption of both PSF and PFY
 - Polyester is also competitively placed as compared to other fibres. Against a backdrop of fluctuations in cotton crop and Viscose dependency on water, the excellent superiority in physical properties of Polyester makes it highly attractive. These factors compounded with easy and consistent availability of the fibre add to its advantage. Hence, traditional fibres like Cotton will be unable to cater to the growing needs of the World's population and Polyester is the only fibre which can play such a key role in meeting this demand
 - Globally, 58 percent of the total consumption of Polyester is in non-apparel segments like Home Textiles, Automotives and Industrial Textiles. India, on the other hand consumes only 8 percent in non-apparel applications. There lies a huge opportunity in terms of investment and growth in this potential segment. Polyester fibre has immense applicability not only in Home Textiles and Automotives but also Medical Textiles and Geo-Synthetics
 - China continues to pose a challenge to India not only in terms of Polyester production (PSF and PFY) but also in the export of fabrics to USA and other European countries. China presently contributes about 40 percent of PFY and 34 percent of PSF out of the total world production and shows no signs of slowing down. Two-thirds of total US imports of USD 9 billion from China in 2002 consisted of man-made products, mainly Polyester
 - Investment in the RMG sector continues to be largely neglected and India still does not have large RMG manufacturing facilities. The modernization and up-gradation of this sector is imperative to claim a large share of the export basket
 - Modernization of the weaving and processing Industry has started and should give a fillip to the quality of garments produced in the domestic market
 - Total likely fabric production in India accounted for 42,296 million square meters.

Cotton fabrics accounted for 43 percent while 41 percent was attributed to 100 percent non-cotton fabrics. The demand for 100 percent non-cotton fabric which mainly comprises of Polyester is growing on a year-on-year basis and is consistent

- Moreover, in terms of yarns, 100 percent non-cotton yarns mainly constituting Polyester recorded a positive growth in the last few years. Cotton yarn is anticipated to decline from 3,160 million kgs in 2000-01 to 3,023 million kgs in 2003-04 whereas 100 percent non-cotton yarn is expected to see a growth from 247.55 million kgs to 337 million kgs in the same period

SEGMENT WISE PERFORMANCE PFY

Total sales of POY, FDY and DTY of Rs.8,967.31 million were recorded in the year under review. Domestic sales increased by 19.41 percent in value terms as compared to the previous year.

Indo Rama has a consolidated market share of 11.5 percent and a 12.3 percent market share in the semi dull market.

PSF

Total sales of Rs.9,925.07 million were recorded in the year under review. Domestic sales increased by 5 percent in value terms as compared to the previous year.

Indo Rama has a consolidated market share of 28 percent and a 32 percent market share in the semi dull market.

The increased focus on domestic sales was led by the objective of increasing a consistent customer base. Also, deliberate efforts were made to tap customers who are growth oriented, progressive and understand the dynamics of the textile market. This would lead to an increased penetration of Indo Rama's products across the country and result in a higher market share in terms of volumes.

SECTOR OUTLOOK

PFY

Domestic demand is expected to grow at around 8-10 percent CAGR between 2004-05 to 2006-07. The demand-supply position is fairly balanced. Consequently, small to medium sized expansions are on the horizon. 2004-05 will see expansion related activities in PFY, leading to its growth in non-apparel applications. This segment should



provide an impetus to boost PFY demand. Domestic sales are expected to grow 12 percent in the year 2004-05 to 1.130 million tonnes.

PSF

PSF demand is likely to grow at 5-7 percent CAGR between 2004-05 and 2006-07. The domestic demand is fairly balanced and imports are negligible. PSF is increasingly being used in weaving and knitting sector and is the main fibre for the apparel wear market. Domestic sales are expected to increase by 11 percent in the year 2004-05 to 0.648 million tonnes.

OUTLOOK FOR INDO RAMA

The first quarter of the year was adversely impacted by a nation-wide strike brought about by the unorganized players of the textile industry protesting the implementation of the Cenvat chain. Despite a poor first quarter, Indo Rama maintained a healthy growth. This was reflected in the considerable improvement of its results in the later quarters. The future promises further buoyancy as the company is well poised to harness the emerging opportunities.

Indo Rama is the single largest dedicated Polyester producer in the country. The clear focus is to increase its domestic market share and to position all its products not only in the commodity market but in the niche premium markets as well. Towards this end, extensive technical trials are currently underway in the market place, laying emphasis on building a long term relationship with customers accompanied by aggressive customer servicing.

Direct communication with customers, value added services through a dedicated Technical cell, marketing seminars to educate customers about the industry are some of the immediate measures undertaken to improve Indo Rama's brand image and market share.

In view of the considerable growth opportunities existing in the non-apparel sector, Indo Rama's Application and Research division has successfully tested and created new applications of Polyester in tyre cords for bi-cycles and in tarpaulins. Renewed efforts are to enter the vast areas of Home Textiles and Geo-Textiles. Entry in these areas will allow Indo Rama to grow into specific non-apparel sectors which are critical for the overall growth of Indo Rama.

PFY

Indo Rama continues its focus to achieve a higher market share domestically in order to harness the higher growth forecasts. In synergy with its overall growth plans, the company has planned to double its capacity from the present 130 thousand tonnes per annum (tpa) to 270 thousand tpa. In order to capitalize on the growing domestic demand, emphasis on quality has been further enhanced. Several quality specific initiatives have been taken in the plant, even at the cost of reducing throughput marginally.

Heavy, coarse and coarse micro segments remain the key focus areas for Indo Rama. It will target a market share of 13 percent in 2004-05.



PSF

Indo Rama aims to increase its market share in 1.4 D and target its entire volume for the domestic market. On the other hand, 1.1 D is a novelty fibre capable of replacing other deniers in value added counts from 40s to 55s and also in the bright yarn dominated sewing thread market. In 2004-05, Indo Rama is targeting a market share of 33 percent in the semi dull segment.

Indo Rama has also set out to double its PSF capacity from 140 thousand tpa to 280 thousand tpa.

RISKS AND CONCERNS

The current duty structure for finished goods and a relatively traditional processing sector could affect the overall growth of the market. Opening of world trade, post December 2004, will provide

an opportunity for the country to become a larger sourcing destination for international markets. However, the country may not be able to tap this opportunity as the quality of finished fabrics primarily depends on the quality of weaving and processing.

China's continued growth in Polyesters and its ability to maintain large volumes of export to countries like US and

Europe can destabilize the world economy and impact India negatively.

Quality of finished fabrics for premium segments remains a concern. Low investment and relatively slow modernization in the RMG sector may also prove a hindrance.

To overcome these challenges, Indo Rama has kicked-off several strategic initiatives. In order to maintain its leadership position in the domestic market, it has announced a Rs.9,000 million Polyester expansion project in alliance with Zimmer AG at its existing facility at Butibori, near Nagpur (Maharashtra). This expansion will double its polyester production capacity from 800 tonnes per day (tpd) to 1600 tpd in both Polyester Staple Fibre and Partially Oriented Yarn. In other words, the total production capacity will rise to 600,000 tpa and will make this facility the largest single

location plant in the country. The expansion is expected to be completed by September 2005 and is in line with the company's focus of making its operations globally competitive. It will also help Indo Rama leverage its position better in both the existing and emerging markets.

Indo Rama is a customer driven enterprise and hence lays unparalleled emphasis on professional management, transparency and integrity. It has the advantage of having the latest technology for producing quality products besides having a trained and committed workforce. The company's products are well accepted in the domestic and export market. Stringent controls involving online methods to check quality and a highly competent technical team ensures that all products maintain the highest standards. A continuous monitoring of chemical and physical properties within a narrow band ensures superior product quality.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Competent, highly qualified and experienced professionals at the plant, regional and corporate level, play a crucial role in planning and implementation. Indo Rama carefully selects professionals through rigorous processes to ensure the highest standards of work at each level. Sound financial and commercial practices form the backbone of operations at Indo Rama while providing a vital tool to ensure transparency and proficiency.

Adherence to systems and operating procedures is ensured by the accountability brought to internal audits. This has been made possible by outsourcing the management assurance system to KPMG.

This has also helped to ensure a transparent working atmosphere. To help maintain Indo Rama's core focus, the high caliber IT unit and Finance have recently been outsourced to Accenture, world renowned consultants. With this change, Indo Rama is now focusing purely on marketing and overall business strategies.

Apart from following world class management systems, Indo Rama also lays stress on sound HR policies. Continuous personal and professional training in the forms of workshops, seminars, talks, etc, form an integral part of the management fabric.

Indo Rama's initiatives at ensuring safety at the workplace and that of the environment have been recognized over the years. The company has not only bagged the National Safety Award as a runner up for 2001-02 and 2002-03 but has also been a recipient of the ISO 14000 certification.

FINANCIAL HIGHLIGHTS

PARTICULARS	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
Sales & Other Income (Rs/Millions)	22,988	22,056	19,228	19,969	17,621	13,789	14,528	11,827	8,608	2,006
(Of which Exports Turnover) (Rs/Millions)	2,045	4,917	4,956	6,025	4,130	2,365	4,269	2,481	2,053	1,000
PBDIT (Rs/Millions)	3,960	3,704	2,784	3,050	2,669	1,232	1,564	1,533	850	309
Interest (Rs/Millions)	469	620	1,071	1,739	1,712	1,791	1,476	908	470	99
Profit before Depreciation, Write off & Provisions and Tax (Rs/Millions)	3,491	3,084	1,713	1,311	957	(560)	88	625	380	210
Depreciation/DRE-W/O (Rs/Millions)	965	946	1,045	1,051	1,036	1,036	961	607	369	72
Profit/(Loss) before Tax (Rs/Millions)	2,526	2,138	668	187	(79)	(1,596)	(873)	18	11	138
Profit/(Loss) after Tax (Rs/Millions)	1,717	1,248	413	187	(76)	(1,596)	(873)	15	11	138
Earning/Share (Rs)	12.99	9.39	2.48	1.13	-	-	-	0.10	0.09	2.41
Gross Fixed Assets* (Rs/Millions)	20,578	20,802	23,049	22,653	22,212	19,351	18,508	15,897	7,929	5,925
Net Current Assets (Rs/Millions)	424	940	668	1,157	1,256	1,086	2,380	1,594	1,240	1,240
Equity Capital (Rs/Millions)	1,318	1,330	1,662	1,662	1,560	1,557	1,557	1,557	1,300	572
Reserves & Surplus* (Rs/Millions)	5,468	4,511	4,999	4,382	4,468	1,672	3,280	4,175	3,515	2,745
Loan Funds (Rs/Millions)	7,886	9,920	11,022	12,554	13,611	14,321	14,173	12,293	9,078	5,109
Net Worth* (Rs/Millions)	6,754	5,783	6,558	5,901	5,842	3,088	4,673	5,536	4,589	3,293
Book Value/Share (Rs)	51	43	39	35	37	20	30	36	35	57
Sales/Share Capital (Times)	17	16	11	12	11	9	9	7	7	3

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* 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 maximizing long term value for stakeholders,
- Commitment to Corporate conduct and citizenship, and
- Concern for environment and sustainable development.

Your 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. These norms are reviewed and reaffirmed on an ongoing basis to ensure that the Company operates beyond the mandatory regulatory frame work.

2. Board of Directors

The Company has a broad-based Board and meets the 'Composition' criteria. As on 31st March, 2004, the Board has a strength of ten Directors. There are seven non-executive Directors, six 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, Managing Director, Mr.Vishal Lohia and Mr.Shailendra Tandon, Whole-time Directors are the Directors in Executive Capacity. The composition of the Board for the Year ended 31st March, 2004 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 Directorships (*)	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	4	-	11	-	-	No
2.	Mr. O.P. Lohia – @ Managing Director	Executive Director & Promoter.	4	4	5	3	1	Yes
3.	Mr. Vishal Lohia – @ Whole Time Director	Executive Director	4	4	1	-	-	No
4.	Mr. O.P. Vaish	Non-executive Independent Director	4	3	8	5	2	No
5.	Mr. Anil D. Rege	Non-executive Independent Director	4	4	3	5	1	No
6.	Mr. A.K. Ladha	Non-executive Independent Director	4	4	9	6	5	Yes
7.	Mr. U.K. Khaitan	Non-executive Independent Director	4	3	13	4	-	No
8.	Mr. H.Hirako	Non-executive Independent Director	4	4	2	-	-	No
9.	Mr.Kamal Kishore	IFCI Nominee (Non-Executive Independent Director)	4	1	3	5	-	No
10.	Mr.Shailendra Tandon Whole-time Director (a)	Executive Director	4	1	-	1	-	Yes

@ 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 year 2003-04.

(**) For this purpose only 3 committees, namely, Audit Committee, Remuneration Committee and Investors' Grievance Committee have been considered.

(a) Mr.S.Tandon was appointed as Director and Whole-time Director w.e.f. 19.01.2004. He had attended last AGM on 22nd August, 2003 in his capacity as President & CFO of the Company and not as member of the Board.

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.P.K.Rai(a)	Non-executive Independent Director	1	1	1	-	-	No
2.	Mr.P.S.Bhatnagar(b)	Non-executive Independent Director	4	4	-	1	-	No

(a) Mr.P.K.Rai ceased to be a Director w.e.f. 03.06.2003

(b) Mr.P.S.Bhatnagar ceased to be a Director w.e.f. 19.01.2004.

Board Meetings and Attendance

During the financial year ended 31st March, 2004, four meetings of Board of Directors were held. The intervening period between two Board Meetings was well within the maximum time gap of 4 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.	28 th April, 2003	11	8
2.	24 th July, 2003	10	8
3.	14 th October, 2003	10	8
4.	19 th January, 2004	10	9

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Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, 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, information on senior level appointments just below the Board level 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, the Remuneration Committee and the Shareholders/ Investors Grievance Committee. During the year 2003-04, the Board has constituted a one time committee as "Debenture Redemption Committee" for the limited purpose of deciding early redemption of Debentures arising out of Demerger. This Committee held only one meeting on 11th August, 2003 during the year and is not in vogue any more.

A. Audit Committee

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

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

The Committee has powers similar to those stated in the listing agreements and exercises most of the functions as per the terms of reference in line with the requirements of the code of Corporate Governance as envisaged under Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company and inter-alia includes:

- reviewing the Company's financial reporting process and the disclosure of its financial information.
- recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment of other services.
- reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies.
- reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable follow-up thereon.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2004.

The details of Audit Committee meetings held during the year 2003-04 are given below:-

Audit Committee Meetings			
S.No.	Date of Audit Committee Meeting.	Committee Strength	No. of Members present.
1.	19 th April, 2003	3	2
2.	28 th April, 2003	3	3
3.	24 th July, 2003	3	2
4.	14 th October, 2003	3	2
5.	19 th January, 2004	3	2

Audit Committee Meeting Attendance	
Directors	No. of Meetings attended.
1. Mr.A.K.Ladha	5
2. Mr.A.D.Rege	5
3. Mr.Kamal Kishore (IFCI Nominee)	1

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

The Chairman of the Audit Committee was present at the Annual General meeting of the Company held on 22nd August, 2003 to attend to the shareholders' queries.

B. Banking and Finance Committee

The Banking and Finance Committee is authorised to decide and oversee matters relating to banking operations and to decide the investment strategy with regard to the available surplus funds with the company as well as small borrowings. The Chairman is appointed by a voice vote and quorum is any two members present. 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 Banking and Finance Committee comprises 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 2003-04, the following meetings of the Banking and Finance Committee were held as under:-

S.No.	Date	Committee Strength	Members Present
1.	27 th May, 2003	3	2
2.	11 th August, 2003	3	3
3.	22 nd November, 2003	3	2
4.	26 th December,2003	3	3
5.	25 th February, 2004	3	3
6.	10 th March, 2004	3	3
7.	29 th March, 2004	3	3

C. Management Committee

The Management Committee comprises Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.S.Tandon (who has replaced Mr.P.K.Rai upon the later's resignation from the Directorship). 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. Two meetings of the Management Committee were held during the year under report for the purpose of fixing Record Date for Interim Dividends.

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, transfers, duplicate share certificates and related matters. During the year 2003-04, Share Allotment and Transfer Committee held 21 meetings to expeditiously dispose of the matters referred to above.

The members of the Committee at present are Mr.O.P.Lohia, Mr.A.K.Ladha, Mr.U.K.Khaitan and Mr.Shailendra Tandon. The Chairperson is appointed by a voice vote at each meeting and the quorum is any two members present.

The attendance at the Share Allotment and Transfer Committee Meetings is as under:

Name of the Director	No. of Meetings attended
Mr.O.P.Lohia	18
Mr.A.K.Ladha	12
Mr.U.K.Khaitan	9
Mr.Shailendra Tandon*	2
Mr.P.S.Bhatnagar**	8

* Appointed w.e.f., 19th January, 2004.

** Ceased to be a Director w.e.f., 19th January, 2004.

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 two 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.S.Tandon*.

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 the cases that are constrained by dispute or legal impediment. The total complaints received during the year and replied were 509. There have been no complaints that have not been resolved to the satisfaction of the shareholders nor are there any pending transfers. During the year four meetings of Investors Grievance Committee were held as under:

Investors' Grievance Committee Meetings				Investors' Grievance Committee Attendance	
S.No.	Date of Investors' Grievance Committee Meeting.	Committee Strength	No. of Members present	Name of Members	No. of Meetings attended.
1.	30 th June, 2003	4	3	Mr.O.P.Lohia	2
2.	30 th September, 2003	4	3	Mr.A.K.Ladha	4
3.	27 th December, 2003	4	3	Mr.U.K.Khaitan	4
4.	29 th March, 2004	4	4	Mr.S.Tandon*	1
				Mr.P.S.Bhatnagar**	2

* Appointed w.e.f., 19th January, 2004

** Ceased to be a Director w.e.f., 19th January, 2004.

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 the Executive Directors comprising Managing and Whole-time Directors. The committee fixes the remuneration after taking into consideration remuneration practices followed by Companies of similar size and standing in the industry. The Committee periodically reviews and recommends suitable revision in the remuneration package of Executive Directors to the Board.

The Remuneration Committee comprises of three Directors as its members. All the members of the committee are independent, non-executive and persons of repute and have sound knowledge of management practices. The Chairman of the Committee is a Non-executive independent Director nominated by the Board. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

The constitution of the remuneration committee is as follows:-

S.No.	Name of Directors	Status
1.	Mr.A.K.Ladha	Chairman (Independent, Non-executive)
2.	Mr.U.K.Khaitan	Member (Independent, Non-executive)
3.	Mr.Kamal Kishore (Nominee of IFCI Ltd.)	Member (Independent, Non-executive)

During the financial year ended 31st March, 2004, one meeting of the Remuneration Committee was held on 29th March, 2004 to decide the terms of appointment and remuneration (including minimum remuneration) of Mr.Shailendra Tandon who was appointed as Whole-time Director w.e.f. 19th January, 2004. The Committee had also considered and approved revised/increased remuneration to Mr.Vishal Lohia, another Whole-time Director. There has been no change in the constitution of remuneration committee during the year and 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, remuneration of the Managing/Whole-time Directors is fixed by the Remuneration Committee. The remuneration is fixed considering various factors such as qualification, experience, expertise, 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 various related provisions of the Companies act, 1956. The remuneration policy for Whole-time Directors is directed towards rewarding performance, based on review of achievements. The non-executive Directors has not drawn any remuneration from the Company except sitting fees for meetings of the Board and Committees attended by them.

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4. Details of Remuneration to the Directors during the Financial Year Ended 31st March, 2004.

(Rs.'000)

S No.	Name of the Director	Salary	Perquisites and other benefits	Sitting	Total Fee
1.	Mr. M.L.Lohia	-	-	(*)	-
2.	Mr. O.P. Lohia @	7200	4323	-	11523
3.	Mr.Vishal Lohia	1200	828	-	2028
4.	Mr. O.P. Vaish	-	-	45	45
5.	Mr. Anil D. Rege	-	-	105	105
6.	Mr. A.K. Ladha	-	-	365	365
7.	Mr. U.K. Khaitan	-	-	245	245
8.	Mr. H.Hirako	-	-	(*)	-
9.	Mr. Kamal Kishore	-	-	20	20
10.	Mr. P.K. Rai (a)	-	-	5	5
11.	Mr. P.S.Bhatnagar (b)	-	-	130	130
12.	Mr. Shailendra Tandon (c)	291	534	-	825

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

(**) Sitting fee in respect of Mr.Kamal Kishore goes to the IFCI Ltd., whom he represents as nominee Director.

(a) Ceased to be a Director w.e.f. 3rd June, 2003.

(b) Ceased to be a Director w.e.f. 19th January, 2004.

(c) Appointed as Whole-time Director w.e.f. 19.01.2004.

@ Mr.O.P.Lohia was paid remuneration as Managing Director (MD) in terms of the approval of the Central Government vide letter No. 1/339/2002-CL.VII dated 21st April, 2003.

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

6. Disclosures

1. None of the transactions with any of the related parties were in conflict with the interests of the company at large.
2. 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, analysts, institutional investors etc. through formal presentation on its financial as well as other organisational developments.

Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern etc., are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Information Centre, within the time frame prescribed in this regard.

Management Discussion and Analysis forms a part of the Annual Report, which is Posted to the shareholders.

8. Details of last three Annual General Meetings:

Year	Date	Time	Location
2003	August 22, 2003	11.00 A.M.	Registered office of the Company.
2002	June 28, 2002	11.00 A.M.	Registered office of the Company.
2001	July 27, 2001	11.00 A.M.	Registered office of the Company.

GENERAL SHAREHOLDERS INFORMATION

1. Registered Office of the Company:

51-A, Industrial Area,
Sector- III, Pithampur-453 001, Dist. Dhar (M.P.)
Phone: 91-7292-256567
Fax: 91-7292-256104

2. Annual General Meeting:

Date : Friday, the 25th June, 2004
Time : 11.00 A.M.
Venue : 51-A, Industrial Area,
Sector III, Pithampur-453 001,
Dist. Dhar (M.P.)
Book Closure : From 12th June, 2004 to 25th June, 2004 (both days inclusive)

3. Financial Calendar for 2004-2005:

Adoption of Quarterly Results Ended:	In the Month of
30 th June, 2004	July, 2004 (2 nd / 3 rd week)
30 th September, 2004	October, 2004 (2 nd / 3 rd week)
31 st December, 2004	January, 2005 (2 nd / 3 rd week)
31 st March, 2005 (Audited Annual Accounts)	April, 2005 (2 nd / 3 rd week)

4. Dividend Payment

A final dividend of Rs.2.00 per share (20%) has been recommended by the Board of Directors for the Financial Year 2003-04 and is subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend, if approved will be paid on or before 24th July, 2004.

Company has already paid two interim dividends, both of Re. 1.00, aggregating Rs. 2.00 per equity share during the financial year 2003-04.

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

M/s. MCS Limited
"Srivenkatesh Bhawan"
W-40, Okhla Industrial Area Phase-II
New Delhi 110 020.
Tel.No. : 91-11- 26384909.
Fax No.: 91-11- 26384907.
E-mail : mcsdel@vsnl.com

6. Investors Correspondence

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

Indo Rama Synthetics (India) Limited
903, Mohandev, 13, Tolstoy Marg,
New Delhi - 110 001.
Tel.: 91-11- 23737686
Fax.: 91-11- 23355364
E-mail: naveenc.jain@indorama-ind.com
Website : www.indoramaindia.com

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7. 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
National Stock Exchange of India Limited, Mumbai	INDORAMA
The Stock Exchange, Mumbai	500207
The Stock Exchange, Ahmedabad	INDORAMA
The Calcutta Stock Exchange Association Limited	19276
Delhi Stock Exchange Association Limited	109008
Madhya Pradesh Stock Exchange (Indore)	728
ISIN No	INE 156 A 01020

Listing Fee for the year 2004-05 has been paid to the stock exchanges within the stipulated time.

Due to lack of significant trading volumes, the Company proposes to delist from all other stock exchanges except BSE and NSE.

The Company's GDRs, each comprising eight underlying shares of the Company, in the post demerger capital, are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, 11, Avenue de la Porte-Neuve, L-2227, Luxembourg.

8. Shareholding Pattern of the Company as on 31st March, 2004.

Category	No. of Shares held	Percentage of shareholding %
A. Promoter's holding		
1. Promoters		
- Indian Promoters	2,02,71,103	15.38
- NRI Promoters including Overseas Corporate Body (OCBs)	4,42,49,749	33.57
2. Persons acting in concert	98,70,680	7.48
Sub Total (1+2)	7,43,91,532	56.43
B. Non-Promoters Holding		
3. Institutional Investors:		
a. Mutual Funds and UTI	97,29,769	7.38
b. Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions	30,10,472	2.28
c. Foreign Institutional Investors (FIIs)	3,80,513	0.29
Sub-Total (3)	1,31,20,754	9.95
4. Others:		
a. Corporate bodies (including foreign Companies).	2,00,64,585	15.22
b. Indian Public	1,34,56,219	10.21
c. Non-resident Indians (NRIs)	2,46,834	0.19
d. Any other-Bank of New York-Depository for GDRs.	1,05,47,360	8.00
Sub-Total (4)	4,43,14,998	33.62
Sub Total (3+4)	5,74,35,752	43.57
Grand Total	13,18,27,284	100.00

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9. Distribution of Shareholding as on 31st March, 2004.

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	23,248	85.25	36,00,008	2.73
501 1,000	2,213	8.12	16,35,006	1.24
1001 2,000	852	3.12	12,51,857	0.95
2,001 3,000	270	0.99	6,80,938	0.52
3,001 4,000	152	0.56	5,49,548	0.42
4,001 5,000	112	0.41	5,29,523	0.40
5,001 10,000	183	0.67	13,75,110	1.04
10,001 and above	240	0.88	12,22,05,294	92.70
Total	27,270	100.00	13,18,27,284	100.00

10. 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.

11. Dematerialisation of Shares

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

Status of Dematerialisation as on March 31, 2004:

The following data indicates the extent of Dematerialisation of Company's shares as on 31st March, 2004.

No. of Shares Dematerialised	7,60,12,396	57.66% of the total share capital.
No. of Shareholders in D'mat form.	15,913	58.35% of the total no. of shareholders.

12. Market Data (Rs.)

The monthly high and low quotations and volume of shares traded on BSE and NSE are as follows:

Month	BSE			NSE		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
2003						
April	31.10	26.55	5,21,025	32.50	26.50	28,09,175
May	32.40	25.05	21,60,823	32.20	25.25	68,19,053
June	35.45	30.90	5,81,932	36.75	31.10	18,74,228
July	40.90	28.00	30,22,833	40.90	30.00	98,63,101
August	62.70	32.70	94,46,752	62.80	32.30	2,07,73,666
September	72.25	53.30	76,50,127	71.35	53.75	1,72,33,875
October	84.90	66.50	38,07,745	85.00	67.20	1,10,69,846
November	102.00	81.10	25,21,288	102.00	81.00	60,73,249
December	101.35	88.00	23,89,788	101.00	88.00	50,99,228
2004						
January	109.70	73.10	29,93,968	109.70	74.25	70,01,892
February	91.85	71.65	7,20,983	92.40	71.00	19,97,563
March	77.60	60.50	5,16,854	77.40	60.60	23,36,932

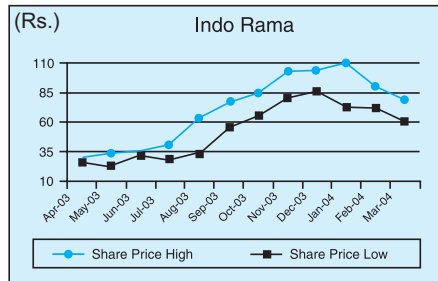
Source: www.bseindia.com & www.nseindia.com

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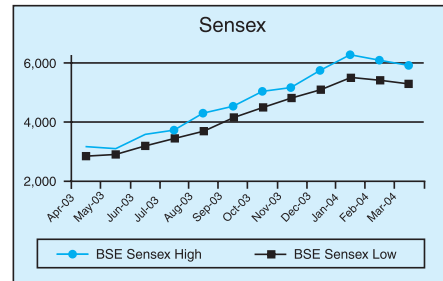
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13. Stock Performance vis-a-vis BSE Sensex

The performance of the Company's Share related to BSE Sensex is given in the charts below:-



Share price on BSE (April, 2003 to March, 2004)



BSE Sensex (April, 2003 to March, 2004)

14. Plant Locations of the Company as on 31st March, 2004

The company has its manufacturing and operating complex at:
 31-A, MIDC Industrial Area,
 Butibori, Nagpur, Maharashtra
 Tel. : 07104-265314
 Fax. : 07104-265305/265307

15. Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends upto the financial years 1995-96 have been transferred to the Investor Education and Protection Fund (IEPF), administered by 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:

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).

Financial Year	Whether Interim/Final	Date of payment of Dividend	Due date for transfer to IEPF
1996-97	Final	09.10.1997	22.10.2004
2002-03	Final	27.08.2003	26.08.2010
2003-04	1 st Interim	12.11.2003	11.11.2010
2003-04	2 nd Interim	28.01.2004	26.01.2011

16. Electronic Clearing Service (ECS)

SEBI had vide its Circular No. DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all companies should mandatory use ECS facility wherever available. In the absence of ECS facility, companies may use warrants for distributing the dividends and vide its Circular No. D&CC/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DPs about any change in the Bank Account details.

17. 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
Website : 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
Website : www.cdslindia.com

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18. 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) Limited

We have examined the compliance of conditions of Corporate Governance by Indo Rama Synthetics (India) Limited for the year ended on 31st March, 2004, 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 AGRAWAL
Partner
Membership No. 82028

Place: New Delhi
Date: 20th April, 2004

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2004

Dear Shareholders,

Your Directors take great pleasure in presenting the 18th Annual Report together with the audited statement of accounts for the year ended March 31, 2004.

Financial Results

	(Rs/ Million)	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Sales and Other Income	20,923.93	20,468.79
Profit before Interest, Depreciation and Tax (EBIDTA)	3,959.70	3,704.35
Interest	469.28	620.17
Profit before Depreciation and Tax (PBDT)	3,490.42	3,084.18
Depreciation	964.59	946.39
Profit before Tax (PBT)	2,525.83	2,137.79
- Provision for Tax	43.89	101.16
- Deferred Tax	764.76	788.42
Profit after Tax (PAT)	1,717.18	1,248.21
Add :		
(a) Profit brought forward from previous year.	643.57	-
(b) Transfer from Debenture Redemption Reserve.	38.97	-
(c) Proposed dividend of previous year written-back	3.00	133.01
Profits after tax available for Appropriation.	<u>2,402.72</u>	<u>1,381.22</u>
Appropriations		
Debenture Redemption Reserve	5.97	150.03
General Reserve	175.00	250.00
Interim Dividend on equity shares	263.65	-
Corporate Tax on Interim Dividend	33.78	-
Proposed final dividend on equity shares	263.65	299.28
Corporate Tax on proposed Dividend	33.78	38.34
Surplus carried to Balance Sheet	1,626.89	643.57
Total Appropriation	<u>2,402.72</u>	<u>1,381.22</u>

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Dividend

Your Directors have recommended a final dividend of Rs.2.00 per equity share (20%) for the financial year ended March 31, 2004 for your approval at the ensuing Annual General Meeting.

During the year, your Company had paid two interim dividends, both of Re.1.00, aggregating Rs. 2.00 per equity share (20%) amounting Rs.297.43 million (including dividend tax). Consequently, the total outgo on account of dividends for the Financial Year 2003-04 shall be Rs.594.86 million (at Rs.4.00 per share or 40%) as against Rs. 334.62 million (at Rs.2.25 per share or 22.5%) in the previous year, inclusive of Dividend Tax.

Review of operations

During the year, the Company achieved gross sales of Rs.22 billion and Net Sales of Rs.16.64 billion, EBIDTA (Earnings before Interest, Depreciation & Tax) grew by 6.9% to Rs. 3.96 billion and PBT (Profit before Tax) increased by 18% to Rs.2.53 billion;

PAT (Profit after Tax) grew 38% to Rs. 1.72 billion, which translates to an EPS of Rs. 12.99 for the year. The Company reduced its debts during the year by 15.4% to Rs. 7.71 billion from Rs. 9.1 billion last year. Consequently, the debt /equity ratio stands at 1.51 as on March 3, 2004 compared with 2.42 on March 3, 2003. Interest cost, too, were reduced by 24% in the financial year 2003-04.

The year ended March 31, 2004 represents the first year of operations of the Company after de-merger of its spinning operations into a separate company. The de-merger has resulted in increased focus on our core polyester business and has further augmented operational efficiencies.

Operations during the first quarter were impacted as a consequence of the Union Budget announcement to extend the Cenvat chain to the power-loom sector, which resulted in a nationwide strike across the industry by the unorganised sector. The Cenvat chain has, however, provided a level playing field to the organised sector.

Your Company took the opportunity provided by the above referred strike to shut down two of its plants at Butibori, Nagpur, for around 45 days during April – May, 2003 to debottleneck and further optimise its operations. The plant is now operating at 120% of the installed capacity. The Company enjoys a strong presence in the market with a current market share of c.a. 20%.

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Management Discussion and Analysis Report

Management Discussion and Analysis on matters relating to the business performance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

Awards and Recognition

Your Company, while focussing at producing the highest quality products to benefit its customers and their end-users, also strives to ensure that working conditions at the Company's manufacturing facilities match similar stringent standards. The National Safety Award for 2001 and 2002 that was conferred on your Company in September 2003 endorses our commitment to maintaining the highest possible safety measures at the work place.

Polyester Expansion Project

A significant highlight of the year was your Company entering into an alliance with Zimmer AG, a leading German construction and engineering company for its Rs.900 Crore Polyester expansion project in Butibori, Nagpur, Maharashtra. This expansion project aims at doubling its Polyester production capacity from 800 tonnes per day (tpd) to 1600 tpd for both Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY). The Company currently produces over 300,000 tonnes per annum (tpa) of Polyester, which, after expansion will increase to around 600,000 tpa by December, 2005.

Your Company's expansion move is strategic in nature and an investment for the future. The world market opens up post 2005, and the Asian share of Polyester industry is expected to continue its rise. Your Company's expansion move will enable it to strengthen its position, as one of the strongest players in the global market.

Reduction of Capital / Issue of Non-convertible Debentures pursuant to Demerger

As reported last year, pursuant to the Scheme of Arrangement for demerger of the spinning operations of your Company, the share capital of the Company was split in the ratio of 80:20 between the Company and IRTL (the transferee Company), respectively.

Subsequent to the re-casting of capital as aforesaid, the Company, during the year had issued 11,93,410 Zero Coupon Secured Redeemable Non-convertible Debentures (NCDs) of Rs.10 each offered through an Exit Option in terms of the Scheme of Arrangement by conversion and cancellation of an equal number of equity shares. Consequently, the equity capital of the Company was reduced by 11,93,410 equity shares of Rs. 10 each w.e.f. 24th July, 2003 and is reflected in the balance sheet as at 31st March, 2004. The debentures, which were redeemable at a premium of Rs. 20 per debenture, were redeemed in full, on 24th October, 2003.

Corporate Governance

Your Company is committed to benchmarking itself with global standards in all areas including adoption of appropriate standards of 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.

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.

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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.

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.

Directors

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

Mr.P.K.Rai, Director, resigned from the Board of the Company on June 3, 2003. Mr. P.S. Bhatnagar relinquished the office of Director on January 19, 2004 and in his place Mr. Shailendra Tandon has been appointed as Director and also as Whole-time Director on the Board of your Company. Mr. Shailendra Tandon's appointment has come into effect from January 19, 2004. Mr. Tandon shall be liable to retirement by rotation.

Your Directors place on record their sincere appreciation for the guidance received from Mr.P.K.Rai and Mr.P.S.Bhatnagar during their respective tenure as members of the Board.

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 annual accounts for the financial year ended March 31, 2004, applicable accounting standards have been followed along with proper explanation relating to material departures, 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 of the Company for the year ended March 31, 2004;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts for the financial year ended March 31, 2004 have been prepared on an on-going concern basis.

Auditors and their observations

As regards the comments made by the Auditors in item No. 11 of their Audit Report dated 20th April, 2004, the attention of the reader is drawn to note No. 9 of Schedule 23, which clarifies that the Company was restrained from making payment of interest and instalments falling due in the last quarter of the previous year upon receipt of notice from the Debt Recovery Tribunal-I, Mumbai (DRT-1) in the matter of a suit between IFCI and Unit Trust of India (UTI). As soon as the settlement was reached between IFCI and UTI, the DRT order was suitably amended and immediately the Company paid the due amount along with the interest to IFCI.

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.

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 2004-05. Accordingly, qualified cost auditors are being appointed to carry out audit of the cost accounts maintained by the Company for the year 2004-05.

Delisting of equity shares from some Stock Exchanges

The equity shares of your Company are presently listed on six stock exchanges viz., National Stock Exchange (NSE), Stock Exchange - Mumbai (BSE) and the stock exchanges at Ahmedabad, Calcutta, Delhi, and Madhya Pradesh (Indore). Data on trading volumes indicates that there is practically no trading of Company's shares on stock exchanges other than NSE and BSE. Since, NSE and BSE account for the maximum traded volume of Company's share and have nationwide trading terminals which facilitate trading by members/investors across the country, there is no necessity of continuing listing with the rest of the stock exchanges.

Accordingly, the Board of Directors of your Company have recommended for voluntary delisting of the Company's shares on the four stock exchanges, viz., Ahmedabad, Calcutta, Delhi and Madhya Pradesh (Indore).

The Company's shares shall however, continue to remain listed on NSE and BSE. A special Resolution seeking your approval to such delisting is included in the notice of the ensuing Annual General Meeting.

Human Resources

Industrial relations continued to be cordial throughout the year under report. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation of the dedicated and commendable

services rendered by the staff and workforce of the Company, without whose efforts, such an impressive performance may not have been possible.

Acknowledgements

Your Directors take this opportunity to offer their sincere thanks to various Departments of the Central and State Governments, Government agencies, Financial Institutions, Banks, shareholders, customers, employees and other related organisations, who through their continued support and cooperation, have helped in your Company's progress.

For and on behalf of the Board of Directors

O. P. Lohia

Managing Director

S.Tandon

Whole-time Director

Place: New Delhi

Dated: April 20, 2004

ANNEXURE TO DIRECTORS' REPORT

Information 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 and forming part of the Directors Report for the year ended March 31, 2004.

A. CONSERVATION OF ENERGY

Energy Saving Measures taken and proposals under implementation:-

POLYESTER

- Reduction in steam consumption in PSF draw lines by replacing existing inverted bucket steam traps with ball type steam traps (saving Rs. 5.2 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. 0.7 million/annum)
- Reduction of 6 bar air system pressure drop by modification of compressor discharge header. (saving Rs.1.25 million/annum)
- Utilization of PSF 2/3 flash steam in WHRB (Waste Heat Recovery Boiler) Deaerator, thereby resulting in steam saving. (saving Rs.0.86 million/annum)
- Bio-gas plant based on Central Canteen/Kitchen waste to reduce LPG consumption (saving Rs. 0.43 million/annum)
- Optimization of chilled water flow to air chillers (saving Rs.0.64 million/annum)
- Installation of air traps on the storage vessels and the chilled water heat exchangers (saving Rs.1.46 million/annum)
- Localized collection of the condensate at the boiler house & use as feed water in boiler (saving Rs.0.03 million/annum)
- Replacement of high head by low head pumps for cooling water system for VCC & air compressors. (saving Rs.2.53 millions/annum)
- Replacement of high head by low head cooling water pumps for VAC machines. (saving Rs.3.7 millions/annum)
- Cathodic protection for fire hydrant system to prevent corrosion & loss of water through under ground pipelines of fire hydrant system (saving Rs.1.1 million/annum)
- Variable speed drive for a chilled water pump to conserve energy (saving Rs.0.56 million/annum)
- Installation of filters in POY/PSF AHU before coils to save electrical energy (saving Rs.2.783 millions/annum)
- Recycling of Cp1 HVAC condensate to Cp1 cooling tower (saving Rs.0.1 million/annum)
- Replacement of pumps for drinking water, soft water, boiler feed water, effluent by low head pumps. (saving Rs.0.7 million/annum)

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

FORM – A

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

PARTICULARS	Year Ended 31.03.2004	Year Ended 31.03.2003
(A) POWER & FUEL CONSUMPTION		
1 ELECTRICITY		
(a) Purchases		
Units (kwh in '000)	14,994	14,333
Total Amount (Rs in '000)	50,799	49,190
Rate/kwh (in Rs)	3.39	3.43

PARTICULARS

Year Ended
31.03.2004Year Ended
31.03.2003**(b) Own Generation/Under Sharing arrangement with IRSL**

(i) Through Diesel Generation

Units (kwh in '000)	232,611	231,465
Units/Ltr of FO	4.61	4.58
Cost/Unit (Rs/Unit)	2.17	2.22

Less Units Share with IRTL

Units (kwh in '000)	55,265	51,338
Units/Ltr of FO	4.61	4.58
Cost/Unit (Rs/Unit)	2.17	2.22

Net Consumption

Units (kwh in '000)	177,346	180,127
Units/Ltr of FO	4.61	4.58
Cost/Unit (Rs/Unit)	2.17	2.22

(ii) Through Steam Turbine/Generation Unit

Units/Ltr of Fuel Oil	Nil	Nil
Gas	Nil	Nil
Cost/Unit (Rs/Unit)	Nil	Nil

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2 COAL

Quantity in MT	28,746	31,813
Total Cost (Rs in ' 000)	39,525	43,248
Average Rate (Rs/MT)	1,375	1,359

3 FURNACE OIL

Quantity (KL)	79,029	83,044
Total Cost (Rs in ' 000)	786,676	838,190
Average Rate (Rs/Lt)	9.95	10.09

4 OTHER INTERNAL GENERATION**(A) CONSUMPTION PER UNIT OF PRODUCTION**

Production of Polymer Products	310,280	330,611
Electricity/Kg (in kwh)	0.62	0.59

B. TECHNOLOGY ABSORPTION

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

RESEARCH & DEVELOPMENT (R&D):

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

- Optimization of CP operating parameters for improvement in polymer quality:
 - Reduction in Operating Temperature.
 - Reduction of Catalyst in Polymer.
 - Optimization of Polymer DEG.
- Enhancement of CP production by using New Catalyst
- Enhancement of Spinning through put in PSF CP-1 from 85 to 90 MTD
- Improvement in POY packing by introduction of stretch wrap jumbo packing.
- Development of High Shrinkage FDY products-50/48, 70/34, 90/34, 100/48, 150/34, 150/72

- Development of New FDY products–150/34 for industrial application.
- Development of New POY product–360/34 for industrial application.
- Reduction in Spin Finish Oil consumption by improvising the spin finish recipe.
- Development of Customized PSF products for PV and PC applications.
- PSF productivity increased by optimizing process parameters
- Reduction in consumption of PSF cutter blades by increasing blade life after nitrite coating.
- Studied the impact of Organic Impurities in reflux water on Polymer Colour.
- Development of testing method by UV spectrophotometer
- Improvement in FDY dye-ability by modification of spin finish applicator.
- Provision of 320 mm crimper in place of 310 mm, there by increase in fibre-line productivity by 3 TPD in CP-1.
- Usage of alternate spin finish for reduction in spin finish consumption.

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

- Improvement in process performance in terms of Efficiency, 1st Quality, Reduction in Breaks/Ton & % Waste, Constituency in various quality parameters.
- Reduction in MEG consumption by reducing CP process temperatures.
- Reduction in Catalyst & DEG consumption by enhancing polymer purity.
- Significant improvement in Equal Length [IE] Packages by reduction in breaks.
- Consistency in quality & product performance at high speed texturizing with higher customer satisfaction.
- Higher customer satisfaction & reduction in packing freight cost as a result of improved jumbo packing in POY.
- Reduction in 1st PQ generation by improving FDY dyeing consistency.
- Introduction of New Products–POY, FDY & PSF leading to customer satisfaction.
- Improved PSF runnability performance at high speed with consistent quality in spun yarn at customer's end.

3. Import Substitution:

- Import Substitution of DCS Application work station processor & Hard Disks. Saving App. Rs.0.6 Million
- Import Substitution of HTM soot blowers timers, Seal Kit of POY Wilkinson PRV, Finisher Mechanical Flow switch. Saving-Rs.0.56 Million.
- Development of 2 Nos. HTM heater burner support inserts. Savings-Rs.1.05 Million
- APH Gilled plate of HTM heaters. Savings-Rs. 1.00 Million
- Development of bottom guide roller of POY Doffer. Savings-Rs.0.24 Million.
- Development of Teijin Seiki POY/FDY machine spares. Savings-Rs.0.1 Million.
- PSF Tow cooling conveyor driving roller for Draw line. Saving-Rs.0.52 Million
- DF-3/HR Rotary joint body and syphone tube. Savings-Rs.0.77 Million.
- Gear box for LVD baler feed roller. Savings-Rs.0.1 Million.

4. Future Plan of Action :

- Replacement of inefficient absorption chiller by efficient m/cs (saving Rs.9.8 millions/annum per m/c)
- Reduction of steam generation cost by replacing oil fired boiler with Coal Fired Boiler (saving Rs. 24.0 million/annum)
- Pressure optimization of compressed air for intermingling in POY /DTY (saving Rs. 5.0 million /annum)
- Replacement of HP by MP steam for HBX & HR in PSF draw lines. (saving Rs.7.2 millions/annum)
- Variable frequency drive for 12 bar air compressors (saving Rs.1.21 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:-

- Improvement in Productivity.
- Improvement of Quality .
- Cost saving & Reduction in Manufacturing Cost.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO OF THE COMPANY

		Rs.'000	
		Year ended 31.03.2004	Year ended 31.03.2003
a) Foreign Exchange earnings of the Company:			
i)	Exports (FOB value)	655,611	2,145,786
ii)	Others	41,615	30,374
	Grand Total	<u>697,276</u>	<u>2,176,160</u>
b) Foreign Exchange Outgo:			
i)	CIF value of Imports :		
a)	Raw Material	2,126,819	1,171,499
b)	Components and Spares	164,052	137,866
c)	Capital Goods	975	548,730
	Sub Total	<u>2,291,846</u>	<u>1,858,095</u>
ii)	Others Expenditures:		
	Travelling	3,374	1,538
	Claims	372	1,553
	Commission	2,985	3,867
	Interest(Net)	267,129	263,467
	Others	8,340	9,394
	Sub Total	<u>282,200</u>	<u>279,819</u>
c) Net Dividend Remitted in foreign exchange:			
i)	Amount remitted for period from 01.04.2002 to 31.03.2003 (US \$ 2,144,184 & JPY 33,740,764)	111,532	-
ii)	Amount remitted for period from 01.04.2003 to 31.03.2004		
	1 st Interim Dividend (US\$ 962,094 & JPY 14,148,216)	49,527	-
	2 nd Interim Dividend (US\$ 961,458 & JPY 13,788,235)	49,527	-
	Sub Total	<u>2,10,586</u>	<u>-</u>
d) Remittance in foreign exchange on account of redemption of Debentures			
-	Amount remitted (JPY 80,231,994)	33,754	-
	Sub Total	<u>33,754</u>	<u>-</u>
	Grand Total	<u>2,818,386</u>	<u>2,137,914</u>

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, 2004 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 Companies (Auditor's Report) Order, 2003 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 the written representations received from the directors, as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004 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 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, 2004;
 - b) in the case of the Profit and Loss Account, of the profit 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 AGRAWAL
Partner
Membership No.: 82028

Place: New Delhi
Date: 20th April, 2004

ANNEXURE REFERRED TO IN PARAGRAPH 3 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, 2004

- 1 (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
(iii) There was no substantial disposal of fixed assets during the year.
- 2 (i) The management has conducted physical verification of inventory at reasonable intervals during the year.
(ii) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
(iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 (i) The Company has granted unsecured loan aggregating to Rs 2,374,996 thousand to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(ii) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
(iii) There are no stipulations as to the payment of the principal amount and interest thereon. However, the entire amount of loan along with interest has been repaid during the year. (Excluding to the extent stated in Note No. 9 in Schedule 3).
(iv) In view thereof, the clause pertaining to the overdue amount being more than Rupees one lakh is not applicable.
- 4 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 inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control in respect of these areas.
- 5 (i) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
(ii) In our opinion and according to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rupees five lakhs have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- 9 (i) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*.
(ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and Cess were outstanding at the year end for a period of more than six months from the date they became payable.
(iii) According to the records of the Company, the dues outstanding of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess on account of any dispute are as follows:

Name of the Statute	Nature of the Dues	Amount Rs. '000	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty demand	12,322	Supreme Court
The Central Excise Act, 1944	Penalty for excise duty demand	4,071	Supreme Court
The Central Excise Act, 1944	Reversal of Cenvat Credit on inputs	2,406	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Fine for Cenvat Credit taken on inputs	1,218	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Penalty for Cenvat Credit taken on inputs	1,828	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty demand	25,182	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Penalty for Excise Duty demand	20,859	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Penalty for Service Tax demand	443	Commissioner (Appeals)
The Central Excise Act, 1944	Interest for Service Tax demand	4,652	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty demand	133,531	Adjudication – CCE, Nagpur
The Central Excise Act, 1944	Customs Duty Notice for assessment as per published prices	17,574	Adjudication – CCE, Nagpur
The Central Excise Act, 1944	Excise Duty demand	2,156	Adjudication – Addl. CCE, Nagpur
The Central Excise Act, 1944	Reversal of Cenvat Credit on Inputs	565	Adjudication – Jt. CCE, Nagpur
The Central Excise Act, 1944	Reversal of Cenvat Credit on Capital goods	1,504	Adjudication – Jt. CCE, Nagpur
The Central Excise Act, 1944	Excise Duty demand	1,992	Adjudication – Jt. CCE, Nagpur
The Central Excise Act, 1944	Service Tax demand	804	Adjudication–Jt. CCE, Nagpur
The Central Excise Act, 1944	Reversal of Cenvat Credit on Capital goods	104	Adjudication – Asst. CCE, Division-II, Nagpur
The Central Excise Act, 1944	Excise Duty demand	434	Adjudication – Asst. CCE, Division-II, Nagpur
Bombay Sales Tax Act, 1959	Sales Tax on manufacturing Scrap etc.	1,182	Dy. Commissioner of Sales Tax (Appeals), Nagpur
The Maharashtra Tax on Entry of Motor Vehicle into Local Area Act, 1987	Entry Tax on vehicle	261	Sales Tax Tribunal, Mumbai
Central Sales Tax Act, 1956	Sales tax on manufacturing Scrap	183	Dy. Commissioner of Sales Tax (Appeals), Nagpur
The Income Tax Act, 1961	Disallowances of Expenses	7,628	Income Tax Appellate Tribunal, New Delhi
The Income Tax Act, 1961	Disallowances of Expenses	109,823	Commissioner of Income Tax (Appeals), New Delhi

- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11 Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders, *except to the extent stated in note no. 9 of schedule 23.*
- 12 According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14 In respect of dealing/trading in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and other securities have been held by the Company in its own name.
- 15 According to the information & explanations given to us, the Company has given guarantee for loans taken by others from bank, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- 16 Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investments and no long-term funds have been used to finance short-term assets (excludes permanent working capital).
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 The Company had created adequate securities in respect of privately placed debentures issued in the earlier years. Securities were not created in respect of debentures issued to the shareholders of the Company, as per the option exercised by them in accordance with the scheme of arrangement. However, these debentures were paid in full on 24th October, 2003.
- 20 The Company has not raised any money through a public issue during the year.
- 21 Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Company
Chartered Accountants

per RAJ AGRAWAL
Partner
Membership No. 82028

Place: New Delhi
Date: 20th April, 2004

BALANCE SHEET AS AT 31st MARCH, 2004

	Schedules	31.03.2004 Rs.'000	31.03.2003 Rs.'000
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,318,224	1,329,941
Reserves and surplus	2	5,468,320	4,511,405
		6,786,544	5,841,346
Loan Funds			
Secured loans	3	7,468,565	9,352,040
Unsecured loans	4	416,963	567,809
		7,885,528	9,919,849
Deferred Tax Liability (net)	5	1,319,204	554,443
TOTAL		15,991,276	16,315,638
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	20,578,224	20,802,176
Less: Depreciation		7,524,539	6,433,404
Net block		13,053,685	14,368,772
Capital work-in-progress including capital advances and capital inventory		26,571	47,502
		13,080,256	14,416,274
Expenditure During Construction Period (Pending Capitalisation/Allocation)	7	112,968	89,362
Investments	8	2,341,925	811,400
Current Assets, Loans and Advances			
Inventories	9	4,302,592	4,484,601
Sundry debtors	10	705,765	863,363
Cash and bank balances	11	77,414	66,490
Other current assets	12	79,677	128,909
Loans and advances	13	456,042	1,049,819
		5,621,490	6,593,182
Less: Current Liabilities and Provisions			
Liabilities	14	4,696,386	5,161,039
Provisions	15	501,369	492,360
		5,197,755	5,653,399
Net Current Assets		423,735	939,783
Miscellaneous Expenditure (to the extent not written off or adjusted)	16	32,392	58,819
TOTAL		15,991,276	16,315,638

Notes to Accounts

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

As per our report of even date

S.R.Batliboi & Company
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028

N.C.JAIN
Company Secretary

RAJAT BALDHI
President Finance

SHAIENDRA TANDON
Whole-time Director

O.P.LOHIA
Managing Director

Place : New Delhi
Date : 20th April, 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2004

	Schedules	31.03.2004 Rs.'000	31.03.2003 Rs.'000
INCOME			
Turnover (Gross)		21,964,114	21,730,461
Less: Inter – Divisional Turnover (net of Excise duty)		2,064,382	1,587,138
Less: Excise duty		3,263,668	2,901,658
Turnover (net)		16,636,064	17,241,665
Other income	17	1,024,204	325,466
TOTAL		17,660,268	17,567,131
EXPENDITURE			
Purchase of goods for resale		49,121	1,554,303
Raw material consumed		10,847,048	10,654,876
Personnel expenses	18	336,940	332,944
Operating and other expenses	19	2,336,168	2,406,653
Decrease/(Increase) in inventories	20	131,286	(1,085,995)
TOTAL		13,700,563	13,862,781
Profit before interest, depreciation and tax		3,959,705	3,704,350
Interest	21	469,284	620,170
Profit before depreciation and tax		3,490,421	3,084,180
Depreciation		1,099,831	1,081,650
Less: Transfer from Revaluation Reserve		135,246	135,256
Profit before tax		2,525,836	2,137,786
Provision for tax (net of write back of excess provision for earlier years Rs. 63,106 thousand, previous year Rs. 17,842 thousand)		43,894	101,158
Deferred Tax		764,761	788,420
Total Tax expense		808,655	889,578
Net Profit		1,717,181	1,248,208
Balance brought forward from previous year		643,569	–
Transfer from Debenture Redemption Reserve		38,967	–
Proposed dividend including tax of previous year, now written back		3,008	133,013
Profit available for appropriation		2,402,725	1,381,221
APPROPRIATIONS			
Debenture redemption reserve		5,967	150,029
General reserve		175,000	250,000
Interim dividend paid on equity shares		263,655	–
Tax on interim dividend		33,781	–
Proposed final dividend on equity shares		263,655	299,278
Tax on proposed dividend		33,781	38,345
TOTAL		775,839	737,652
Surplus carried to Balance Sheet		1,626,886	643,569
Earnings per share (In Rupees)	22		
– Basic and diluted		12.99	9.39
Notes to Accounts	23		

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

As per our report of even date

S.R.Batlboi & Company
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028

N.C.JAIN
Company Secretary

RAJAT BALDHI
President Finance

SHAIENDRA TANDON
Whole-time Director

O.P.LOHIA
Managing Director

Place : New Delhi
Date : 20th April, 2004

CASH FLOW STATEMENT AS AT 31st MARCH, 2004

	31.03.2004 Rs.'000	31.03.2003 Rs.'000
A. Cash flow from operating activities		
Net profit before tax	2,525,836	2,137,786
Adjustments for:		
Depreciation	964,585	946,394
Loss on fixed assets sold/discarded (net)	1,807	7,838
Provision for diminution in the value of non-trade investments	96,721	6,425
Profit on sale of investments (net)	(415,203)	(20,572)
Deferred revenue expenditure written off	18,838	27,507
Interest income	(76,644)	(82,760)
Dividend income	(353,216)	(2,200)
Interest expense	469,284	620,170
(Profit)/Loss on settlement of derivatives	(1,617)	22,041
Difference in share transactions (net)	-	13,544
Bad debts written off	43,343	39,091
Provision for doubtful advances	681	223
Provision for doubtful debts	(6,278)	(21,304)
Operating profit before working capital changes	3,268,137	3,694,183
Movements in working capital:		
Decrease/(Increase) in inventories	182,009	(1,772,644)
Decrease/(Increase) in sundry debtors	120,533	(282,490)
Decrease/(Increase) in other current assets	26,443	(91,762)
Decrease/(Increase) in loans & advances	129,418	(209,112)
Increase/(Decrease) in current liabilities and provisions	(427,853)	2,168,573
Cash generated from operations	3,298,687	3,506,748
Direct taxes paid (net)	(120,891)	(110,598)
Net cash from operating activities	3,177,796	3,396,150
B. Cash flows from/(used in) investing activities		
Purchase of fixed assets	(70,261)	(905,926)
Purchase of investments	(8,175,108)	(3,327,476)
Proceeds from sale of fixed assets	6,452	5,665
Sale of investments	6,963,065	2,577,388
Profit/(loss) on settlement of derivatives	1,617	(22,041)
Difference in share transactions (net)	-	(13,544)
Movements in loans	584,569	(486,967)
Dividends received	353,216	2,200
Interest received	88,026	71,954
Net cash used in investing activities	(248,424)	(2,098,747)

CASH FLOW STATEMENT AS AT 31st MARCH, 2004 (Contd.)

	31.03.2004 Rs.'000	31.03.2003 Rs.'000
C. Cash flows from/(used in) financing activities		
Receipts against partly paid shares	624	–
Repayment of long term borrowings (net)	(1,118,076)	(1,275,749)
Redemption of debentures issued on conversion of shares	(35,802)	–
Proceeds from/(Repayment) of short term borrowings (net)	(616,426)	475,403
Dividends paid	(557,184)	–
Tax on dividends paid	(71,784)	–
Interest paid	(519,800)	(608,315)
Net cash used in financing activities	(2,918,448)	(1,408,661)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	10,924	(111,258)
Cash and cash equivalents at the beginning of the year	66,490	182,486
Cash and cash equivalents transferred under the scheme of arrangement to another body corporate	–	(4,738)
Cash and cash equivalents at the end of the year	77,414	66,490
Components of cash & cash equivalents		
Cash on hand	61,095	58,425
With banks – on current accounts	9,874	6,954
– on cash credit accounts	2,810	386
– on deposit accounts	350	–
– on unpaid dividend accounts	3,285	725

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Notes:

- 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.
- Negative figures have been shown in brackets.

As per our report of even date

S.R.Batlboi & Company
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028

N.C.JAIN
Company Secretary

RAJAT BALDHI
President Finance

SHAILENDRA TANDON
Whole-time Director

O.P.LOHIA
Managing Director

Place : New Delhi
Date : 20th April, 2004

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1: SHARE CAPITAL

	31.03.2004 Rs. '000		31.03.2003 Rs. '000
Authorised			
185,000,000 (Previous year 185,000,000) Equity Shares of Rs.10 each	<u>1,850,000</u>		<u>1,850,000</u>
Issued and Subscribed			
133,012,652 (Previous year 133,012,652) Equity Shares of Rs.10 each	<u>1,330,127</u>		<u>1,330,127</u>
Paid -up			
133,020,694 (Previous year 133,012,652) Equity Shares of Rs.10 each, allotted as fully paid up	1,330,207	1,330,127	
Less: 1,193,410 Equity Shares (Previous year nil) converted into zero coupon Secured Redeemable Non-Convertible Debentures	<u>11,934</u>	—	
131,827,284 (previous year 133,012,652) Equity shares of Rs.10 each, allotted as fully paid up	1,318,273	1,330,127	
Less: Allotment money in arrears in respect of 9749 (Previous year 37,264) equity shares	<u>49</u>	186	<u>1,329,941</u>
	<u>1,318,224</u>		<u>1,329,941</u>
	<u>1,318,224</u>		<u>1,329,941</u>

Notes:

- 1) Of the above:
 - a) 325,200 equity shares of Rs. 10 each issued for consideration other than cash.
 - b) 22,927,269 equity shares of Rs. 10 each allotted as bonus shares by way of capitalisation of share premium.
 - c) 35,180,304 equity shares of Rs. 10 each allotted against 4,397,538 Global Depository Receipts, each comprising of 8 underlying equity shares of Rs.10 each.
- 2) In accordance with the scheme of arrangement, the non-promoter equity shareholders were given an option to convert their equity shares of Rs.10 each into Secured Redeemable Debentures of Rs.10 each (Debentures), redeemable at a premium of Rs. 20 per Debenture (total price of Rs. 30 each) or such higher premium as may be decided by the board of directors. 610 shareholders have exercised their option to convert 1,193,410 equity shares into equal number of debentures. These debentures were redeemable in two equal instalments at the end of three months and fifteen months from the date of allotment i.e. 24th July, 2003. However, in the interest of the debenture holders and on the basis of consent letters from majority of the debenture holders, the Company decided to prepone the second instalment of redemption and made entire payment of redemption amount of Rs. 30 each debenture at the time of first redemption, which fell due on 24th October, 2003.

SCHEDULE 2: RESERVES AND SURPLUS

	31.03.2004 Rs. '000	31.03.2003 Rs. '000	
Capital Reserve			
Balance as per last account	629	629	
Revaluation Reserve			
Balance as per last account	1,679,954	2,395,073	
Less: Adjustment on account of depreciation on revalued amount of assets	135,246	135,256	
Adjustment on account of assets sold/discarded	134	17	
Less: Transferred under the scheme of arrangement	—	579,846	1,679,954
Debenture Redemption Reserve			
Balance as per last account	225,498	75,469	
Add: Transferred from profit and loss account	5,967	150,029	
Less: Transferred to profit and loss account on account of redemption of debentures	38,967	—	225,498
Securities Premium Account			
Balance as per last account	1,711,755	1,721,652	
Add: Premium received during the year on partly paid shares	407	—	
Less: Share and GDR issue expenses adjusted	7,589	7,589	
Less: Premium on redemption of debentures adjusted	25,840	2,308	1,711,755
General Reserve			
Balance as per last account	250,000	—	
Add: Transferred from profit and loss account	175,000	250,000	250,000
Profit and Loss Account Balance	1,626,886	643,569	
	5,468,320	4,511,405	

SCHEDULE 3: SECURED LOANS

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Debentures		
7,700,000 (Previous Year 9,020,000)- 16.5% Redeemable Non-Convertible Debentures of Rs.100 each	770,000	902,000
1,193,410 (previous year nil) zero coupon Secured Redeemable Non-Convertible Debentures of Rs.10 each	11,934	–
Less: 1,193,410 (previous year nil) zero coupon Secured Redeemable Non-Convertible Debentures of Rs.10 each redeemed	11,934	–
Loans and advances from banks		
Cash/export credit facilities	176,479	781,912
Term loans		
– Rupee loans	1,492,809	504,543
– Foreign currency loans	2,108,392	3,193,243
– Interest accrued and due	–	463
Other loans & advances		
– Rupee loans	185	781
– Foreign currency loans	2,920,700	3,944,191
– Interest accrued and due	–	24,907
	<u>7,468,565</u>	<u>9,352,040</u>

Notes:

- Pursuant to the scheme of arrangement between the Company and Indo Rama Textiles Limited (IRTL), the spinning business of the Company was transferred to IRTL. The discharge of the security on loans created by the Company in respect of the assets transferred to IRTL under the scheme of arrangement is still pending.
- Debentures are secured by equitable mortgage on all immovable properties (excluding the land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools & accessories, both present and future, ranking pari-passu with the charges created in favour of Banks and Financial Institutions for securing Rupee and Foreign Currency Term Loans, subject to prior charges created and/or to be created in favour of the Company's Bankers on specified movables for securing borrowings for working capital requirements. These debentures are privately placed with IFCI Ltd. and are redeemable at a premium of 5%. According to the redemption schedule fixed by IFCI Ltd., Rs. 330,000 thousand have been paid 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.
- Cash/export credit facilities from banks amounting to Rs. 176,479 thousand are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores & spares and book debts of the Company, both present and future. These loans are further secured by second charge on all the immovable properties of the Company.
- Of the Rupee term loans aggregating to Rs. 1,492,809 thousand from banks, loans to the extent of Rs. 500,000 thousand are secured by way of residual first charge on all immovable properties (excluding the land in the state of Gujarat) and hypothecation of movable assets of the Company including movable machinery, machinery spares, tools & accessories, both present and future, loans to the extent of Rs. 250,000 thousand are secured by way of lien on certain investments in Mutual Funds as shown in Schedule 8, loans to the extent of Rs. 740,000 thousand are secured by way of both residual first charge as stated above and lien on certain investments in Mutual Funds as shown in Schedule 8 and balance loans aggregating to Rs. 289 thousand represent car finance loans from banks secured by way of hypothecation of specific vehicles acquired under the arrangement.
- Foreign currency loans aggregating to Rs. 2,108,392 thousand from banks 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 (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. Foreign currency term loans to the extent of Rs. 60,406 thousand are further secured by personal guarantee of Managing Director of the Company.
- Other loans and advances include Hire Purchase arrangement with a Body Corporate amounting to Rs. 185 thousand in respect of a vehicle acquired by the Company and is secured by way of hypothecation of the specific vehicle acquired under the arrangement.
- Of the other loans and advances, Foreign currency loans to the extent of Rs. 2,637,818 thousand (from International Finance Corporation, IKB Deutsche Industriebank AG, DEG – Deutsche Investitions-und Entwicklungsgesellschaft GmbH 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 (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 and balance loan to extent of Rs. 282,882 thousand from DEG – Deutsche Investition-und Entwicklungsgesellschaft GmbH is secured by first ranking floating charge on specific machine purchased under the loan agreement.
- Some of the Financial Institutions who have provided 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.
- In accordance with the scheme of arrangement with Indo Rama Textiles Ltd. (IRTL), 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 had 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 had 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 given a guarantee to DEG 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.
- Debentures, loans and advances from banks and other loans and advances aggregating to Rs. 2,206,867 thousand (Previous year Rs. 2,073,954 thousand) are repayable within one year.

SCHEDULE 4: UNSECURED LOANS

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Loans and advances from banks		
– Foreign currency loan	171,630	167,916
Other loans and advances		
– Foreign currency loan	245,333	399,893
	<u>416,963</u>	<u>567,809</u>

Note:

Loans aggregating to Rs. 346,718 thousand (Previous year Rs. 164,769 thousand) are repayable within one year.

SCHEDULE 5: DEFERRED TAX LIABILITY (NET)

Deferred Tax Liabilities			
Differences due to accelerated amortisation of Deferred Revenue expenditure under the Income Tax Act.	6,758	13,846	
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	2,926,982	2,952,904	
Gross Deferred Tax Liabilities	<u>2,933,740</u>	<u>2,966,750</u>	
Deferred Tax Assets			
Brought forward unabsorbed depreciation	1,517,446	2,364,474	
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	21,724	8,368	
Provision for doubtful debts and advances	41,283	39,465	
Provision for diminution in the value of current investments	34,083	–	
Gross Deferred Tax Assets	<u>1,614,536</u>	<u>2,412,307</u>	
Net Deferred Tax Liability	<u>1,319,204</u>	<u>554,443</u>	

Based on the past performance and projection for future, the Company expects to generate sufficient taxable income in the coming years, which will enable it to utilise the brought forward unabsorbed depreciation.

SCHEDULE 6: FIXED ASSETS

	Land-Free hold	Land-Leasehold	Road & Building	Plant & Machinery	Furniture & Office Equipments	Vehicles	Total	Rs. '000 Previous Year
Gross Block								
At 01.04.2003	1,362	95,750	1,222,503	19,215,310	242,520	24,731	20,802,176	23,048,747
Additions	–	–	1,891	49,683	10,950	19,016	81,540	1,317,855
Deductions	–	–	–	291,511	6,625	7,356	305,492	3,564,426
At 31.03.2004	1,362	95,750	1,224,394	18,973,482	246,845	36,391	20,578,224	20,802,176
Depreciation								
At 01.04.2003	–	5,816	182,840	6,112,205	123,984	8,559	6,433,404	6,684,468
For the year	–	1,085	25,263	1,052,213	18,152	3,118	1,099,831	1,084,569
Deletions /Adjustments	–	–	–	1,147	3,196	4,353	8,696	1,335,633
At 31.03.2004	–	6,901	208,103	7,163,271	138,940	7,324	7,524,539	6,433,404
Net Block 31.03.2004	1,362	88,849	1,016,291	11,810,211	107,905	29,067	13,053,685	14,368,772
At 31.03.2003	1,362	89,934	1,039,663	13,103,105	118,536	16,172	14,368,772	–
Capital Work-in-Progress	–	5	66	16,866	158	–	17,095	22,507
Capital Advances	–	–	–	3,262	–	–	3,262	11,507
Capital Inventory	–	–	1,015	5,199	–	–	6,214	13,488
	–	5	1,081	25,327	158	–	26,571	47,502

Notes:

1. Leasehold Land worth Rs. 991 thousand (previous year Rs. 991 thousand) is pending for registration in the name of the Company.
2. Buildings include Rs.7,251 thousand (Previous year Rs.7,251 thousand) on account of leasehold improvements.
3. Additions to and deductions from Plant & Machinery during the year include Rs.13,954 thousand and Rs.288,403 thousand respectively on account of foreign exchange fluctuations.
4. Vehicles include Rs.2,429 thousand (Previous year Rs.10,072 thousand) acquired on hire purchase basis.
5. Buildings include Rs.101 thousand (Previous year Rs. 101 thousand) being cost of shares in a Co-operative Housing Society.
6. 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 values by Rs. 2,032,023 thousand, which was credited to Revaluation Reserve.

SCHEDULE 7: EXPENDITURE DURING CONSTRUCTION PERIOD (Pending Capatilisation/Allocation)

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Trial Run Expenses		
Raw material consumed	-	49,212
Consumption of stores and spares	-	1,756
Packing materials consumed	-	4,431
Power and fuel	-	6,312
Insurance (net)	-	140
	-	61,851
Personnel Expenses		
Salaries, wages and bonus	5,270	5,823
Contribution to provident fund	429	364
Contribution to other funds	-	59
Workmen and staff welfare expenses	7	1,145
	5,706	7,391
Operating and Other Expenses		
Consumption of stores and spares	3	100
Power and fuel	-	1,831
Repairs and Maintenance (Excluding stores consumption):		
Plant and Machinery	-	253
Buildings	-	59
Others	-	21
Rent (Including lease rent and hire charges)	606	552
Rates and taxes	-	215
Insurance (net)	6	2,024
Brokerage and commission on sales	-	199
Discounts, rebates and claims	-	127
Foreign exchange fluctuation (net)	10,539	-
Bank charges	5	4,316
Miscellaneous expenses	6,741	15,022
	17,900	24,719
Interest		
- On debentures	-	127
- On fixed loans	-	7,205
- Others	-	1,730
	-	9,062
Depreciation	-	2,920
Sub-Total (a)	23,606	105,943
Less:		
Turnover under trial run	-	59,851
Less: Inter-Divisional Turnover (net of Excise duty)	-	(10,245)
Excise duty	-	(11,942)
	-	79,038
Turnover (net) under trial run	-	37,664
Stock of finished goods under trial run	-	44,048
Stock of work-in-progress under trial run	-	2,100
Excise duty on finished goods	-	(14,923)
Foreign exchange fluctuation (net)	-	106
Miscellaneous income	-	2
	-	68,997
Sub-Total (b)	-	68,997
Total (a+b)	23,606	36,946
Expenses brought forward from previous year	89,362	98,896
	112,968	135,842
Allocated to fixed assets	-	46,480
Balance carried forward	112,968	89,362

SCHEDULE 8: INVESTMENTS

No. of Shares/Units transferred in Company's Name	31.03.2004		31.03.2003		
	No.	Rs.'000	No.	Rs.'000	
(I) LONG TERM					
(A) Trade, Unquoted					
Fully Paid-up and non assessable shares of the capital stock, no par value					
Starpet Inc., USA	288	288	137,491	288	137,491
TOTAL: (A)			137,491		137,491
(B) Non-Trade, Unquoted					
Fully Paid-up Equity Shares of Rs.10 each					
Ritspin Synthetics Ltd.	1,500,000	1,500,000	15,000	1,500,000	15,000
Indo Rama Petrochemicals Ltd.	200,000	200,000	200	200,000	200
TOTAL: (B)			15,200		15,200
TOTAL: (I)			152,691		152,691
(II) CURRENT					
(A) In Government Securities, Unquoted					
National Savings Certificates VIth Issue (Pledged with Sales Tax Authorities)			4		4
TOTAL: (A)			4		4
(B) Non-Trade, Quoted					
(a) (i) Fully Paid-up Equity Shares of Rs. 10 each					
Associated Cement Companies Ltd.	-	-	-	16,000	2,402
Alstom Power India Ltd.	-	-	-	7,200	399
Apollo Tyres Ltd.	40,833	40,833	9,593	18,745	2,481
Arvind Mills Ltd.	155,750	155,750	8,519	89,000	2,000
Asian Hotels Ltd.	117,795	117,795	21,409	500	43
Balasure Alloys Ltd.	72,601	72,611	1,661	72,611	1,661
Balrampur Chini Mills Ltd.	-	-	-	1,500	177
Bharat Electronics Ltd.	-	-	-	13,000	2,396
Bharat Heavy Electricals Ltd.	-	-	-	1,200	262
Bharat Petroleum Corporation Ltd.	-	-	-	9,006	2,336
Blue Coast Hotels & Resorts Ltd.	299,900	299,900	3,287	-	-
BSES Ltd.	-	-	-	1,000	232
Canara Bank	-	-	-	30,000	1,560
Central India Polyesters Ltd.	41,755	41,755	1,869	101,664	4,551
Century Enka Ltd.	272,940	272,940	39,561	-	-
Cipla Ltd.	-	-	-	3,525	3,290
Container Corporation of India Ltd.	21,526	21,526	11,377	-	-
Crompton Greaves Ltd.	85,900	85,900	12,236	-	-
Digital Global Soft Ltd.	-	-	-	2,000	1,284
Divis Laboratories Ltd.	-	-	-	700	145
Eicher Motors Ltd.	-	-	-	13,000	1,081
EIH Ltd.	-	-	-	898	162
Engineers India Ltd.	-	-	-	500	148
Garden Silk Mills Ltd.	-	-	-	50	2
Gujarat Fluorochemicals Ltd.	145,593	145,593	24,886	44,000	3,025
HDFC Bank Ltd.	-	-	-	4,000	823
HEG Ltd.	185,388	185,388	18,729	5,319	163
Hindustan Petroleum Corporation Ltd.	-	-	-	39,900	10,670
HMT Ltd.	-	-	-	13,000	306
ICICI Bank Ltd.	-	-	-	2,000	269
India Cements Ltd.	-	-	-	2,000	63
India Glycols Ltd.	176,200	176,200	20,571	12,145	438
Indian Hotels Co. Ltd.	50,617	50,617	16,234	-	-

SCHEDULE 8: (Contd.)

Company's Name	No. of Shares/Units transferred in	31.03.2004		31.03.2003	
		No.	Rs.'000	No.	Rs.'000
Indian Oil Corporation Ltd.	33,500	33,500	13,417	-	-
Indian Petro Chemicals Corporation Ltd.	-	-	-	14,000	1,117
IPCA Laboratories Ltd.	48,691	48,691	27,562	-	-
ITC Hotels Ltd.	-	-	-	328	18
IVRCL Infrastructure & Projects Ltd.	45,466	45,466	7,522	-	-
Jindal Steel & Power Ltd.	-	-	-	4,300	1,379
Jindal Strips Ltd.	-	-	-	7,000	1,050
Kochi Refineries Ltd.	55,055	55,055	9,492	-	-
Larsen & Toubro Ltd.	-	-	-	9,400	1,758
LIC Housing Finance Ltd.	-	-	-	5,500	367
Mahavir Spinning Mills Ltd.	185,146	185,146	24,158	-	-
Moserbaer (India) Ltd.	-	-	-	2,000	458
National Aluminium Company Ltd.	-	-	-	10,500	1,016
Neyveli Lignite Corporation Ltd.	-	-	-	20,000	547
Optel Telecommunications Ltd.	52,501	52,501	3,675	52,501	3,675
Orchid Chemicals & Pharmaceuticals Ltd.	-	-	-	12,993	971
Prism Cements Ltd.	-	-	-	9,500	79
Punjab National Bank	-	-	-	1,500	155
Punjab Tractors Ltd.	-	-	-	12,000	1,849
Rajasthan Spg. & Wvg. Mills Ltd.	187,054	187,054	9,789	-	-
Ranbaxy Laboratories Ltd.	-	-	-	3,700	2,051
Raymond Ltd.	160,300	160,300	25,532	-	-
Reliance Industries Ltd.	-	-	-	24,500	6,442
Sanghi Polyesters Ltd.	708,400	709,900	23,439	709,900	23,439
Shree Cement Ltd.	126,390	126,390	17,438	-	-
SRF Ltd.	-	-	-	20,000	503
State Bank of India	-	-	-	8,700	2,444
Steel Authority of India Ltd.	-	-	-	255,000	2,342
Swaraj Mazda Ltd.	-	-	-	10,000	725
Syndicate Bank	-	-	-	51,100	963
Tata Chemicals Ltd.	-	-	-	6,500	402
Tata Engineering & Locomotive Co. Ltd.	-	-	-	9,000	1,356
Tata Iron & Steel Co. Ltd.	-	-	-	25,000	3,133
Tata Power Co. Ltd.	-	-	-	29,500	3,333
The Great Eastern Shipping Co. Ltd.	64,579	64,579	8,613	12,000	425
The Karnataka Bank Ltd.	-	-	-	17,400	809
The Karur Vysya Bank Ltd.	-	-	-	2,539	438
The Shipping Corporation of India Ltd.	-	-	-	55,000	4,658
TVS Motors Company Ltd.	-	-	-	2,650	1,070
Videocon International Ltd.	275,375	275,375	20,211	-	-
Vijaya Bank	-	-	-	46,000	725
Welspun Gujarat Stahl Rohren Ltd.	753,453	753,453	28,342	-	-
TOTAL: (a) (i)			409,122		112,066
(a) (ii) Fully Paid-up Equity Shares of Rs. 5 each					
Dr. Reddy's Laboratories Ltd.	-	-	-	1,000	766
Hughes Software Systems Ltd.	-	-	-	750	137
I-Flex Solutions Ltd.	-	-	-	255	230
Infosys Technologies Ltd.	-	-	-	90	411
Mastek Ltd.	-	-	-	500	274
Polaris Software Lab Ltd.	-	-	-	2,500	464
TOTAL: (a) (ii)					2,282
(a) (iii) Fully Paid-up Equity Shares of Rs. 4 each					
Mascot Systems Ltd.	-	-	-	2,800	627

SCHEDULE 8: (Contd.)

	No. of Shares/Units transferred in Company's Name	31.03.2004		31.03.2003	
		No.	Rs.'000	No.	Rs.'000
(a) (iv) Fully Paid-up Equity Shares of Rs. 2 each					
Satyam Computers Services Ltd.	–	–	–	13,000	3,481
(a) (v) Fully Paid-up Equity Shares of Re. 1 each					
Hindustan Lever Ltd.	–	–	–	37,500	6,682
TOTAL: (a) (i+ ii + iii + iv + v)			409,122		125,138
Cost of Quoted Investment in Equity Shares			409,122		125,138
Market Value of Quoted Investment in Equity Shares			374,858		86,951
(b) Units of Mutual Fund of Rs. 10 each					
Deutsche Alpha Equity Fund – Dividend Plan	4,907,975	4,907,975	80,000	–	–
Deutsche Premier Bond Fund Institutional Plan-Growth	–	–	–	1,000,000	10,000
DSP Merrill Lynch Opportunities Fund-Growth*	11,860,937	11,860,937	185,000	–	–
Franklin India Prima Fund – Dividend Reinvestment	3,219,636	3,219,636	101,375	–	–
GSSG GSSIF – Investment Plan – Growth Option	–	–	–	7,531,999	104,597
HDFC Equity Fund – Dividend Plan*	11,065,168	11,065,168	249,353	–	–
HDFC Income Fund – Growth Plan	–	–	–	4,950,466	68,689
HDFC Top 200 Fund – Dividend Plan	4,908,609	4,908,609	105,039	–	–
HSBC Equity Fund – Dividend*	20,884,647	20,884,647	394,243	–	–
IL & FS Bond Fund – Growth Plan	–	–	–	630,716	10,000
LICMF Bond Fund – Growth	–	–	–	5,100,457	80,983
Prudential ICICI Income Plan – Growth	–	–	–	2,976,772	50,655
Prudential ICICI Sweep Plan	84,906	84,906	931	2,044	21
Reliance Growth Fund – Dividend Plan*	4,436,313	4,436,313	153,395	–	–
Reliance Vision Fund – Growth Plan*	4,073,085	4,073,085	258,030	–	–
Sundaram Bond Saver – Appreciation	–	–	–	798,403	15,000
Sundaram Income Plus – Appreciation	–	–	–	1,081,646	10,944
Sundaram Select Midcap – Dividend	3,846,016	3,846,016	53,069	–	–
Tata Equity Opportunities Fund Plan A – Dividend*	12,484,413	12,484,413	180,858	–	–
Tata Pure Equity Fund – Dividend*	7,727,567	7,727,567	128,991	–	–
Tata Select Equity Fund – Dividend	2,472,664	2,472,664	38,377	–	–
Templeton India IBA Plan B – Growth	–	–	–	9,395,370	187,500
Templeton India Income Funds – Growth Plan	–	–	–	2,255,252	47,010
UTI Master Gain	–	100	1	100	1
TOTAL: (b)			1,928,662		585,400
Cost of Investment in Mutual Funds			1,928,662		585,400
Net Assets Value of Investment in Mutual Funds			1,829,572		613,164
TOTAL: (B) (a+b)			2,337,784		710,538
TOTAL: (A+B)			2,337,788		710,542
TOTAL: (I+II)			2,490,479		863,233
Less: Provision for diminution in the value of non-trade long term investments			15,200		13,484
Less: Provision for diminution in the value of non-trade current investments			133,354		38,349
			2,341,925		811,400

*Pledged as securities for loans, except to the extent of 1,987,963 units of HSBC Equity Fund- Dividend Plan, 1,253,523 units of Reliance Growth Fund-Dividend Plan, 199,997 units of Reliance Vision Fund-Growth Plan and 2,584,119 units of Tata Equity Opportunities Fund Plan A - Dividend.

SCHEDULE 9: INVENTORIES

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Raw materials	742,016	811,520
Stores and spares	214,253	192,431
Work-in-progress	97,792	127,606
Finished goods	3,247,991	3,348,380
Waste	540	4,664
	<u>4,302,592</u>	<u>4,484,601</u>

SCHEDULE 10: SUNDRY DEBTORS

Debts outstanding for a period exceeding six months		
Unsecured, considered good	95,012	123,708
Considered doubtful	112,634	118,912
Other debts		
Unsecured, considered good	610,753	739,655
	<u>818,399</u>	<u>982,275</u>
Less: Provision for doubtful debts	112,634	118,912
	<u>705,765</u>	<u>863,363</u>

SCHEDULE 11: CASH AND BANK BALANCES

Cash on hand	61,095	58,425
Balances with scheduled banks:		
On current accounts	9,874	6,954
On cash credit accounts	2,810	386
On deposit accounts	350	-
On unpaid dividend accounts	3,285	725
	<u>77,414</u>	<u>66,490</u>
Included in cash on hand are:		
- Money in transit	42,871	57,217
- Cheques on hand	17,579	-

SCHEDULE 12: OTHER CURRENT ASSETS

Interest accrued on deposits and others	913	23,702
Claims and other receivables	78,764	105,207
	<u>79,677</u>	<u>128,909</u>

SCHEDULE 13: LOANS AND ADVANCES

Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	80,382	96,275
Inter-corporate deposits	33,226	617,352
Balance with customs, excise, etc.	83,563	199,351
Payment of income tax/tax deducted at source	234,629	113,738
Deposits – others	23,584	22,002
Loans to employees	658	1,101
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	2,242	1,561
	<u>458,284</u>	<u>1,051,380</u>
Less: Provision for doubtful advances	2,242	1,561
	<u>456,042</u>	<u>1,049,819</u>
Included in loans and advances are:		
Due from an officer of the Company	-	7
Maximum amount outstanding during the year	68	39
Due from a director of the Company	-	-
Maximum amount outstanding during the year	13	29
Due from ex-whole-time director of the Company	74	74
Maximum amount outstanding during the year	74	74

SCHEDULE 14: LIABILITIES

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Acceptances	1,106,358	1,128,225
Sundry creditors	3,454,078	3,864,369
Advances from customers	30,068	27,579
Deposits from dealers and others	3,512	3,926
Unpaid dividend	3,285	725
Interest accrued but not due on loans	88,090	113,236
Unaccrued income	94	11,501
Other liabilities	10,901	11,478
	4,696,386	5,161,039
Dues to small scale industrial undertakings included in Sundry creditors	47,442	81,650
Dues to other than small scale industrial undertakings included in Sundry creditors	3,406,636	3,782,719

The names of small scale industrial undertakings (to the extent of information available with the management) to whom amounts are outstanding for more than 30 days are as under.

Aksa Stick-On Pvt. Ltd.; B.N. Enterprises; Bagaria Timber Pvt. Ltd.; Bazargaon Paper & Pulp Mills P. Ltd.; Bi Limited; Bindal Packagings; Brajesh Packaging Pvt. Ltd.; Chowdhury Packagers; Compack Private Limited; Excel Tubes And Cones; Girmar Corrugated P.Ltd.; Global Packaging Products; Gondwana Packers Pvt. Ltd.; Hardoli Paper Mills Limited; Ideal Wrappers; Jai Timber Corporation; Jayesh Plastics; K. V. Plastics; Kamal Packaging (P) Ltd.; Kochar Industries; Kwaliti Tubes Pvt. Ltd.; Sajal Enterprises; Cardboard Box Mfg. Co.; Malu Paper Mills Ltd.; Modern Construction; Murarka Cottage Industries; Nagpur Fibropack Pvt. Ltd.; Narayani Industries; Narayani Paper Industries; Paper Combines; Polyfilms Industries; Prabhu Packaging Products Pvt. Ltd.; Primepack Containers Pvt. Ltd.; S.K. Label Systems (P) Ltd.; Safety Packers; Shakti Press Limited; Sharda Paper Products Pvt. Ltd.; Shree Gajanand Plastics(P) Ltd.; Stick Labels; Sundeep Bobbins Co.; Tejas Polymers; Tex-Tube Manufacturing Co.Pvt.Ltd.; Tubecon; Unique Wire Industries; Utkarsh Packers Pvt. Ltd.; Vaishnav Fibre Limited; Sanghavi Mac. And Fab. Pvt. Ltd.; Siri Ram Filtration & Engg.Co.; Paper Machine Wire Industries; Sigma Engineering; Raj Filters; Spectrum Filtration Pvt. Ltd.; Fiber-Teknik; Sara Chem (India) Pvt.Ltd.; Modern Construction; Essar Marketing Services; Velmake Seals; Aero Pack Products; Emerald Industrial Co. Pvt. Ltd.; Reebha Enterprises; Gasket Industries; Sap Engineering; Minar Hydrosystems Pvt Ltd.; Shri Ram Filtration & Engg Co.; Phoenix Engineering; Unique Engineers; Rajoo Industries; Baldota Valve & Fitt. Co P. Ltd.; Vitona Elastomers; Rathi Engineering Works; B.P.Industries; Matchless Enterprises; Rachana Fluoro Polymers; Gujarat Industrial Products; Lords Wear Pvt. Ltd.; Najmi Engg. Works; Shree Tools; Spare-Age India (P) Limited; Maharashtra Engg. Supply Agency; Industrial Fasteners; S.P.Engineering; Vineengineer Enterprises; Industrial Springs; Cool India.

SCHEDULE 15: PROVISIONS

Taxation	162,894	119,000
Proposed dividend on equity shares	263,655	299,278
Tax on proposed dividend	33,781	38,345
Gratuity	25,420	21,679
Leave encashment	15,619	14,058
	501,369	492,360

SCHEDULE 16: MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

Share/Debenture Issue Expenses		
Balance as per last account	5,601	
Less: Written off	2,408	3,193
		5,601
GDR Issue Expenses		
Balance as per last account	15,542	
Less: Written off	5,181	10,361
		15,542
Deferred Revenue Expenditure		
Balance as per last account	37,676	
Less: Written off	18,838	18,838
		37,676
	32,392	58,819

SCHEDULE 17: OTHER INCOME

	31.03.2004 Rs. '000		31.03.2003 Rs. '000
Interest (Gross, Tax Deducted at Source Rs.10,877 thousand, Previous year Rs. 8,125 thousand)	76,644		82,760
Rent income	3,070		18,080
Dividend income from current non-trade investments	353,216	2,200	
Less: Provision for diminution in the value of non-trade current investments (Refer note no.6 of schedule 23)	95,005	-	2,200
Profit on sale of current non-trade investments (net)	415,203		20,572
Profit on settlement of derivatives (net)	1,617		-
Provision written back against diminution in the value of current non-trade investments	-		7,059
Bad debts and other balances written off (net)	-	41,251	
Less: Provision made in earlier years, now reversed	-	44,299	3,048
Sale of scrap	33,470		29,151
Unspent liabilities written back	21,856		23,677
Foreign exchange fluctuation (net)	183,409		110,850
Miscellaneous income	30,724		28,069
	<u>1,024,204</u>		<u>325,466</u>

SCHEDULE 18: PERSONNEL EXPENSES

Salaries, wages and bonus	287,686		279,161
Contribution to provident fund	11,077		10,320
Contribution to other funds	10,287		9,637
Workmen and staff welfare expenses	27,890		33,826
	<u>336,940</u>		<u>332,944</u>

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SCHEDULE 19: OPERATING AND OTHER EXPENSES

Consumption of stores and spares	490,282		397,118
Packing materials consumed	358,312		299,539
Power and fuel	781,653		833,782
Repairs and Maintenance (Excluding stores consumption):			
Plant and machinery	20,327		22,510
Buildings	8,693		10,949
Others	8,271		8,714
Cost of outsourcing activities	50,701		23,843
Rent (Including lease rent and hire charges)	32,546		30,835
Rates and taxes	9,237		12,575
Insurance (net)	30,958		28,855
Brokerage and commission on sales	27,672		41,804
Discounts, rebates and claims	108,913		125,221
Freight and forwarding charges	406,960	463,543	
Less: Recovery	316,252	290,145	173,398
Director's sitting fee	1,050		445
Auditor's remuneration:			
– Audit fee (including Rs. 30 thousand for previous year)	3,810		2,940
– Tax audit fee	756		919
– Limited review of financial statements	1,814		735
– Certification etc	59		1,260
– Out of pocket expenses	312		338
Loss on fixed assets sold/discarded (net)	1,807		7,838
Donations and contributions	245		185
Provision for diminution in the value of non-trade long term investments	1,716		13,484
Loss on settlement of derivatives	-		22,041
Difference in share transactions (net)	-		13,544
Bank charges	53,204		69,303
Bad debts and other balances written off (net)	39,915	-	-
Less: Provision made in earlier years, now reversed	38,778	-	-
Provision for doubtful debts and advances	33,181		23,693
Deferred revenue expenditure written off	18,838		27,507
Miscellaneous expenses	199,966		213,278
	<u>2,336,168</u>		<u>2,406,653</u>

SCHEDULE 20: DECREASE/(INCREASE) IN INVENTORIES

	31.03.2004 Rs. '000	31.03.2003 Rs. '000
Inventories as at March 31, 2004		
– Finished goods	3,247,991	3,348,380
– Work-in-progress	97,792	127,606
– Waste	540	4,664
	<u>3,346,323</u>	<u>3,480,650</u>
Inventories as at March 31, 2003		
– Finished goods	3,348,380	2,230,609
– Work-in-progress	127,606	132,792
– Waste	4,664	3,297
	<u>3,480,650</u>	<u>2,366,698</u>
Excise duty on Finished goods and waste stock	3,041	(124,854)
Add: Trial Run Stock of New Project at Nagpur		
– Finished goods	-	44,048
– Work-in-progress	-	2,100
Less: Transferred under the scheme of arrangement		
– Finished goods	-	96,891
– Work-in-progress	-	43,463
– Waste	-	2,691
	<u>131,286</u>	<u>(1,085,995)</u>

SCHEDULE 21: INTEREST

Interest		
– On debentures	139,618	154,196
– On fixed loans	192,505	341,131
– Others	137,161	124,843
	<u>469,284</u>	<u>620,170</u>

SCHEDULE 22: EARNINGS PER SHARE (EPS)

Net profit as per profit and loss account	1,717,181	1,248,208
Number of equity shares of Rs.10 each at the beginning of the year	133,012,652	166,265,815
Add: Increase/(Decrease) in number of shares pursuant to the scheme of arrangement with IRTL w.e.f. 1st April, 2002	8,042	(33,253,163)
Less: Equity shares converted into Redeemable Debentures w.e.f. 24th July, 2003	1,193,410	-
Total number of equity shares of Rs.10 each at the end of the year	<u>131,827,284</u>	<u>133,012,652</u>
Weighted average number of equity shares of Rs.10 each at the end of the year for calculation of basic and diluted EPS	<u>132,119,974</u>	<u>132,993,981</u>
Basic and Diluted Earnings (in Rupees) Per Share	12.99	9.39

SCHEDULE 23: NOTES TO ACCOUNTS

1. Nature of Operations and Background

Indo Rama Synthetics India Limited (hereinafter referred to as 'the Company') is a manufacturer and exporter of Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Chips and Draw Texturised Yarn (DTY).

In accordance with the scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956 between the Company and Indo Rama Textiles Ltd. (IRTL), the spinning business of the Company was transferred to IRTL on a going concern basis w.e.f. 1st April, 2002

- i) The Company has received in-principle approval from SICOM Ltd. (a Government of Maharashtra undertaking) for demerger of Spun Yarn 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.
- ii) 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. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of following items, which are accounted for, on cash/acceptance basis since the exact quantum in respect thereof cannot be ascertained with reasonable accuracy:

- i) Income on account of claims lodged with insurance company but not settled,
- ii) Interest receivable from customers on delayed payments, and
- iii) Expenditure in respect of difference between the amount of actual assessment and provisional assessment of custom duty on import of raw materials.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

(c) Depreciation

- i) Premium on Leasehold Land and cost of Leasehold improvements are amortised over the period of Lease or their useful lives whichever is earlier.
- ii) Depreciation on other fixed assets is provided on Straight-line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- iii) 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.
- iv) Depreciation on the insurance spares/standby equipments is provided over the remaining useful lives of the respective mother assets.
- v) 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.

(d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at the lower of cost and fair value computed category wise based on the type of investment. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

SCHEDULE 23: (Contd.)

(e) Equity Index Futures and Equity Stock Futures

Equity Index Futures and Equity Stock Futures are accounted for on Mark-to-Market-Margin basis, which is determined index-wise/scrip-wise and necessary provision for the anticipated loss in respect of the open futures contracts is made.

(f) Inventories

Inventories are valued as follows:

Raw materials and Stores and Spares	At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be consumed are expected to be sold at or above cost. Cost is determined on a moving weighted average basis. Cost of raw materials and stores and spares lying in bonded warehouse includes custom duty accounted for on accrual basis.
Work-in-progress and Finished goods	At lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of raw materials for this purpose is ascertained on First In First Out Basis. Cost of finished goods includes excise duty.
Waste	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Provision for obsolescence in inventories is made, wherever required.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable, except to the extent stated in note no.2 (a) above.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(h) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as Operating Leases. Operating Lease payments are recognised as an expense in the Profit & Loss account.

(i) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise, except exchange differences on transactions relating to acquisition of fixed assets, which are adjusted to the carrying amount of fixed assets.

(iv) Foreign Currency Options

Foreign currency options are accounted for on Mark-to-Market margin basis and necessary provision for anticipated losses in respect of open options is made. Gain on such options is recognised on actual realisation.

SCHEDULE 23: (Contd.)

(v) Forward Exchange Contracts

In respect of forward exchange contracts entered into by the Company, 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 except in respect of liabilities incurred for acquiring fixed assets, in which case such difference is adjusted in the carrying amount of the respective fixed assets. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year, except profit or loss on transactions relating to acquisition of fixed assets, which is adjusted to the carrying amount of fixed assets.

(j) Retirement benefits

- i. Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- ii. Gratuity liability under the Payment of Gratuity Act and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

(k) Income taxes

Tax expense comprises both current and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

(l) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity including trial run production expenses (net of income, if any) is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure as a result of capital expansion.

(m) Segment Reporting Policies

Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

Intersegment Transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices and are included in Turnover. Any unrealised profit on unsold inventories is eliminated while valuing inventories.

Allocation of common costs:

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

Unallocated items:

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

SCHEDULE 23: (Contd.)

(o) Export Benefits

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

(p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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.

(q) Miscellaneous Expenditure (to the extent not written off or adjusted)

- i) 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.
 - ii) 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.
 - iii) 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.
3. As per the Memorandum of Understanding entered into between the Company and Indo Rama Textiles Limited (IRTL), the Company has charged to IRTL a sum of Rs. 60,526 thousand (Previous year 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. 16,963 thousand (Previous year Rs. 16,971 thousand), which is included in Miscellaneous Income under Other Income in Schedule 17.
 4. The Company is liable to pay Income-Tax for the year under the provisions of Section 115JB of the Income-Tax Act, 1961. Based on expert opinion, Deferred Tax as provided for in the books of account, pursuant to Accounting Standard 22 issued by the Institute of Chartered Accountants of India, has been considered as an admissible deduction from net profit for determining Book Profit under Section 115JB (2) of the Income-Tax Act, 1961 and accordingly, excess provision of Rs. 63,106 thousand for income tax made in the previous year has also been written back during the year.
 5. The management based on the present trend of profitability and also the future profitability projections, feels that there would be sufficient taxable income in future which will enable the Company to utilise the deferred tax assets created on unabsorbed depreciation.
 6. During the year, the Company has earned dividend income on the investments made in units of various Mutual Funds, which income has been shown under 'Other Income'. In some of the schemes of Mutual Fund, the net asset value as at 31st March, 2004 has gone down after declaration of dividend. The diminution in the value of investments arising on account of the same has been netted off against the aforesaid income.
 7. Loss on account of foreign exchange difference on outstanding forward exchange contracts aggregating to Rs. 141 thousand (Previous Year, Income Rs. 10,410 thousand) is being carried forward to be recognised in the Profit and Loss Account of the next year.
 8. The Company has various open Swap transactions for tenors ranging from 12 months to 36 months with various banks. Against the Rupee Loans, Principal Swaps to the extent of Rs. 1,379,338 thousand and Coupon Swaps to the extent of Rs. 1,179,200 thousand are outstanding. Similarly, against the foreign currency loans, Coupon Swaps to the extent of USD 34 million are outstanding. There is a gain against these Swap transactions as on the balance sheet date. The ultimate adjustment would be made towards such gain on expiry of the Swap period.
 9. In respect of the loans taken by the Company from Industrial Finance Corporation of India (IFCI), the Company was restrained from making the payment of interest and instalment falling due in the last quarter of the previous year upon the receipt of notice from the Debt Recovery Tribunal-I, Mumbai (DRT-1) in the matter of a suit between IFCI and Unit Trust of India (UTI). As soon as the settlement was reached between IFCI and UTI, the DRT order was suitably amended. Immediately the Company paid the due amount along with the interest to IFCI.
 10. Prior period Items aggregating to Rs. 9,498 thousand (net credit) (Previous Year Rs. 6,930 thousand (net debit)) have been booked under the respective heads of account in the Profit & Loss account. The break up of the same is as under:

SCHEDULE 23: (Contd.)

Particulars	Rs.'000	
	2004	2003
Raw material consumed	(15,700)	(2,342)
Salaries, wages and bonus	-	1,373
Discounts, rebates and claims	4,529	4,595
Freight and forwarding charges	-	1,002
Bank charges	-	885
Interest	-	764
Miscellaneous expenses	1,673	653
Total	(9,498)	6,930

11. Segment Information:-

a) Business segments

The two identified Segments are Polyester and Yarn. 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).

	Rs.'000							
	Polyester		Yarn		Eliminations		Consolidated Total	
	2004	2003	2004	2003	2004	2003	2004	2003
REVENUE								
External sales/Income	14,441,575	13,854,146	2,379,509	3,547,197	-	-	16,821,084	17,401,343
Inter-segment sales/Income	2,064,382	1,587,138	-	-	2,064,382	1,587,138	-	-
Total revenue	16,505,957	15,441,284	2,379,509	3,547,197	2,064,382	1,587,138	16,821,084	17,401,343
RESULT								
Segment result	2,415,151	2,875,569	2,402	21,461	39,226	15,838	2,378,327	2,881,192
Unallocated corporate income							762,540	83,028
Unallocated corporate expense							(222,391)	(289,024)
Operating profit							2,918,476	2,675,196
Interest expense							(469,284)	(620,170)
Interest income							76,644	82,760
Income taxes							(808,655)	(889,578)
Net Profit							1,717,181	1,248,208
OTHER INFORMATION								
Segment assets	16,654,867	18,568,021	1,756,359	1,472,929	63,627	23,740	18,347,599	20,017,210
Unallocated corporate assets							2,841,432	1,951,827
Total assets	16,654,867	18,568,021	1,756,359	1,472,929	63,627	23,740	211,89,031	21,969,037
Segment liabilities	4,290,431	4,767,469	207,759	191,451			4,498,190	4,958,920
Unallocated corporate liabilities							9,904,297	11,168,771
Total liabilities	4,290,431	4,767,469	207,759	191,451			14,402,487	16,127,691
Capital expenditures	66,646	1,179,868	7,202	123,099			73,848	1,302,967
Depreciation	894,531	865,972	59,824	51,727			954,355	917,699
Amortisation		8,657						8,657

SCHEDULE 23: (Contd.)

b) Geographical segments*

The following table shows the distribution of the Company's consolidated revenue by geographical market, regardless of where the goods were produced:

Sales Revenue by Geographical Market		Rs.'000	
	2004	2003	
Domestic	16,095,367	15,046,527	
Overseas	725,717	2,354,816	
Total	16,821,084	17,401,343	

*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.

12. Related Party Disclosure

(i) Names of related parties

Joint Venture	Starpet Inc.
Key Management Personnel	Mr. O P Lohia, Managing Director; Mr. Vishal Lohia, Whole-time Director; and Mr. Shailendra Tandon, Whole-time Director
Relatives of key management personnel	Ms Ritika Kumar (Daughter of Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	Indo Rama Petrochemicals Ltd., Indo Rama Textiles Limited.

(ii) Remuneration paid to directors is disclosed under Note 17.1 of the notes to accounts.

	Joint Venture		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sale of Goods	-	-	-	-	-	-	1,280,868	1,229,867	1,280,868	1,229,867
Purchase of Goods for trading	-	-	-	-	-	-	49,121	1,554,303	49,121	1,554,303
Purchases of DEPB Licences	-	-	-	-	-	-	138,319	-	138,319	-
Sales of Stores & Spares	-	-	-	-	-	-	116,874	-	116,874	-
Recovery of Common Services rendered	-	-	-	-	-	-	60,526	200,294	60,526	200,294
Rent*	-	-	386	353	218	199	-	-	604	552
Investment	-	137,491	-	-	-	-	-	-	-	137,491
Provision for bad and doubtful debts/ advances	-	-	-	-	-	-	-	898	-	898
Investment in Indo Rama Petrochem. Ltd.	-	-	-	-	-	-	-	200	-	200
Write off of amounts due	-	-	-	-	-	-	-	1,862	-	1,862
Loans Given	-	-	-	-	-	-	2,374,996	502,352	2,374,996	502,352
Loans repayments received	-	-	-	-	-	-	2,859,123	-	2,859,123	-
Purchase of fixed assets	-	-	-	-	-	-	46	62	46	62
Sale of fixed assets	-	-	-	-	-	-	477	602	477	602
Guarantees given	-	-	-	-	-	-	348,441	-	348,441	-
Interest Received	-	-	-	-	-	-	17,987	20,347	17,987	20,347
Balance outstanding as at the year end										
-Investments	137,491	137,491	-	-	-	-	200	200	137,691	137,691
-Guarantee**	-	-	60,406	359,191	-	-	-	-	60,406	359,191
-Payables***	-	-	750	-	-	-	-	-	750	-
-Loans, Advances & Other Receivables	-	-	-	-	-	-	39,425	693,638	39,425	693,638

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

**Personal guarantee given by the Managing Director against loans taken by the Company.

***Due to a Whole-time Director towards bonus.

SCHEDULE 23: (Contd.)

13. Interest in joint venture:-

Accounting Year Ended	STARPET Inc.	
	31st March, 2004	31st March, 2003
Proportion of ownership Interest	24%	24%
Country of Incorporation or Registration	USA	USA
Share Capital	125,654	136,757
Reserves and Surplus	12,919	12
Long Term Loan Funds	266,917	—
Deferred Tax Liability	8,613	—
Total	414,103	136,769
Gross Block	357,249	—
Less: Depreciation	23,419	—
Net Block	333,830	—
Expenditure during construction period	3,962	1,709
Inventories	90,005	—
Sundry Debtors	95,474	—
Cash & Bank Balances	3,472	135,060
Loans and advances	1,947	—
	190,898	135,060
Less: Current Liabilities	114,587	—
Net Current Assets	76,311	135,060
Total	414,103	136,769
Turnover (Gross)	685,277	—
Other Income	43	—
Total Income	685,320	—
Raw Material Consumed	568,111	—
Personnel expenses	21,224	—
Operating & other Expenses	88,683	—
Decrease/(Increase) in Inventory	(51,052)	—
Interest	13,403	—
Depreciation	23,419	—
Total Expenses	663,788	—
Profit before tax	21,532	—
Provision for tax	8,612	—
Profit after tax	12,920	—

Notes:

- Capital expenditure commitments and contingent liabilities of the joint venture are disclosed in Note 14 and Note 15 respectively.
- The above details represent proportionate amount of the Company's share in the Joint Venture.
- In the absence of audited accounts, the above information is furnished on the basis of the unaudited information provided by the joint venture company.
- The balances are converted to INR at the year-end USD rate.

14. Details of loans and advances given to Companies in which the directors are interested

	2004 Rs.'000	2003 Rs.'000
Indo Rama Petrochemicals Ltd.		
Loan*	819	819
Maximum amount outstanding during the year	819	2,892

There is no repayment schedule for all the above loans.

*Not bearing interest

SCHEDULE 23: (Contd.)

15. Capital Commitments	2004 Rs.'000	2003 Rs.'000
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).	2,142,285	62,069
Starpet Inc. in which the Company has 24% interest, has purchase commitments for fixed assets incidental to the ordinary course of business totalling Rs.nil (previous year Rs. 393,176 thousand) unaudited, as certified by the management.		
16. Contingent Liabilities not provided for		
Guarantees given by the Company	29,000	15,130
Bills of Exchange discounted under Irrevocable Letters of Credit	160,633	589,271
Uncalled liability on partly paid up shares held as Investments	-	11
Differential amount of customs duty in respect of machinery imported under EPCG Scheme and interest thereon	2,208,954	2,268,026
Demand/Show Cause Notices from Excise/Customs Department	233,145	192,247
Demand/Show Cause Notices from Sales Tax & other departments	1,626	250
Demand/Show Cause Notices from Income Tax Department	117,451	7,628
Claims against the Company not acknowledged as debts	43,992	30,588
Cases pending with Labour Courts (the amount is not ascertainable)	-	—
Starpet Inc. in which the Company has 24% interest, has contingent liabilities aggregating to Rs. Nil (previous year: Rs. Nil) unaudited, as certified by the management.	-	—
	<u>2,794,801</u>	<u>3,103,151</u>
17. Supplementary Statutory Information		
17.1 Directors' Remuneration*		
Salaries	12,278	6,607
Contribution to Provident fund	1,043	566
Perquisites**	1,055	938
	<u>14,376</u>	<u>8,111</u>
*Remuneration to the extent of Rs.825 thousand paid to a Whole-time Director is subject to the approval of the Shareholders of the Company.		
** Does not include the value of non-monetary perquisites, leave encashment and gratuity.		
Profit calculation under Section 349 of the Companies Act, 1956 has not been given in view of inadequate profits in terms of the aforesaid Section.		
17.2 Earnings in foreign currency		
Exports at F.O.B. Value	655,661	2,145,786
Others (net)	41,615	30,374
	<u>697,276</u>	<u>2,176,160</u>
17.3 Expenditure in foreign currency (on cash basis)		
Travelling	3,374	1,538
Claims	372	1,553
Commission	2,985	3,867
Interest (net)	267,129	263,467
Others	8,340	9,394
	<u>282,200</u>	<u>279,819</u>

SCHEDULE 23: (Contd.)

17.4 Value of imports calculated on CIF basis

	2004 Rs.'000	2003 Rs.'000
Raw materials	2,126,819	1,171,499
Stores and spares	164,052	137,866
Capital goods	975	548,730
	2,291,846	1,858,095

17.5 Net dividend remitted in foreign exchange

For the period – 01.04.02 to 31.03.03

– Number of non-resident shareholders	4	–
– Number of equity shares held on which dividend was due	49,569,629	–
– Amount remitted (US\$ 2,144,184/- & JPY 33,740,746/-)	111,532	–

For the period – 01.04.03 to 31.03.04

1st Interim Dividend

– Number of non-resident shareholders	3	–
– Number of equity shares held on which dividend was due	49,527,329	–
– Amount remitted (US\$ 962,094/- & JPY 14,148,216/-)	49,527	–

2nd Interim Dividend

– Number of non-resident shareholders	3	–
– Number of equity shares held on which dividend was due	49,527,329	–
– Amount remitted (US\$ 961,458/- & JPY 13,788,235/-)	49,527	–

17.6 Remittance in foreign currency on account of redemption of debentures

– Number of non-resident Debenture holders	1	–
– Number of Debentures held on which Redemption was due	1,125,120	–
– Amount remitted (JPY 80,231,994)	33,754	–

18. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

18.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity	
		2004	2003	2004	2003
Draw Texturised Yarn	TPA	97,500	97,500	32,025	32,025
Draw Twisted Yarn	TPA	45,000	45,000	–	–
Polyester Staple Fibre	TPA	135,000	135,000	132,300	132,300
Polyester Chips	TPA	18,000	18,000	52,500	52,500
Polyester Filament Yarn	TPA	97,500	97,500	126,000	126,000

18.2 Details of Production, Sales and Stocks of Finished Goods (Including during Trial Run Production in previous year)

Classes of Goods	Opening Stocks		Production	Sales		Closing Stocks	
	Qty (MT)	Value (Rs.'000)		Qty (MT)	Value (Rs.'000)	Qty (MT)	Value (Rs.'000)
1. Draw Texturised Yarn (DTY)	3,375 (598)	260,789 (31,447)	37,859 (30,810)	33,597 (28,033)	2,695,944 (2,143,284)	7,637 (3,375)	614,113 (260,789)
2. Polyester Staple Fibre (PSF)	24,102 (22,824)	1,421,006 (970,195)	150,785 (159,772)	151,248 (158,494)	9,925,069 (9,494,781)	23,639 (24,102)	1,449,807 (1,421,006)
3. Polyester Filament Yarn (PFY)	17,775 (18,841)	1,256,539 (1,077,211)	112,901 (104,904)	115,364 (105,970)	8,356,130 (7,049,932)	15,312 (17,775)	1,157,721 (1,256,539)
4. Polyester Chips	7,740 (1,510)	410,046 (54,864)	9,128 (35,960)	16,392 (29,730)	851,357 (1,378,196)	476 (7,740)	26,350 (410,046)
5. Waste – Poly & DTY	251 (41)	4,664 (606)	3,559 (3,052)	3,777 (2,842)	81,789 (55,974)	33 (251)	540 (4,664)

NOTES:

- Figures in brackets are for previous year.
- Sales are after netting of returns out of earlier year sales amounting to Rs. 3,096 thousand (Previous Year Rs.1,948 thousand).
- PFY of 36,902 MT (Previous Year 30,859 MT) has been transferred to DTY Section for internal consumption.
- Production of DTY includes 474 MT (Previous Year 835 MT) received after job work from an outside party.

SCHEDULE 23: (Contd.)

18.3 Consumption of raw materials (Including during Trial Run Production in previous year)

	Unit	Quantity	(MT)	Value Rs.'000	
		2004	2003	2004	2003
Purified Terephthalic Acid	MT	234,939	258,393	7,271,185	7,779,019
Mono Ethylene Glycol	MT	91,757	101,710	3,491,027	2,839,458
Polyester Filament Yarn	MT	-	32	1,764	3,359
Others	MT	663	725	92,478	89,319
		327,359	360,860	10,856,454	10,711,155

NOTES:

- DEPB benefit amounting to Rs. 9,406 thousand (Previous Year Rs. 7,067 thousand) reduced from raw material consumption has not been considered above.
- The aforesaid details exclude consumption of inter-divisional transfers of PFY 36,902 MT (Previous Year 30,859 MT).

18.4 Imported and indigenous raw materials and stores and spare parts consumed:(Including during Trial Run Production in previous year)

		Percentage of total consumption	Value Rs.'000		
		2004	2003	2004	2003
A Raw Materials					
Imported		20.76	11.09	2,253,530	1,188,044
Indigenously obtained		79.24	88.91	8,602,924	9,523,111
		100.00	100.00	10,856,454	10,711,155
B Stores & Spares					
Imported		40.33	41.54	197,748	165,722
Indigenously obtained		59.67	58.46	292,534	233,252
		100.00	100.00	490,282	398,974

18.5 Details of Trading Goods

	Quantity (MT)	Value Rs.'000	
Man Made Fibre Yarn			
Opening Stock	-	-	-
Purchases	287	8,779	28,256
	287	8,779	28,256
Sales	287	8,779	22,946
Closing stock	-	-	-
Polyester Cotton Yarn			
Opening Stock	-	-	-
Purchases	333	11,667	20,865
	333	11,667	20,865
Sales	333	11,667	30,877
Closing stock	-	-	-
Cotton Yarn			
Opening Stock	-	-	-
Purchases	-	134	-
	-	134	-
Sales	-	134	-
Closing stock	-	-	-

NOTE: Purchase of Finished Goods is net of DEPB benefit amounting to Rs 6,389 thousand (Previous year Rs. 185,641 thousand).

SCHEDULE 23: (Contd.)

19. Following Non-trade Investments have been Purchased and Sold during the year:

Description	Number/Units	Purchased Rs.'000	Sold Rs.'000
Equity Shares of Rs. 10 each of -			
ABB Ltd.	10,380	3,446	4,631
Alok Industries Ltd.	192,413	4,832	5,883
Alstom Projects India Ltd.*	8,538	499	885
Andhra Bank	46,500	1,369	1,491
Apollo Tyres Ltd.*	95,740	15,987	19,314
Arvind Mills Ltd.*	259,006	9,317	10,266
Asian Hotels Ltd.*	500	43	37
Associated Cement Companies Ltd.*	36,000	6,657	7,264
Bajaj Auto Ltd.	13,500	12,038	15,290
Balrampur Chini Mills Ltd.*	25,915	4,327	4,268
Bank of Punjab Ltd.	110,000	2,121	2,573
Bank of India	364,855	22,013	21,863
Bharat Earth Movers Ltd.	55,000	5,174	10,579
Bharat Electronics Ltd.*	21,000	5,353	6,952
Bharat Heavy Electricals Ltd.*	18,200	5,932	6,712
Bharat Petroleum Corporation Ltd.*	24,006	7,086	8,640
Bharti Tele-ventures Ltd.	20,000	1,574	1,672
Bombay Dyeing & Manufacturing Company Ltd.	10,000	721	669
Bongaigaon Refinery & Petrochemical Ltd.	25,000	1,902	1,993
BSES Ltd.*	1,000	232	284
Canara Bank*	89,700	8,038	9,790
Central India Polyesters Ltd.*	59,909	2,682	353
Century Textiles & Industries Ltd.	95,457	10,646	10,759
Chambal Fertilisers & Chemicals Ltd.	100,000	1,714	1,656
Chennai Petroleum Corporation Ltd.	122,893	10,585	16,876
Cipla Ltd.*	3,525	3,290	3,106
Digital Global Soft Ltd.*	2,400	1,503	1,327
Divi's Laboratories Ltd.*	4,800	1,148	1,336
Eicher Motors Ltd.*	13,000	1,081	1,240
EIH Ltd.*	898	162	145
Engineers India Ltd.*	500	148	126
Federal Bank Ltd.	121,180	27,155	39,228
Garden Silk Mills Ltd.*	100	3	4
GHCL Ltd.	20,000	461	506
Grasim Industries Ltd.	32,400	22,630	33,482
GTL Ltd.	214,000	19,711	18,055
GTN Textiles Ltd.	44,348	1,541	1,421
Gujarat Ambuja Cement Ltd.	38,000	8,658	10,312
Gujarat Flourochemicals Ltd.*	44,000	3,025	3,205
HDFC Bank Ltd.*	6,700	1,475	1,828

SCHEDULE 23: (Contd.)

Description	Number/Units	Purchased Rs.'000	Sold Rs.'000
HEG Ltd.*	36,319	1,785	1,703
Hindustan Motors Ltd.	130,000	1,632	1,764
Hindustan Petroleum Corporation Ltd.*	70,900	21,625	23,092
HMT Ltd.	13,000	306	214
Hotel Leela Venture Ltd.	150,349	7,834	6,216
ICICI Bank Ltd.*	2,000	269	281
India Cement Ltd.*	2,000	63	27
India Glycols Ltd.*	99,122	5,207	5,823
Indian Oil Corporation Ltd.	25,500	8,480	10,352
Indian Petrochemicals Corporation Ltd.*	176,100	27,744	34,765
Indian Rayon & Industries Ltd.	17,382	2,263	3,137
Indo Gulf Fertilisers Ltd.	97,500	9,711	8,247
Indraprastha Gas Ltd.	90,000	9,101	6,350
ITC Hotels Ltd.*	328	18	15
IVRCL Infrastructure & Projects Ltd.	15,000	2,482	3,117
Jammu & Kashmir Bank Ltd.	15,000	3,405	3,272
Jindal Strips Ltd.*	7,000	1,050	1,269
Jindal Vijayanagar Steel Ltd.	415,000	6,243	5,849
Kochi Refineries Ltd.	46,000	5,918	6,150
Larsen & Toubro Ltd.*	19,400	4,384	5,321
LIC Housing Finance Ltd.*	5,500	367	517
Lupin Ltd.	7,500	3,048	3,527
Mahavir Spinning Mills Ltd.	47,934	4,092	4,132
Mahindra & Mahindra Ltd.	32,000	6,372	9,124
Moserbaer (India) Ltd.*	23,500	6,641	8,707
Nahar International Ltd.	2,000	10	10
National Aluminum Company Ltd.*	10,500	1,016	1,022
Neyveli Lignite Corporation Ltd.*	20,000	547	756
Oil & Natural Gas Corpn Ltd.	13,050	10,018	10,781
Omax Autos Ltd.	55,000	2,469	3,516
Orchid Chemicals & Pharmaceuticals Ltd.*	53,993	8,718	9,188
Prism Cements Ltd.*	9,500	79	62
Punjab National Bank*	13,900	1,457	1,844
Punjab Tractors Ltd.*	12,000	1,849	1,477
Ranbaxy Laboratories Ltd.*	14,100	10,831	12,346
Rashtriya Chemicals & Fertilisers Ltd.	160,000	6,330	4,869
Reliance Industries Ltd.*	85,200	30,107	37,550
Ruchi Soya Industries Ltd.	26,345	1,371	1,119
Siemens Ltd.	6,000	2,171	2,693
SKF Bearings India Ltd.	10,000	638	721
SRF Ltd.*	54,025	1,623	1,619
State Bank of India*	12,200	3,421	4,082

INDO RAMA

Synthetics (I) Limited

SCHEDULE 23: (Contd.)

Description	Number/Units	Purchased Rs.'000	Sold Rs.'000
Steel Authority of India Ltd.*	305,000	2,842	3,609
Supreme Petrochem Ltd.	40,000	622	682
Swaraj Mazda Ltd.*	10,000	725	940
Syndicate Bank*	51,100	963	1,398
Tata Chemicals Ltd.*	6,500	402	541
Tata Iron & Steel Company Ltd.*	45,700	8,206	16,152
Tata Motors Ltd.*	44,093	9,781	13,018
Tata Power Company Ltd.*	119,500	21,713	34,976
The Great Eastern Shipping Co. Ltd.*	37,000	1,658	2,697
The Karnataka Bank Ltd.*	39,400	2,151	2,850
The Karur Vysya Bank Ltd.*	3,039	549	658
The Shipping Corporation of India Ltd.*	65,000	6,122	8,095
Union Bank	10,000	393	436
Vardhaman Spinning & General Mills Ltd.	60,492	5,069	4,779
Vijaya Bank*	126,000	2,854	3,152
Welspun Gujarat Stahl Rohren Ltd.	87,800	2,151	2,877
Wockhardt Ltd.	7,035	3,549	3,522
Equity Shares of Rs. 5 each of-			
Aurobindo Pharma Ltd.*	35,709	14,161	16,440
Dr. Reddy's Laboratories Ltd.*	10,000	10,647	10,893
Hughes Software Systems Ltd.*	2,550	473	557
I-Flex solutions Ltd.*	7,560	3,975	5,938
Infosys Technologies Ltd.*	195	734	795
Jindal Steel and Power Ltd.*	13,800	6,117	7,972
Mastek Ltd.*	2,950	1,052	889
Polaris Software Lab Ltd.*	2,500	464	323
Equity Shares of Rs. 4 each of-			
Mascot Systems Ltd.*	2,800	627	288
Equity Shares of Rs. 2 each of-			
Balaji Telefilms Ltd.*	8,500	508	557
Jindal Stainless Ltd.*	2,296	251	788
Satyam Computers Services Ltd.*	13,000	3,481	2,553
Equity Shares of Re. 1 each of-			
Dabur India Ltd.*	158,700	10,187	14,161
Hindustan Lever Ltd.*	52,800	9,585	9,389
TVS Motors Company Ltd.*	2,974	1,235	1,401
Units of Rs. 10 each of-			
Morgan Stanley	525,000	6,779	7,784
Non Convertible Debentures of-			
Hindustan Lever Ltd.	24,700	—	156

SCHEDULE 23: (Contd.)

Description	Number/Units	Purchased Rs.'000	Sold Rs.'000
Units of Mutual Funds of –			
Birla Dividend Yield Plus Plan-A – Dividend	3,192,338	40,000	33,903
Birla Bond Plus Institutional Plan – Growth	4,224,033	80,000	80,295
Birla Bond Plus Retail Plan – Growth	439,456	5,000	5,013
Birla Cash Plus Institutional Plan – Growth	9,020,436	150,000	150,121
Birla Income Plus Plan B – Growth	1,109,320	30,009	30,013
Birla Mid Cap Fund Plan A – Dividend	2,049,180	25,000	25,594
Birla MNC Fund Plan A – Dividend	1,330,229	40,000	35,331
Deutsche Insta Cash Plus Fund – Growth Plan	992,264	10,043	10,056
Deutsche Premier Bond Fund Institutional Plan – Growth*	1,000,000	10,000	10,043
DSP Merrill Lynch Bond Fund – Retail Growth	2,051,323	45,035	45,172
DSP Merrill Lynch Liquidity Fund-Growth	17,297,063	260,000	260,179
DSP Merrill Lynch Opportunities Fund – Dividend	7,720,675	106,368	112,443
DSP Merrill Lynch Short Term Fund – Growth	2,343,413	25,000	25,035
DSP Merrill Lynch Top 100 Equity Fund – Dividend	3,678,252	50,173	55,492
Frankline India Prima Fund – Dividend	2,243,151	52,400	55,271
GCFG Grindlays Cash Fund – Growth Option	14,993,694	171,385	171,537
GCFG Grindlays Dynamic Bond Fund – Growth	867,468	10,000	10,044
GSSIF – Investment Plan – Growth Option*	16,971,875	245,845	258,769
GSSIF – Short Term – Growth	3,221,208	40,000	40,104
GSSIF – Short Term – Monthly Dividend	585,080	6,000	6,024
HDFC Cash Fund – Growth	392,554	5,000	5,013
HDFC Equity Fund – Dividend Plan	5,154,928	92,000	92,804
HDFC Equity Fund – Growth Plan	4,635,341	202,904	249,354
HDFC Income Fund – Growth*	9,900,900	142,792	150,763
HDFC Liquid Fund – Growth	6,071,659	73,926	74,103
HDFC Top 200 Fund – Growth Plan	2,700,668	92,277	110,039
HSBC Cash Fund – Growth	7,674,605	80,000	80,041
HSBC Equity Fund – Dividend	6,319,781	101,050	106,852
HSBC Equity Fund – Growth	14,444,227	287,391	340,161
IL & FS Bond Fund – Growth Plan*	3,354,727	55,000	55,265
IL & FS Bond Fund Short Term Plan – Institutional Plan – Growth	4,852,613	55,000	55,175
IL & FS Liquid Account – Institutional Plan Growth	1,092,963	12,500	12,507
LIC MF Bond Fund – Growth	7,190,735	117,020	124,011
LIC MF Liquid Fund – Growth	3,296,637	35,996	36,036
Principal Cash Management Fund-Liquid Option-Growth Plan	406,908	5,000	5,003
Prudential ICICI Growth Plan – Dividend	6,256,148	75,000	80,266
Prudential ICICI Income Plan – Growth*	5,953,046	106,462	113,479
Prudential ICICI Liquid Plan – Growth	4,695,600	70,763	70,814
Prudential ICICI Power – Dividend	15,878,143	230,496	221,745
Prudential ICICI Power – Growth	4,681,818	114,717	124,396
Prudential ICICI Sweep Plan*	33,350,043	363,935	364,027

INDO RAMA

Synthetics (I) Limited

SCHEDULE 23: (Contd.)

Description	Number/Units	Purchased Rs.'000	Sold Rs.'000
Reliance Growth Fund Growth Plan – Growth Option	1,645,810	94,000	109,493
Reliance Liquid Fund – Treasury Plan-Growth Option – Growth Plan	2,314,080	35,000	35,005
Reliance Vision Fund – Dividend Plan	5,914,048	267,605	258,030
Reliance Vision Fund – Growth Plan – Growth Option	4,073,574	210,000	243,566
Sun F&C Money Value Fund – Liquid Normal	1,064,341	15,000	15,028
Sundaram Bond Saver – Appreciation*	1,534,214	30,095	31,989
Sundaram Income Plus – Appreciation*	1,081,646	10,944	11,697
Sundaram Money Fund – Appreciation	5,226,665	67,404	67,476
Sundaram Select Focus – Dividend	2,703,976	35,544	30,521
Sundaram Select Focus – Growth	2,504,445	50,000	50,966
Sundaram Select Midcap – Appreciation	1,822,015	35,500	42,825
Sundaram Select Midcap – Dividend	1,588,714	20,000	21,735
Tata Equity Oppertunities Fund – Plan B (Appreciation)	6,281,637	97,000	121,334
Tata Equity Opportunities Fund – Plan A (Dividend)	2,932,217	35,220	37,862
Tata Income Plus Fund (Option B) – Growth	6,977,793	75,030	75,337
Tata Liquid High Investment Fund – Growth	3,907,373	40,117	40,138
Tata Pure Equity Fund – Growth	4,750,680	79,000	97,572
Tata Short Term Bond Fund-Growth	6,948,141	75,000	75,030
Templeton India Short Term Income Plan – Growth	53,284	60,000	60,075
Templeton India IBA Plan A – Growth	10,402,520	231,868	240,466
Templeton India IBA Plan B – Growth*	9,395,370	187,500	208,707
Templeton India Income Fund – Dividend	4,543,486	50,888	50,935
Templeton India Income Fund – Growth*	5,611,042	122,977	129,194
Templeton India Liquid Fund – Growth	2,618,469	40,000	40,016
Templeton India Treasury Management Account – Growth	170,783	261,683	261,862
Grand Total	346,078,028	6,547,862	6,963,065

*Sold out of purchases made in previous year Rs. 679,894 thousand.

20. Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

S.R.Batliloi & Company
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028

N.C.JAIN
Company Secretary

RAJAT BALDHI
President Finance

SHAIENDRA TANDON
Whole-time Director

O.P.LOHIA
Managing Director

Place : New Delhi
Date : 20th April, 2004

**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="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. thousand)

Total Liabilities	<input type="text" value="21189031"/>	Total Assets	<input type="text" value="21189031"/>
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Sources Of Funds:

Paid Up Capital	<input type="text" value="1318224"/>	Reserves & Surplus	<input type="text" value="5468320"/>
Secured Loans	<input type="text" value="7468565"/>	Unsecured Loans	<input type="text" value="416963"/>
Deferred Tax Liability	<input type="text" value="1319204"/>		

Application of Funds:

Net Fixed Assets	<input type="text" value="13193224"/>	Investments	<input type="text" value="2341925"/>
Net Current Assets	<input type="text" value="423735"/>	Misc. Expenditure	<input type="text" value="32392"/>

IV. Performance of the Company:

(Amount in Rs. thousand)

Turnover (Incl. other Income)	<input type="text" value="17660268"/>	Total Expenditure	<input type="text" value="15134432"/>
Profit before Tax	<input type="text" value="2525836"/>	Profit after Tax	<input type="text" value="1717181"/>
Earning per Share in Rs.	<input type="text" value="12.99"/>	Dividend Rate %	<input type="text" value="40"/>

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

1.) Item Code No. (ITC CODE)	<input type="text" value="55032000"/>
Product Description	<input type="text" value="POLYESTER STAPLE FIBRE"/>
2.) Item Code No. (ITC CODE)	<input type="text" value="54024200"/>
Product Description	<input type="text" value="POLYESTER FILAMENT YARN"/>
3.) Item Code No. (ITC CODE)	<input type="text" value="54023300"/>
Product Description	<input type="text" value="DRAW TEXTURISED YARN"/>