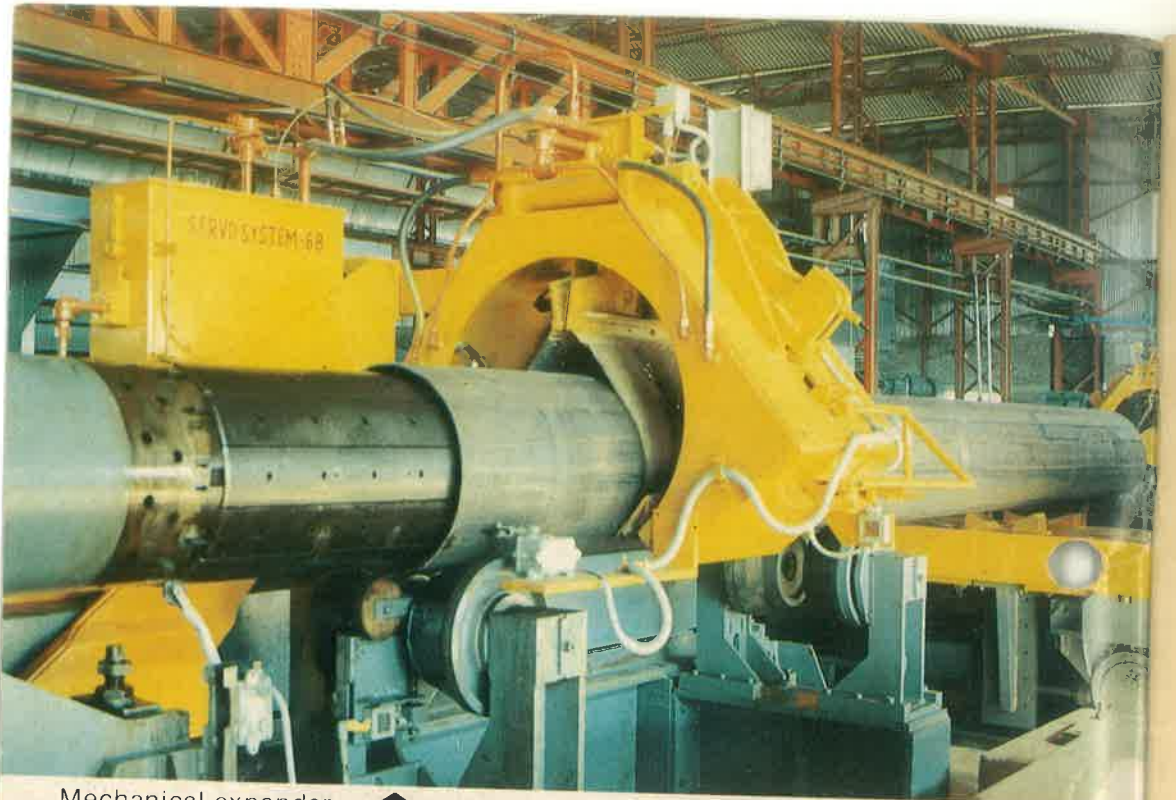






**SAW Pipes Ltd.**

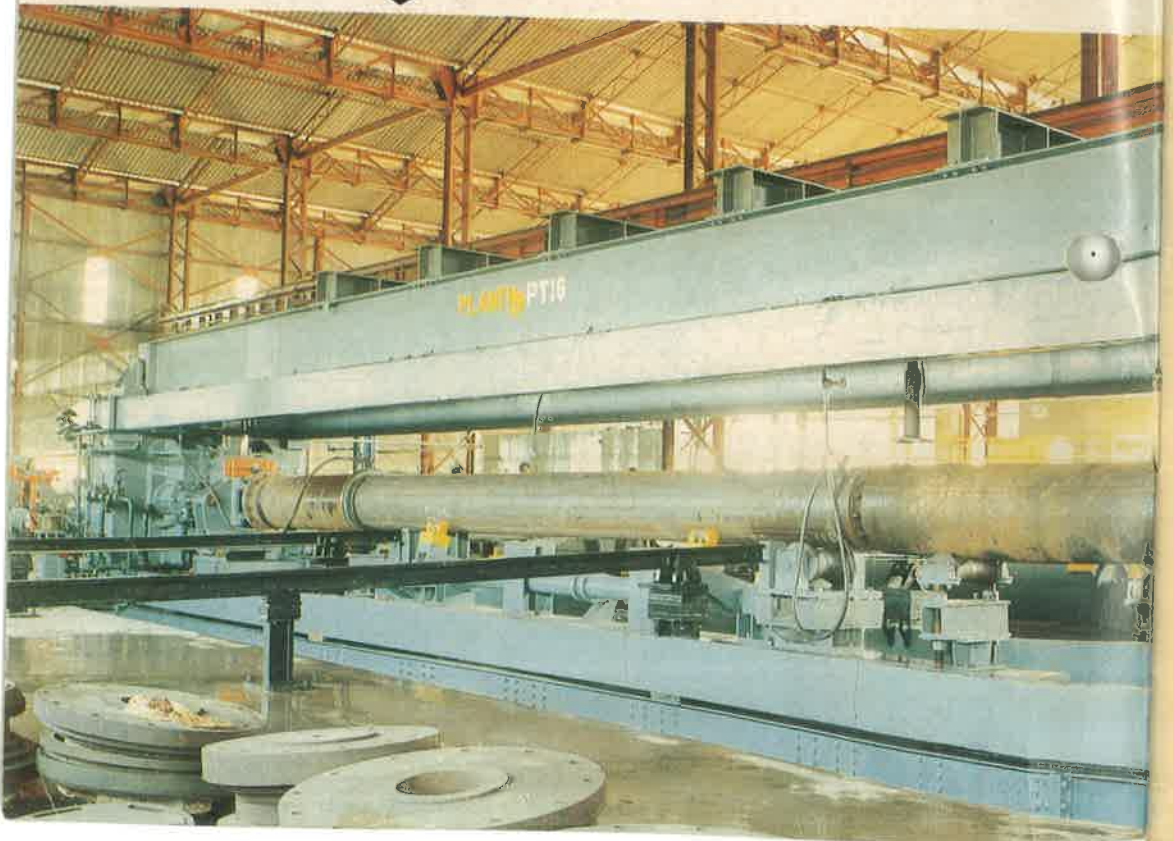


**3rd ANNUAL REPORT — 1986-87**



Mechanical expander 

Hydrostatic testing 





## **SAW Pipes Ltd.**

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### **Board of Directors**

Shri P.R. Jindal  
Chairman & Managing Director  
Shri T.M. Sen  
Shri A.C. Ahuja  
(Nominee Director - IFCI)  
Shri Dilip Bhargava  
(NRI Director)  
Dr. N.S. Datar  
Shri Subhash Goel  
Shri Ratan Jindal  
Shri Kuldip Bhargava  
(Alternate Director to Shri Dilip Bhargava)  
Shri Purshottam Lal

---

### **Principal Executives**

Shri V.R. Krishnaswamy  
Executive Director  
Shri K.N. Bhatia  
General Manager (Administration-Works)  
Shri Onkar Nath Gupta  
Financial Controller & Secretary

---

### **Bankers**

Canara Bank

---

### **Auditors**

M/s Ajaya Associates  
Chartered Accountants

---

### **Registered Office**

28, Najafgarh Road,  
New Delhi - 110 015

---

### **Works**

A-1, UPSIDC Industrial Area,  
Nand Gaon Road,  
Kosi Kalan,  
Dist. Mathura (U.P.)  
281 403

## NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Monday, the 30th November, 1987 at 3.p.m. at the Auditorium of All India Fine Arts & Crafts Society (AIFACS) 1, Rafi Marg, New Delhi-110 001 to transact the following business:-

### ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as on 31st May, 1987 and Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ratan Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri T.M. Sen, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

5. To appoint a Director in place of Shri Purshottam Lal, who was appointed by the Board of Directors in the vacancy caused by the resignation of Shri S.K. Bhattacharyya and retires under the provisions of Section 260 of the Companies' Act and being eligible, offers himself for appointment. A notice under Section 257 has been received from a shareholder to propose his name for appointment as a Director of the Company.
6. Shri Shyam Sunder Gupta, 134 Mahatma Gandhi Road, Calcutta, a shareholder of the Company has given Notice under Section 257 of the Companies Act of his intention to offer himself for being elected as a Director of the Company.

Regd. Office:  
28, Najafgarh Road,  
New Delhi - 110 015

Dated: 7th October, 1987

By ORDER OF THE BOARD  
ONKAR NATH GUPTA  
Secretary

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**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote, instead of himself and a proxy need not be a member.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th November, 1987 to 30th November, 1987 (both days inclusive)
3. Members are requested to bring their copy of the Annual Report at the time of the Meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 & 6 is given below.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956,

Item No. - 5. Shri Purshottam Lal is a retired Commissioner/ Joint Secretary from the Department of Heavy Industry, Ministry of Industry, Government of India, New Delhi. In view of his experience, it would be in the best interest of the Company, if he is appointed as a Director of the Company.

None of the Directors except Shri Purshottam Lal, may be considered to be interested in the passing of the resolution, mentioned at Item No. 5 of the accompanying notice.

Item No. 6. Shri Shyam Sunder Gupta, 134 Mahatma Gandhi Road, Calcutta-700 007 a shareholder of the Company has given notice under section 257 of the Companies' Act, 1956 vide his letter No. 119/1-23 dated 19th May, 1987 expressing his intention to propose himself for the office of the Director of the Company at the Annual General Meeting of the Company.

None of the Directors except Shri Shyam Sunder Gupta, may be considered to be interested in the passing of the resolution mentioned at Item No. 6 of the accompanying notice.

Regd. Office:  
28, Najafgarh Road,  
New Delhi-110015

By ORDER OF THE BOARD  
ONKAR NATH GUPTA  
Secretary

Dated: 7th October, 1987

## DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Third Annual Report together with the accounts of the Company for the year ended 31st May, 1987.

### FINANCIAL RESULTS

The financial results of the Operation of the year (two months and 20 days of commercial production) are given below:-

	(Rupees Thousands)
Sales & Other Income for the period from 12.3.87 to 31.5.87	1516.67
Work-in-progress as on 31.5.87	2496.42
Total :-	<u>4013.09</u>
Less Consumption of Raw-Material & Manufacturing expenses	4019.22
Gross loss	6.13
Add Administrative & other expenses	1755.01
Net Loss before Interest & Depreciation	<u>1761.14</u>
Add: Interest 2484.22	
Depreciation 1159.98	
	<u>3644.20</u>
Net Loss for the period	<u>5405.34</u>

In view of the loss, it is not possible to pay any dividend.

### OPERATIONS

Trial production commenced from 10th January, 1987 with the help of temporary load for construction purposes and commercial production from 12th March, 1987 on release of electric connection by Uttar Pradesh State Electricity Board. The performance of the plant is upto the expectations and the product of the Company has been very well accepted by the customers. Since the close of the year, the Company has executed a prestigious order of Rs. 90 lakhs for Bombay Port Trust and has orders of Rs. 320 lakhs in hand. The Company has participated in tenders of Rs. 2833 lakhs and is hopeful of procuring sizeable orders which includes an order from ONGC. Efforts are being made to convince ONGC and Gas Authority of

India Limited to substitute imported pipes with the pipes of your Company which are of comparable quality. In addition to the oil and gas sector, the prospects of sale of SAW Steel Pipes for use in water and sewage projects are also encouraging. Various State Government, like Maharashtra, Rajasthan, Assam & Orissa have plans to lay water and sewage lines of large diameter Steel Pipes (because of durability) in preference to asbestos cement and cast iron pipes which were being conventionally used in the past. There is a big potential for use of SAW Pipes in thermal plants, where mostly 18" O.D. Pipes are used. The delivery offered by your Company will be an added advantage to all end users.

The Directors' hope that during the current year, the results of the Company will be encouraging due to vast potential for use of pipes manufactured by your Company and the Company is fully geared to meet the demand in all sizes from 16" to 36" Dia.

### **FINANCE**

The project has been completed within the projected cost and there are no over-runs.

### **DIRECTORS**

Shri S.K. Bhattacharyya resigned from the Directorship of the Company due to his professional pre-occupation and his resignation was accepted w.e.f. 29th June, 1987 and in his place the Directors have appointed Shri Purshottam Lal Formerly Commissioner, (Joint Secretary) Department of Heavy Industry, Ministry of Industry, Government of India. In accordance with the requirement of Section 260 of the Companies' Act, 1956 he will retire at the Annual General Meeting, but is eligible for re-appointment.

Shri Ratan Jindal & Shri T.M. Sen retire by rotation and are eligible for re-appointment.

### **AUDITORS**

M/s Ajaya Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### **PARTICULARS OF THE EMPLOYEES**

The information required under section 217(2A) of the Companies' Act, 1956 are set out in the statement annexed here to which forms part of this report.

### POWER SITUATION

Although in accordance with the policy of the Government of U.P., New Industrial Undertakings are not subject to power-cut, but still unscheduled load—sheddings, hamper the work of the plant. The Company has installed diesel generating sets to meet the situation and the production of the Company does not suffer for want of power.

### ACKNOWLEDGEMENTS

1. The Directors are grateful to all concerned departments of the Central, State Government and Financial Institutions and Companies' Bankers for their timely help and co-operation.
2. The Directors wish to place on record their appreciation of the contribution made by the employees at all levels to the efficient operations of the Company.

For and on behalf of the Board

Regd. Office :  
28, Najafgarh Road,  
New Delhi-110 015.

P.R. JINDAL  
Chairman &  
Managing Director

Dated : 7th October, 1987

## **REPORT OF THE AUDITORS TO THE MEMBERS OF SAW Pipes Limited**

We have audited the attached Balance Sheet of SAW Pipes Limited as at May 31, 1987 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1975, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above.
  - (a) 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.
  - (b) Proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (d) 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:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at May 31, 1987, and
    - (ii) in the case of Profit and Loss Account, of the loss of the company for the year ended on that date.

New Delhi,  
Dated: 7th October, 1987.

For AJAYA ASSOCIATES  
Chartered Accountants,  
AJAYA JAIN  
Partner.

**Annexure Referred to in paragraph 1  
of the Auditors' Report of even date  
to the Members SAW Pipes Limited  
on the Accounts for the year ended  
May 31, 1987.**

1. The Company is developing proper records which would show full particulars including quantitative details and situations of its Fixed Assets. We are informed that physical verification of the assets would be taken up immediately after completion of the Fixed Assets Register.
2. None of the fixed assets have been revalued during the year.
3. The management has certified that the physical verification of stores, spare parts and raw materials held by the Company was conducted as on 31.5.87 and necessary adjustments for the discrepancies noticed on such verification which were not significant, have been properly dealt with in the accounts. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles.
4. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management.
5. Loans and Advances in the nature of loans have been given to employees without interest. The recovery of principal amount was regular.
6. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us there is adequate internal control procedure commensurate with the size of the Company for the purchase of raw materials, plant and machinery and other capital goods. As far as other items are concerned, the internal control procedure requires further improvements having regard to the growing size and nature of the business.
7. As far as we have been able to ascertain and according to the information and explanations given to us, the Company has not purchased during the year any stores, raw materials or components exceeding Rs. 10,000/- in value for each type thereof from firms,

companies or other parties, in which Directors are interested, as listed in the register maintained under Section 301 of the Companies' Act, 1956.

8. As explained to us, no unserviceable or damaged stores or raw materials were detected during the physical verification of the stocks and spares and hence no provisions for any loss on that ground is required to be made in the accounts.
9. According to the information and explanations given to us, the Company has not accepted any deposits as defined under Section 58-A of the Companies Act, 1956 and the rules framed thereunder.
10. The Company has maintained proper records for the sale and disposal of realisable scrap. The Company has no by-product.
11. The Company has an internal audit system. In our opinion the scope of internal audit needs to be increased to make it commensurate with the size and nature of the company's business.
12. Maintenance of cost records has been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the product of the Company. We have been informed that the said records are under preparation.
13. According to information given to us the company has voluntarily opted to come under the purview of the Provident Fund Act with effect from 1st November, 1985. Provident Fund dues relating to the period from 1st November, 1985 till date of approval and aggregating to Rs. 2,21,344/- due for deposit with appropriate authorities has not been so deposited as at the date of Balance Sheet. The amount has since been paid.
14. According to the information and explanations given to us, there was no purchase for resale.

New Delhi  
Dated: 7th October, 1987

For AJAYA ASSOCIATES  
Chartered Accountants,  
AJAYA JAIN  
Partner.

## BALANCE SHEET AS AT MAY 31, 1987

	Schedule No.	As at May 31, 1987 Rupees Thousands	As at May 31, 1986 Rupees Thousands
<b>SOURCES OF FUNDS</b>			
Share Capital	1	59610.00	31508.50
Loan Funds :			
Secured	2	77179.79	62313.78
	<b>TOTAL FUNDS</b>	<b>1,36,789.79</b>	<b>93822.28</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	1,15,611.02	5641.76
Less : Depreciation		2,210.41	63.03
Net Block		1,13,400.61	5578.73
Capital work-in-progress (including materials at site and capital advances)		3,936.53	60986.96
Pre-operative expenditure (to be allocated)	4	—	6566.78
	<b>TOTAL :-</b>	<b>1,17,337.14</b>	<b>73132.47</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	5	12,794.62	—
Cash & Bank Balances		1,895.32	23,633.94
Loans and Advances		5,185.63	115.24
	<b>TOTAL :-</b>	<b>19,875.57</b>	<b>23,749.18</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	6		
Current Liabilities		8,915.81	3,574.40
<b>NET CURRENT ASSETS</b>		<b>10,959.76</b>	<b>20,174.78</b>
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>			
<b>PROFIT &amp; LOSS ACCOUNT</b>	7	3,087.55	515.03
		5,405.34	—
	<b>TOTAL :-</b>	<b>1,36,789.79</b>	<b>93,822.28</b>

### NOTES TO THE ACCOUNTS

As per our report attached  
For Ajaya Associates  
Chartered Accountants

**AJAYA JAIN**  
Partner

New Delhi  
Dated : 7-10-87  
10

**O.N. GUPTA**  
Financial  
Controller  
& Secretary

**P.R. JINDAL**

**A.C. AHUJA**  
**RATAN JINDAL**  
**PURSHOTTAM LAL**  
**KULDIP BHARGAVA**

Chairman & Managing  
Director

Directors

**STATEMENT OF REVISION**

Statement of Revision of Profit &amp; Loss A/c for the year ended 31st May, 1987 &amp; Balance Sheet as at 31/5/1987.

(Rs. in Thousand)

 As at  
31, 1986  
Rupees  
Thousands

508.50

313.78

822.28

341.76

63.03

78.73

86.96

66.78

32.47

33.94

15.24

19.18

4.40

4.00

5.03

2.28

**PROFIT & LOSS ACCOUNT:**

 In Expenditure, below Depreciation add —  
Transfer to Investment Allowance Reserve

15,500.00

The total will be

24,918.43

Loss for the year carried forward will be

20,905.34

**BALANCE SHEET :**

 In the head "Sources of Fund" below  
Share Capital, add

**INVESTMENT ALLOWANCE RESERVE :**

Transfer from Profit &amp; Loss Account

15,500.00

TOTAL Fund will be

1,52,289.79

 Under the Main heading "Application  
of Funds" — at the end —

Profit &amp; Loss Account the figure will read

20,905.34

1,52,289.79

In notes forming part of accounts, Note B(vi) will be deleted.

**Note :** During the year ended 31st May, 1987 additions to Plant & Machinery of Rs. 8,40,30,393/- included Machinery of Rs. 8,25,35,490/- on which company will be entitled to Investment Allowance. In order to get the Allowance, the Reserve, according to Shri Shubhlaxmi Mills case decided by the Supreme Court on 28.3.1989, should be created in the year of addition irrespective of the result of the Profit & Loss Account disclosed by the books. Accordingly, the Profit & Loss Account for the year ended 31.5.1987 and the Balance Sheet as on that date have been revised by creating the necessary reserve.

**ONKAR NATH GUPTA**  
Financial Controller  
& Secretary

**P.R. JINDAL**  
Chairman &  
Managing Director

**PURSHOTTAM LAL**  
**KULDIP BHARGAVA**  
Directors

Certified that the above represents the amendments to the Accounts, as stated above.

 For **AJAYA ASSOCIATES**

Chartered Accountants

**AJAYA JAIN**

Partner

Place : New Delhi

Dated 14.6.89

**PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31ST MAY, 1987**

	<b>Schedule No.</b>	<b>1986-87 Rupees thousands</b>	<b>Rs '3' Lacs</b>
<b>INCOME</b>			
Sales & other Income	8	1516.67	15.86
Work-in-progress		2496.42	
		<hr/>	
		4013.09	41.69
<b>EXPENDITURE</b>			
Raw Material Consumed	9	3144.33	32.39
Manufacturing Expenses	10	874.89	9.01
Employees Remuneration & Benefits	11	723.26	7.43
Selling Expenses	12	42.22	0.43
Finance Expenses	13	2484.22	25.43
Administrative and other Expenses	14	989.53	10.19
Depreciation		1159.98	11.91
		<hr/>	
		9418.43	97.37
		<hr/>	
		86.96	
Loss for the year carried forward		5405.34	
<b>NOTES TO THE ACCOUNTS</b>	15		
As per our report attached to the Balance Sheet for AJAYA ASSOCIATES Chartered Accountant			
<b>AJAYA JAIN</b> Partner New Delhi Dated : 7-10-87	<b>O.N. GUPTA</b> Financial Controller & Secretary	<b>P.R. JINDAL</b> Chairman & Managing Director	<b>A.C. AHUJA</b> <b>RATAN JINDAL</b> Directors <b>PURSHOTTAM LAL</b> <b>KULDIP BHARGAVA</b>
			<hr/>
			35.69

**PRE—OPERATIVE EXPENDITURE  
ALLOCATED TO FIXED ASSETS:**

**SCHEDULE '4'**

		As at 31.5.87 (Rupees thousands)	As at 31.5.86 (Rupees thousands)
Raw-Material consumed for trial production		722.51	—
Consumable Stores		2310.75	912.35
<b>Payments to and provisions for employees :</b>			
Salaries and wages	2657.61		
Contribution to Provident Fund (including to Managing Director Rs. 43371 previous year Rs. 7875)	<u>107.85</u>	2765.46	818.85
Staff Welfare Expenses		729.12	302.20
Staff Recruitment Expenses		67.28	42.01
Freight & Cartage		196.77	92.03
Power & Fuel		1373.82	114.83
Rent, Rates & Taxes		247.76	64.16
Repairs to Others		39.95	11.47
Vehicle Upkeep and Maintenance		650.67	273.06
Insurance Expenses		84.28	37.26
Auditors Remuneration		11.72	6.72
Printing & Stationery		174.31	86.39
Postage & Telegram		38.44	6.12
Telephone Expenses		149.73	9.83
Books & Periodicals		13.34	8.64
Travelling & Conveyance (including Directors Rs. 68541/- previous year Rs. 112784/-)		582.24	297.24
Crane Hire Charges & expenses		1137.08	825.13
Advertisement		87.57	8.93
Legal and Professional Charges		33.37	14.88
Misc : Expenses		656.01	264.18
Bank Charges		108.80	38.63
Interest :			
Term Loans		8260.68	1669.55
Others		449.91	449.91
Deferred Credit		1075.32	714.37
Depreciation		1050.43	63.03
		<u>23017.32</u>	<u>7131.76</u>
<b>Less :</b>			
Sale of Trial Production	805.35		
Interest Received	976.96		
Misc. Receipts	<u>340.35</u>	2122.66	564.98
		<u>20894.66</u>	<u>6566.78</u>
<b>Less : Allocated to Fixed Assets</b>		20894.66	—
		<u>—</u>	<u>6566.78</u>


**SAW Pipes Ltd.**

		<b>SCHEDULE '5'</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		As at 31st May, 1987 Rupees thousands	As at 31st May, 1986 Rupees thousands
<b>INVENTORIES</b> (as valued and certified by the Management)			
(i)	Stores & Spare Parts (at cost)	14 51.93	—
(ii)	Consumable Tools (at cost)	102.80	—
(iii)	Raw-Materials & Components (at lower of cost or net realisable value)	8601.38	—
(iv)	Work-in-progress (at lower of estimated cost or net realisable value)	2496.42	—
(v)	Goods in Transit (at Cost)	142.09	—
		12794.62	—
<b>CASH AND BANK BALANCES</b>			
(i)	Cash in hand	39.35	90.64
(ii)	With Scheduled Banks		
	— In Current Account	973.43	
	— In Fixed Deposit Account	682.54	23543.30
(Deposit Receipt with Bank for Guarantee/ Letters of Credit given by them (Previous year Nil))			
(iii)	Cheques/Drafts in hand	200.00	—
		1895.32	23633.94
		<b>As at 31st May, 1987 Rupees thousands</b>	<b>As at 31st May, 1986 Rupees thousands</b>
<b>LOANS AND ADVANCES</b> (Unsecured-Considered Good)			
(i)	Advances to Suppliers/Contractors and Others (Recoverable in cash or in kind for values to be received) (refer Note A(V))	5047.41	115.24
(ii)	Prepaid Expenses	138.22	—
		5185.63	115.24

		<b>SCHEDULE '6'</b>	
<b>CURRENT LIABILITIES</b>		As at 31st May, 1987 Rupees thousands	As at 31st May, 1986 Rupees thousands
(i)	Sundry Creditors	3474.42	1094.40
(ii)	Advances from Customers	280.35	—
(iii)	Interest/Commitment charges accrued on loan but not due	2811.13	1885.75
(iv)	Other Liabilities	2350.01	594.25
		8915.81	3574.40

**Miscellaneous Expenditure  
(To the extent not written  
off or adjusted)**

**SCHEDULE '7'**

		As at 31st May, 1987 Rupees thousands	As at 31st May, 1986 Rupees thousands
Preliminary Expenses		132.34	132.34
Share Issue Expenses	2813.99		
Less: Interest received	339.41	2474.58	10.20
		<u>2606.92</u>	<u>142.54</u>
Less: 1/10th written off		260.69	—
		<u>2346.23</u>	<u>142.54</u>
Deferred Revenue Expenditure:			
Power and Fuel		5.26	1.14
Salaries & Wages (including to Managing Director Rs. 18230/- Previous Year Rs. 2625/-)	112.81		26.30
Contribution to Provident Fund	8.22	121.03	—
Staff Welfare Expenses		19.85	9.53
Staff Recruitment Expenses		15.50	9.82
Freight & Cartage		3.09	0.90
Rent, Rates & Taxes		42.04	11.42
Repairs to others		4.50	—
Vehicle Upkeep and Maintenance Expenditure		38.23	12.65
Printing and Stationery		24.34	10.81
Postage and Telegrams		8.38	1.16
Telephone Expenses		28.33	—
Books and Periodicals		3.72	—
Travelling & Conveyance (including Directors Travelling Rs. 16,077/-, previous year Rs. 26,572/-)		129.42	84.02
Advertisement		19.69	1.45
Director's Meeting Fee		5.50	—
Bank Charges		17.60	6.23
Miscellaneous Expenses		16.60	7.98
Tender Fees		95.61	12.50
Consultancy Fees		225.00	175.00
		<u>823.69</u>	<u>372.49</u>
Less: 1/10th written off		82.37	—
		<u>741.32</u>	<u>372.49</u>
		<u>3087.55</u>	<u>515.03</u>

**SCHEDULE '8'**

1986-87

Rupees thousands

**SALES & OTHER INCOME**

Sales	961.41
<b>Other Income:</b>	
Interest (including tax deducted at source Rs. 11503)	207.82
Sale of Scrap	279.47
Miscellaneous Receipts	67.97
	1516.67

**SCHEDULE '9'**

1986-87

Rupees thousands

**RAW MATERIAL CONSUMED**

Purchases	11745.71
Less: Closing Stock	8601.38
	3144.33

**SCHEDULE '10'**

1986-87

Rupees thousands

**MANUFACTURING EXPENSES**

Direct Wages	119.13
Stores & Spares	263.24
Power & Fuel	143.50
Water charges	4.50
Technician fees & expenses	206.51

**REPAIR & MAINTENANCE**

Plant & Machinery	119.03
Building	3.40
Others	4.63
Manufacturing expenses—	
Others	10.95
	874.89

**SCHEDULE '11'**

1986-87

Rupees thousands

**EMPLOYEES' REMUNERATIONS**
**BENEFITS**

Salary	514.03
Employers' contribution to P.F., F.P.F. and administration charges	46.19
Staff Welfare	146.65
Remuneration to Managing Director	16.39
	723.26

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2.54  
1.14  
6.30  
9.53  
9.82  
0.90  
1.42  
2.65  
0.81  
1.16  
4.02  
1.45  
6.23  
7.98  
2.50  
5.00  
2.49  
2.49  
15.03

**SCHEDULE '12'**

1986-87

Rupees thousands

**SELLING EXPENSES**

Commission Sales	9.44
Sales Promotion	9.05
Tender Fees	21.57
Advertisement	2.16
	<hr/>
	42.22

**SCHEDULE '13'**

1986-87

Rupees thousands

**FINANCE EXPENSES**

Interest/Commitment charges on term loan	2290.76
Interest on Bank Borrowings	94.30
Bank and Financial Charges	99.16
	<hr/>
	2484.22

**SCHEDULE '14'**

1986-87

Rupees thousands

**ADMINISTRATIVE AND OTHER EXPENSES**

Rent, Rates & Taxes	49.78
Insurance	41.61
Preliminary Expenses	
Written-off	260.69
Deferred Revenue Expenses	
Written-off	82.37
Repair & Maintenance	5.58
Postage, Telegram & Telephone	76.79
Printing & Stationary	41.70
Travelling & Conveyance	205.64
Directors Travelling	46.69
Legal Expenses	1.47
Vehicle Upkeep & Maintenance	109.99
Directors Meeting Fees	1.75
Internal Auditor Remuneration	1.63
(including out of pocket expenses Rs. 386)	
Miscellaneous Expenses	44.50
Electricity Expenses	4.34
<b>Auditor Remuneration</b>	
Audit Fees	15.00
	<hr/>
	989.53

**SCHEDULE '15'****SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

- A (i) Advance against Share Capital Rs. 2,00,80,000 (Previous year Rs. 2,00,80,000) represents consideration for imported Plant & Machinery against which Shares are to be allotted to non-resident Co-Promoter Pending Approval by Industrial Finance Corporation of India.
- (ii) a. Loans from IFCI are secured by way of Hypothecation of all Company's Movable Properties (save and except book debts), including movable machinery, machinery spares, tools and accessories present and future, subject to prior charge in favour of Company's bankers on inventories, book debts and other specified movable properties for working capital borrowings.
- b. Secured Loans from IFCI are guaranteed by Jindal Strips Limited, Delhi Road, Hisar (Previous year guaranteed by two Directors).
- c. The charges for Rupee Loan and Foreign Currency Loan created in favour of Industrial Finance Corporation of India rank pari passu.
- d. In terms of the Loan Agreement, the Industrial Finance Corporation of India has an option to convert a sum not exceeding Rs. 55,80,000/- of the Original Loan amounts into fully paid up Equity Shares of the Company at par; such option is to be exercised between 1.1.1990 to 31.12.1992.
- e. Loans from Financial Institutions have been additionally secured by deposit of title deeds in respect of immovable properties of the Company on 24.6.1987.
- (iii) Foreign Currency Loan from IFCI has been converted into rupees at the Exchange rates prevailing at the time of withdrawal. No adjustment has been made for the increase in liability Estimated at Rs. 172282 as at 31st May, 1987 consequent upon the change in exchange rates between the dates of withdrawal and 31st May, 1987. The difference in exchange will be accounted when the loan instalments are paid.

- (iv) Cash Credit loan from Canara Bank is secured by way of hypothecation of imported/Indigenous raw materials like Steel Plates, electrodes and fluxes work-in-progress, consumable stores and spares and finished goods stored and to be stored at Factory Premises. The Loan is guaranteed by two Directors including Managing Director.
- (v) Maximum Amount outstanding at any time during the year due from Director Rs. 8666/- (Previous Year Rs. 3500/-).
- (vi) No provision has been made for the amortisation of premium on leasehold land over the leasehold period accumulating to Rs. 143045 (Previous year Rs. 75446/-).
- (vii) The Company has provided depreciation in accordance with section 205(2)(b) of the Companies Act, 1956 on pro-rata basis from the date the asset has been put to use. The specified period for this purpose has been computed with reference to rates prescribed under Income Tax Act and in force at the time of acquisition/purchase of the asset. Had the specified period been computed with reference to rates prescribed under Income Tax Act and in force at the close of the financial year, the charge for depreciation and net loss for the year would be higher by Rs. 12.50 lacs and net assets lower by a similar amount.

**B (i) Contingent Liabilities**

- a. Estimated amount of contracts remaining to be executed in capital account (Net of advances) Rs. 30.67 lacs not provided for (Previous year Rs. 24.27 lacs).
- b. In respect of Bank Guarantees Rs. 27,37,115/- (Previous year Rs. Nil)
- c. In respect of outstanding Letter of Credit Rs. 17,00,000/- (Previous year Rs. Nil)
- (ii) Commercial Production commenced on 12.3.1987. Pre-operative and trial run expenditure including interest to the date of commercial production is allocated to Plant & Machinery and Building.
- (iii) No provision for Gratuity has been made as no employee has yet completed the qualifying period of service for entitlement to the benefit.
- (iv) No provision for Taxation has been made in these accounts as there are no assessable profits.

- (v) The Company has entered into Technical Know-How Agreement with USS Engineers & Consultants, Inc., U.S.A. which provides for a specific sum to be paid for the Know-How to be supplied by them against which payment has been accounted for on Cash Basis.
- (vi) Investment Allowance reserve will be created in the year of Assessable Profits.
- (vii) The Company has incurred certain expenditure prior to commercial Production which cannot be regarded as part of the incidental cost of Construction of Building and Plant & Machinery (as detailed in Schedule '7'). The benefit from these activities will accrue to the Company in future years and accordingly, the expenditure has been treated as deferred revenue expenditure. Such expenditure is being written-off to the Profit and Loss Account over a period of 10 years.
- (viii) Subsidy receivable, if any, under the Central Investment Subsidy Scheme for backward areas, will be accounted for as and when received.
- (ix) The amount of Calls in Arrears is subject to reconciliation of collecting banks accounts and shareholders individual accounts.

**C. (I) Particulars of Capacity & Production:**

Class of Goods	Unit of Measurement	Licenced Capacity		Installed Capacity*	
		Current Year	Previous Year	Current Year	Previous Year
Manufacture of Submerged Arc Welded Steel Pipes of Large Diameter.	Metric Tons	75000	75000	75000	N.A.



Production	
Current Year	Previous Year
183,332	NIL
(including Trial Production 87,022 M.T.)	

\* As certified by the Management and relied on by the Auditors being a Technical matter.

**(II) Particulars of purchases sales and closing stock for each class of goods dealt with by Company in respect of the period covered by the Profit and Loss account:**

Class of Goods	Unit of Measurement	Sales		Closing Stock	
		Current Year Qty.	Current Year Value	Current Year Qty.	Current Year Value
Submerged Arc Welded Steel Pipes	M.T.	96,310	961,411	—	—
M.S. Scrap and M.S. Plated end cuttings	M.T.	83,550	279,469	—	—

(iii) (a) Particulars of Raw Material and components consumed for Production in respect of the period covered by the Profit and Loss Account.

Item	Unit of Measurement	Current Year		
		Qty.	Value	
Steel Plates	M.T.	386.040	3107140	
Flux & Electrodes	M.T.	2.069	37190	
			3144330	(including cost of raw material consumed in work-in-progress)

(iv) Value of Imported and indigenous raw-material, components and spare parts consumed and percentage of each to the total consumption.

A. Consumption of raw-material, components and spare parts for production

		Current Year		Previous Year	
		Percentage	Value	Percentage	Value
a. Raw-Material	Imported	34.83	1095295	—	—
	Indigenous	65.17	2049035	—	—
		100.00	3144330		
b. Stores & Spares	— Imported	NIL	NIL	NIL	NIL
	— Indigenous	100.00	263240	NIL	NIL
		100.00	263240	NIL	NIL

B. Consumption of Raw Material, Components and Spare Parts for trial runs:

a. Raw Material :	— Imported	4.12	29721	NIL	NIL
	— Indigenous	95.88	692789	NIL	NIL
		100.00	722510	NIL	NIL

C. Consumption of Raw Material, Components and Spare Parts for capital items:

a. Stores & Spares	— Imported	68.38	2487246	NIL	NIL
	— Indigenous	31.62	1150117	NIL	NIL
		100.00	3637363	NIL	NIL

(v) CIF Value of Imports during the financial year:

	Current Year Rupees	Previous Year Rupees
Raw Materials	1645609	—
Capital Goods	2337904	18387136
Components and Spare Parts	—	1692884

(vi) Expenditure in Foreign Currency during the financial year:

a. Technical Know-How Fees,	739329	—
b. Technical Service Fees	931518	—

(vii) Earnings in Foreign Exchange—Rs. NIL (Previous Year Rs. NIL)

(viii) Break-up of Expenditure on employees who are in receipt of remuneration amounting in the aggregate to Rs. 36000/- or more if employed for full year Rs. 3000/- or more per month if employed for part of the year.

	Employed for full year		Employed for part of the Year	
	Current Year	Previous Year	Current Year	Previous Year
No. of Employees	9	NIL	11	5
Salaries & Wages	504782	NIL	390531	174376
Contribution to Provident Fund	48289	NIL	22601	NIL

(ix) **Payment to Managing Director during the financial year:**

	Current Year	Previous Year
a. Salaries	72218	—
b. Company's Contribution to Provident Fund	5777	—
	77995	—

(x) As no commission to Directors is paid/payable for the year, on account of loss, the computation of net profits in accordance with section-349 of the Companies Act, 1956 has not been given. Payment to Managing Director is minimum remuneration as approved by Central Government.

(xi) **Auditor's Remuneration:**

	Current Year	Previous Year
a. Audit Fees	15000	5000
b. In other Capacity—For Management Services.	5000	—
	20000	5000

(xii) Outstanding Dues/Receivables are subject to confirmation

(xiii) Previous Year figures for Profit & Loss Account have not been given since this being the first year of operation.

(xiv) Previous year figures have been regrouped/Recast, wherever necessary to make them comparable with current year figures.

(xv) Schedule—1 to 15 are annexed to and form integral part of the Balance Sheet.

**Signatures to schedule 1 to 14 and Notes:**

For Ajaya Associates  
Chartered Accountants  
AJAYA JAIN  
Partner

O.N. GUPTA  
Financial  
Controller  
& Secretary

P.R. JINDAL Chairman & Managing  
Director.

A.C. AHUJA  
RATAN JINDAL  
PURSHOTTAM LAL  
KULDIP BHARGAVA  
Directors

NEW DELHI  
DATED: 7/10/87

## ANNEXURES TO DIRECTORS' REPORT

**PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED  
31ST MAY, 1987 IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

**PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR WHO WERE IN RECEIPT OF  
REMUNERATION FOR THE YEAR, WHICH IN AGGREGATE WAS NOT LESS THAN Rs. 36,000**

Sl. No.	Name	Designation/ Nature of Duties	Age	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of commence- ment of employ- ment	Last employment held before joining the Company  Name of the employer— designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Shri P.R. Jindal	Chairman & Managing Director	37	77995	B.A.	17	7.5.86	Managing Director—Swastik Foils Limited
2.	Shri V.R. Krishnaswamy	Executive Director	58	92780	M.A.	36	1.12.85	Steel Authority of India— Joint Director—Purchase
3.	Shri O.N. Gupta	Secretary & Financial Controller	63	51180	A.C.A. A.C.S.	39	26.10.85	Chief Executive—Lakshmi Precision Screws Ltd.
4.	Shri Mukesh Gupta	Dy. Financial Controller	31	52050	A.C.A.	8	1.11.85	Chief Accounts Manager— Centaur Lake View Hotel
5.	Shri A.K. Mahendru	General Manager (Sales)	42	66560	B.Sc. (Engg.) F.I.E. M.I.M. M.I.M.A.	21	1.5.86	Steel Authority of India Ltd. Regional Manager
6.	Shri V.K. Gupta	Manager E.D.P.	32	51270	M.A. (Maths)	9	2.6.86	M/s Rathi Alloys & Steel Ltd Asst. Manager E.D.P.
7.	Shri K.N. Bhatia	General Manager (Admn.—Works)	60	50832	B.Sc. Engg. Elect & Mech. C.E., F.I.E.	37	1.7.85	Zambala Electricity Supply Corp. Lusaka Manager
8.	Shri M.C. Das	General Manager (Works)	51	60510	B.Sc. B.E. (Mech.) C.E., M.I.E.	31	1.8.85	Hindustan Pipe Udyog Ltd. General Manager
9.	Shri H.L. Sharma	Sr. Erection Engr.	34	49894	Matric	18	1.1.86	Swastik Foils Limited New Delhi Supervisor

EMPLOYED FOR A PART OF THE FINANCIAL YEAR AT A  
RATE WHICH IN AGGREGATE WAS NOT LESS THAN Rs. 3,000 PER MONTH

1.	Shri S. Bansal	General Manager (Products Division)	39	10800	B.E. D.B.M.	17	1.4.87	Mazagaon Docks Ltd. Planning Engineer
2.	Shri R.K. Tanwar	Sales Manager	35	16260	B. Tech (Hons) MBA	12	2.3.87	Mahindra & Mahindra Ltd Sales Executive
3.	Wg. Cdr. J. Chowdhury (Field.)	Manager—Stores & Purchase	49	19008	B.A. (Hons)	25	23.1.87	Logistics Officer Indian Air Force
4.	Shri N. Naik	Dy. General Manager	47	64538	B.E. (Mech)	24	24.6.86	Visveswaraya Iron & Steel Ltd. Bhadravati Manager Mech. Maintenance
5.	Shri J.R. Bhatia	Dy. General Manager	36	52745	M.E. (Welding)	15	18.7.86	BHEL Senior Development Engineer
6.	Shri T.R. Rajeevan	Dy. General Manager	41	52472	B.Sc. B.E. (Met) M.S.	15	15.8.86	Worthington Pumps (I) Ltd. New Delhi Works Manager
7.	Shri John George	Manager (Mech. Maint)	43	59603	B.E. (Mech)	18	24.6.86	Visveswaraya Iron & Steel Ltd. Bhadravati Maintenance Engineer
8.	Shri K.M. Laxman	Manager (Electrical)	40	47639	B.E. (Elect)	18	19.8.86	District Ind. Centre Bangalore District, I & C Deptl. Govt. of Kerala Functional Manager
9.	Shri B.C. Ghosh	Manager Development	50	21240	B.Sc. AMIE (Mech) M.I.M. F.I.S.E.	26	1.1.87	Nasrapur Metals Ltd. Nasrapur, Pune Works Manager
10.	Shri M.S. Revanna Siddiah	Sr. Engineer	45	35969	Diploma in Mech. Engg. (three years)	25	23.8.86	Visveswaraya Iron & Steel Ltd. Bhadravati Shift Engineer
11.	Shri G.S. Hathwar	Sr. Operator	40	32859	Diploma in Mech. Engg. (two years)	18	24.6.86	visveswaraya Iron & Steel Ltd Bhadravati Operator

### NOTES :

- None of the above employees is relative of any Director except Shri P.R. Jindal, Chairman & Managing Director, who is brother of Shri Rajan Jindal, a director of the Company.
- The employment of Shri, P.R. Jindal is governed by the terms approved by the Central Government.
- The appointments are non-contractual and terminable by notice on either side except in case of Managing Director.
- Remuneration includes salary, contribution to Provident Fund, House Rent allowance and taxable value of perquisites.
- Information about qualification and last employment is based on particulars furnished by the employees concerned.

New Delhi  
Dated : 7th October, 1987


For and on behalf of Board of Directors  
P.R. JINDAL  
Chairman & Managing Director.


A View of

36" O.D.A





A View of the factory building 

36" O.D.A.P.I. (Specification) Pipe being dispatched to Bombay Port Trust. 





**SAW Pipes Ltd.**

Designed by: Adityans, New Delhi. Printed at: Press, Faridabad.