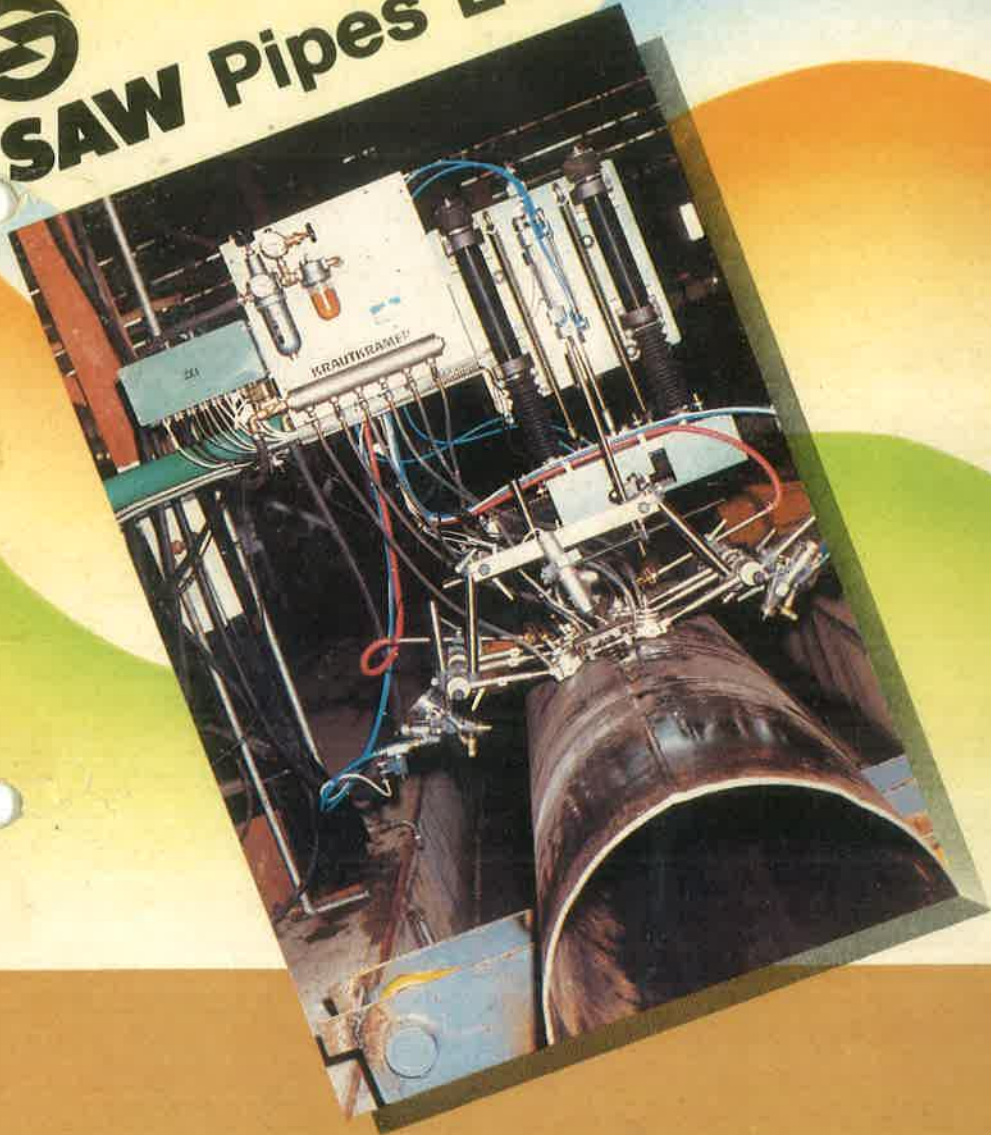


 **SAW Pipes Ltd.**



4th ANNUAL REPORT-1987-88



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Inside

 **SAW Pipes Ltd.**

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)
Shri Kuldip Bhargava
(Alternate Director to Shri Dilip Bhargava)
Dr. N.S. Datar
Shri Subhash Goel
Shri Purshottam Lal

Principal Executives

Shri V.R. Krishnaswamy
Executive Director
Shri Onkar Nath Gupta
Financial Controller & Secretary

Bankers

Canara Bank, Janpath, New Delhi

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-281 403
Dist. Mathura (U.P.)

Cover : Ultrasonic Testing of SAW Pipes
Inside Front Cover : Hydraulic U Presses

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held on Wednesday, the 30th November 1988 at 3.00 P.M. at the Auditorium of N.C. Jindal Public School, Road No. 73, Punjabi Bagh (West), New Delhi-110 026 to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as at 31st May, 1988, Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri N.S. Datar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Subash Goel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications, as an Ordinary Resolution :

5. RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of the following, namely :-

- a) Industrial Finance Corporation of India (IFCI)
- b) Canara Bank

in connection with

- i. Deferred Payment Guarantee of Rs. 23,14,130/- (Rupees Twenty Three Lakhs Fourteen Thousand One Hundred Thirty Only) inclusive of interest of Rs. 4,01,630/- (Rupees Four Lakhs One Thousand Six Hundred Thirty Only) agreed to be given by IFCI to the Company.
- ii. Rupee Term Loan of Rs. 100 lakhs agreed to be lent and advanced by Canara Bank to the Company.

"RESOLVED further that the mortgage/charge created/to be created and all agreements/documents executed/to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified".

6. "RESOLVED that pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such modifications as the Central Government in according its approval

may make, the terms of remuneration as set out in the agreement submitted to this meeting and signed by the Chairman thereof for the purposes of identification, Mr. H.S. Chaudhry is and hereby appointed as Wholtime Director of the Company for a period of five years w.e.f. 01.11.1988.

“RESOLVED further that the Board of Directors of the Company be and is hereby authorised to accept any modification to the aforesaid appointment and terms of remuneration (not being more beneficial to

Shri H.S. Chaudhry) as may be made by the Central Government while according its approval to such appointment and remuneration and to take all steps as may be necessary and desirable to give effect to these resolutions”.

**Registered Office :
28, Najafgarh Road
New Delhi-110 015**

**BY ORDER OF THE BOARD
ONKAR NATH GUPTA
Secretary**

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 22nd November, 1988 to 30th November, 1988 (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 Company 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 : The Company was sanctioned a term loan of Rs. 100 lakhs by Canara Bank which had not been disbursed so far and Deferred Payment Guarantee facility of Rs. 19.13 lakhs plus interest from IFCI which are required to be secured by mortgage on the Company's movable and immovable properties and will rank paripassu with Rupee Term Loan from IFCI under PFPS alongwith IDBI & ICICI and Foreign Currency Loan from IFCI. The Shareholders approval is needed under section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors for mortgaging/charging the Company's present and future properties to Canara Bank & IFCI for their Term Loan & DPG facility respectively, which may be accorded.

None of the Director is interested in the resolution except Shri A.C. Ahuja who is a nominee of IFCI.

Item No. 6: The Board at its meeting held on 07.10.1988 has appointed Shri. H.S. Chaudhry as Wholetime Director of the Company for a period of five years w.e.f. 01.11.1988 on the following remuneration, terms and conditions :

1. Salary: Consolidated salary at the rate of Rs. 3500/- (Rupees Three Thousand Five Hundred Only) per month in the grade of Rs. 3500/- — 200/- — 4500/-.
2. Provident Fund as per rules of the Company not exceeding 10% of the salary as laid down under the Income Tax Rules, 1962.
3. Medical Benefit: Reimbursement of medical expenses, the total cost of which shall not exceed Rs. 4200/- (Rupees Four Thousand Two Hundred Only) per annum.
4. Leave Travel Concession: Actual fares but not hotel expenses for self and family once a year, the total cost of which shall not exceed Rs. 4200/- (Rupees Four Thousand Two Hundred Only) per annum.
5. The Wholetime Director will also be entitled to the following perquisites :
 - a) Unfurnished residential accommodation, the monetary value of which shall be evaluated as per Rule 3 of the Income Tax Rules, 1962.
 - b) Premiun against accident insurance.

The remuneration alongwith perquisties as stated above shall be payable as minimum remuneration notwithstanding the fact that in any financial year of the Company during his term of office, the Company may have made no profits or its profits may be inadequate.

 **SAW Pipes Ltd.**

In view of the Company's interest and in view of the qualification and experience of Shri H.S. Chaudhry, it will be in the interest of the Company to appoint Shri H.S. Chaudhry as Wholetime Director of the Company in order to derive benefits of his experience and guidance. The Directors, therefore, recommend that the proposed resolution be approved by the Shareholders. The draft agreement is open for inspection at the Registered Office of the Company during office hours. None of the Directors is interested in the resolution except Shri H.S. Chaudhry.

Registered Office :
28, Najafgarh Road
New Delhi-110 015
Dated : 7th October, 1988

BY ORDER OF THE BOARD
ONKAR NATH GUPTA
Secretary

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Fourth Annual Report together with the accounts of the Company for the year ended 31st May, 1988.

FINANCIAL RESULTS

The financial results of the operations of the year are given below :

		(Rs. in Thousands)
Sales and other Income		42315.05
Increase in Stock		13312.75
	Total	<u>55627.81</u>
Less : Consumption of Raw Material and Manufacturing Expenses		48481.59
Gross Profit		<u>7146.22</u>
Less : Administrative and Other Expenses		<u>8505.97</u>
Net Loss before Interest and Depreciation		1359.75
Add Interest	14381.34	
Depreciation	<u>5404.04</u>	<u>19785.38</u>
Net Loss for the Year		21145.13
Add : Loss brought forward		<u>5405.34</u>
Loss carried forward		<u>26550.47</u>

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

OPERATIONS

Operations during the year have not been upto the expectations, quite naturally due to the initial problems associated with any new project for a new product.

During the year, the Company executed a prestigious order of Rs. 90 lacs from the Bombay Port Trust for 36" diameter API grade pipes, in addition to other orders from the water sector. Since the close of the year, the Company is executing a development order of Rs. 65 lacs from ONGC for 30" diameter and 1" wall thickness pipes. Pipes of these specifications are being made for the first time in the country. On the completion of the development order, it is expected that ONGC would place sizeable regular orders with the Company against its recurring requirements for drilling operation. Supplies being made to ONGC and Hindustan Shipyard for offshore platforms will be treated as "deemed exports" with attendant benefits.

The Company has orders of Rs. 645.85 lacs in hand as on date and has participated in tenders of Rs. 1,927 lacs. The Company is hopeful of procuring substantial orders in view of being the only manufacturer of longitudinally welded SAW Line Pipes in the country, which may include big orders from ONGC, GAIL Hindustan Shipyard and Indian Oil Corporation Refineries at Haldia and Gujarat and their pipelines. The Company has further established the sale of its product for use in water and sewage sector and encouraging response has been received from several State Governments, where the pipes of the Company are used in preference to asbestos cement and cast iron pipes. Substantial quantities of our products are already being used in the States of Assam and Maharashtra. It is hoped that with the encouraging response received from the Oil, Gas and Water sectors, the performance of the Company is bound to improve in the current year.

It is a matter of great satisfaction that Engineers India Ltd. have inspected and approved our plant for the manufacture of higher grade of API Pipes. The product of the Company is 100% import substitute and as such will save valuable foreign exchange for the country.

POWER SUPPLY

The power situation in the State of U.P. is far from satisfactory and unscheduled load-sheddings continuously hamper the work of the plant. The generating sets which have been installed by the Company are meeting such situations to ensure that the production does not suffer for want of power.

DIRECTORS

Shri Ratan Jindal resigned from the directorship of the Company due to his pre-occupation and his resignation has been accepted w.e.f. 7th October, 1988. The Company places on record the valuable services rendered by him as a director of the Company.

Shri N.S. Datar and Shri Subhash Goel 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 hereto which forms part of this report.

ACKNOWLEDGEMENTS

The Directors are grateful to all concerned departments of the Central/State Governments, Financial Institutions and Company's Bankers for their timely help and co-operation. The Directors also 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

Registered Office :
28, Najafgarh Road
New Delhi - 110 015

P.R. JINDAL
Chairman &
Managing Director

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY, 1988 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. 72,000/-

S.No.	Name	Designation/ Nature of Duties	Age	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment held before joining the Company	Name of the employer-designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1.	Mr. P.R. Jindal	Chairman & Managing Director	38	82243	B.A.	18	07.05.1968	Sweetik Felle Limited — Managing Director	
2.	Mr. V.R. Krishnaswamy	Executive Director	59	92340	M.A.	37	01.12.1965	Steel Authority of India — Joint Director-Purchase	
3.	Mr. N. Naik	Dy. General Manager	48	78809	B.E. (Mech.)	25	24.06.1968	Visveswaraya Iron & Steel Ltd. Bhadravati — Manager — Mech. Maintenance	

EMPLOYED FOR A PART OF THE FINANCIAL YEAR AT A RATE WHICH IN AGGREGATE WAS NOT LESS THAN RS. 6000/- PER MONTH

1	Mr. A.N. Sehgal	Vice President Pipelines Division	58	75130	B.E.	34	15.09.1987	HBJ Pipeline — Consultant	
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NOTES :

- None of the above employees is relative of any Director except Mr. P.R. Jindal, Chairman & Managing Director, who is brother of Mr. Retan Jindal, a Director of the Company.
- The employment of Mr. 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, 1988

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

REPORT OF THE AUDITOR'S TO THE MEMBERS OF SAW PIPES LIMITED

We have audited the attached Balance Sheet of SAW PIPES LIMITED as at May 31, 1988 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 paragraph 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 purpose 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 case of the Balance Sheet of the state of affairs of the Company as at May 31, 1988 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, 1988

For AJAYA ASSOCIATES
Chartered Accountants.
(AJAYA JAIN)
Partner

**Annexure referred to in Paragraph 1 of the
Auditors Report of even date to the Members of
SAW PIPES LIMITED on the Accounts for the
year ended May 31, 1988**

1. The Company has maintained proper records which show full particulars including quantitative details and situations of its Fixed Assets. A major portion of the assets has been physically verified by the management during the year and no serious discrepancies have been noticed on such verification.
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 31.05.1988 and discrepancies noticed on such verification which were not significant have been properly dealt with in the accounts. The valuation of inventories is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
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 only 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 of 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, unserviceable or damaged stores and raw materials detected during the physical verification, which were not significant, have been written off 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 the records of the Company's Provident Fund, dues have been regularly deposited during the year with appropriate authorities and there are no arrears of Provident Fund as at the year end.

New Delhi
Dated : 7th October, 1988

For AJAYA ASSOCIATES
Chartered Accountants
(AJAYA JAIN)
Partner

BALANCE SHEET AS AT MAY 31, 1988

	Schedule No.	As at May 31, 1988 (Rupees in Thousands)	As at May, 31 1987 (Rupees in Thousands)
SOURCES OF FUNDS			
Share Capital	1	59788.00	59610.00
Loan Funds :			
Secured	2	95385.31	77179.79
Unsecured		2103.26	—
		<u>157276.57</u>	<u>136789.79</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	122050.12	115611.00
Less : Depreciation :		7605.66	2210.41
Net Block		<u>114444.46</u>	<u>113400.61</u>
Capital Work in Progress (including materials at site, with contractors and capital advances)		643.65	3936.53
		<u>115088.11</u>	<u>117337.14</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	19825.06	12794.62
Sundry Debtors		1896.51	—
Cash & Bank Balances		3802.18	1895.32
Loans and Advances		2956.70	5185.63
		<u>28480.45</u>	<u>19875.57</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	5	15546.95	8915.81
NET CURRENT ASSETS		<u>12933.50</u>	<u>10959.76</u>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Profit & Loss Account	6	2704.49	3087.55
		26550.47	5405.34
		<u>157276.57</u>	<u>136789.79</u>
NOTES TO THE ACCOUNTS	15		

As per our report of even date attached

For **AJAYA ASSOCIATES**
Chartered Accountants
AJAYA JAIN
Partner

New-Delhi
Dated : 7th October, 1988

O.N. GUPTA
Financial Controller
& Secretary

P.R. JINDAL
Chairman &
Managing Director

T.M. SEN
A.C. AHUJA
PURSHOTTAM LAL
KULDIP BHARGAVA
Directors

STATEMENT OF REVISION

Statement of Revision of the Balance Sheet as at 31st May, 1988

(Rs. in Thousand)

In the Main Heading, Sources of Funds
below share capital add :

INVESTMENT ALLOWANCE RESERVE : As per last
Balance Sheet

15,500.00

Total of funds will be

1,72,776.57

In the Main Heading 'Application of Funds'
the end.

Profit and Loss Account the figure will read
In notes forming part of Accounts,
Note B(iv) will be delated.

42,050.47

As at
May, 31 1987
(Rupees
Thousands)

59610.00

77179.79

136789.79

115611.01

2210.41

113400.61

3936.53

17337.14

2794.62

1895.32

5185.63

9875.57

1915.81

959.76

1087.55

405.34

789.79

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

M LAL
BHARGAVA

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
31ST MAY, 1988**
53

	<i>Schedule No.</i>	Year ended May 31, 1988 (Rupees in Thousands)	Previous Period Ended May, 31, 1987 Rupees in Thousands)	As at 1987 (Rupees in Thousands)
INCOME				
Sales & Other Income	7	42315.05	1516.67	
Increase in Stock	8	13312.76	2496.42	12.80
		<u>55627.81</u>	<u>4013.09</u>	
EXPENDITURE				
Raw Material Consumed	9	44038.07	3144.33	16.98
Excise Duty		1.37	—	18.46
Manufacturing Expenses	10	4442.15	874.89	12.01
Employees Remuneration & Benefits	11	3330.91	723.26	—
Selling Expenses	12	1408.41	42.22	
Finance Expenses	13	14381.34	2484.22	18.31
Administrative and other Expenses	14	3766.65	989.53	13.14
Depreciation (Refer Note A (vii))		5404.04	1159.98	18.91
		<u>76772.94</u>	<u>9418.43</u>	
Loss for the year carried forward		<u>21145.13</u>	<u>5405.34</u>	10.61

NOTES TO THE ACCOUNTS

As per our report of even date attached

 For **AJAYA ASSOCIATES**

Chartered Accountants

AJAYA JAIN

Partner

New Delhi

Dated : 7th October, 1988

O.N. GUPTA

Financial Controller

& Secretary

P.R. JINDAL

Chairman &

Managing Director

T.M. SEN
A.C. AHUJA
PURSHOTTAM LAL
KULDIP BHARGAVA

Directors

 17.14
15.69

SCHEDULE 1

	As at May 31, 1988 (Rupees in Thousands)	As at May 31, 1987 (Rupees in Thousands)
SHARE CAPITAL		
AUTHORISED		
i. 75,00,000 (previous year 75,00,000) Equity Shares of Rs. 10/- each	75000.00	75000.00
ii. 50,000 (previous year 50,000) 15% Redeemable Cumulative Preference Shares of Rs. 100/- each	5000.00	5000.00
	<u>80000.00</u>	<u>80000.00</u>
ISSUED & SUBSCRIBED		
60,00,000 (previous year 60,00,000) Equity Shares of Rs. 10/- each	60000.00	60000.00
PAID-UP		
i. 39,92,000 (previous year 39,92,000) Equity Shares of Rs. 10/- each fully paid up	39920.00	
Less : Calls-in-Arrears (previous year Rs. 3,90,000) (other than directors)	212.00	39530.00
ii. Advance against Share Capital from Non-Resident Co-promoter for consideration other than cash (Refer Note A(i))	20080.00	20080.00
	<u>59788.00</u>	<u>59610.00</u>

SCHEDULE 2

	As at May 31, 1988 (Rupees in Thousands)	As at May 31, 1987 (Rupees in Thousands)
LOAN FUNDS		
SECURED LOANS		
i. From Industrial Finance Corporation of India under Project Finance Participation Scheme with Industrial Development Bank of India & Industrial Credit & Investment Corporation of India (Refer Note A(ii))	77600.00	71600.00
ii. Foreign Currency Loan from Industrial Finance Corporation of India (Refer Note A(ii) & (iii))	2337.90	2337.90
iii. Cash Credit from Canara Bank (Refer Note A (iv))	15447.41	3241.89
	<u>95385.31</u>	<u>77179.79</u>
UNSECURED LOANS		
Inter-corporate Loans	2103.26	—
	<u>2103.26</u>	—

SCHEDULE 3
FIXED ASSETS

	COST			NET BLOCK			
	As at 31.5.1987	Additions	Deductions	As at 31.5.1988	Total Depreciation upto 31.5.1988	As at 31.5.1988	As at 31.5.1987
(Rupees in Thousands)							
LAND :							
Free Hold	32.80	—	—	32.80	—	32.80	32.80
Leasehold (Including site development expenses) (Refer Note A(vi))	5326.98	46.06	—	5373.04	—	5373.04	5326.98
Buildings	24308.72	1845.64	—	26154.36	949.15	25205.21	24138.46
Plant & Machinery	83477.95	2871.80	222.89	86126.86	5350.83	80776.03	82482.01
Dies & Patterns	—	1355.45	—	1355.45	102.36	1253.09	—
Furniture, Fixtures & Office Equipments	393.69	105.08	—	498.77	30.14	468.63	378.31
Air Conditioners	116.54	7.10	—	123.64	9.49	114.15	113.14
Vehicles	1059.04	430.86	—	1489.90	268.39	1221.51	928.91
Temporary Construction	895.30	—	—	895.30	895.30	—	—
	<u>115611.02</u>	<u>6661.99</u>	<u>222.89</u>	<u>122050.12</u>	<u>7605.66</u>	<u>114444.46</u>	<u>113400.61</u>
Capital Work-in-Progress (including material at site Rs. Nil (previous year Rs. 9,43,648/-) Material with Contractors Rs. 65,621/- (previous year Rs. 1,41,244/-) and Capital Advances Rs. Nil (previous year Rs. 18,41,261))						643.65	3936.53
Previous Year	5641.76	109969.26	—	115611.02	2210.41	117337.14	66565.69

Depreciation : Refer Note A(vii)

SCHEDULE 4

	As at 31.5.1988 (Rupees in Thousands)	As at 31.5.1987 (Rupees in Thousands)
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
a. INVENTORIES (as taken, valued and certified by the Management)		
i. Stores & Spares (at cost)	2036.21	1451.93
ii. Consumable Tools (at cost)	118.14	102.80
iii. Finished Goods (at lower of estimated cost or net realisable value)	10633.17	NIL
iv. Raw Material & Components (at lower of cost or net realisable value)	1861.53	8601.38
v. Work-in-Progress (at lower of estimated cost or net realisable value)	5176.01	2496.42
vi. Goods in Transit (at cost)	NIL	142.09
	<u>19825.06</u>	<u>12794.62</u>
b. SUNDRY DEBTORS (Unsecured considered good)		
i. Exceeding six months	—	—
ii. Others	1896.51	1896.51
c. CASH AND BANK BALANCES		
i. Cash in Hand	91.18	39.35
ii. With Scheduled Banks :		
— In Current Account	1066.57	973.43
— In Fixed Deposit Account	2644.43	682.54
(Deposit Receipts with Bank for Guarantee/Letters of Credit given by them)	3711.00	1655.97
iii. Cheques/Drafts in Hand	NIL	200.00
	<u>3802.18</u>	<u>1895.37</u>
B. LOANS AND ADVANCES (Unsecured considered good)		
i. Advances recoverable in cash or in kind for value to be received (including insurance claims for transit loss of Rs. 57,762/- (previous year NIL) (Refer Note A(v))	1622.50	3758.86
ii. Earnest Money & Security Deposits	1094.08	1288.55
iii. Prepaid Expenses	240.12	138.22
	<u>2956.70</u>	<u>5185.63</u>

SCHEDULE 4

As at
31.5.1987
(Rupees in
Thousands)

51.93

12.80

NIL

1.38

1.42

0.9

62

35

7

18

SAW Pipes Ltd.

SCHEDULE 5

As at
31.5.88
(Rupees in
Thousands)

As at
31.5.87
(Rupees in
Thousands)

CURRENT LIABILITIES

i. Sundry Creditors	6208.98		3474.42
ii. Advances from Customers	1212.42		280.35
iii. Interest/Commitment Charges accrued on loan but not due	7533.63		2811.13
iv. Other Liabilities	591.92		2350.01
	<u>15546.95</u>		<u>8915.81</u>

SCHEDULE 6

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

i. Preliminary Expenses	119.11		132.34
Share Issue Expenses	2227.12		2474.58
	<u>2346.23</u>		<u>2606.92</u>
Less : Written Off	260.69	2085.54	260.69
			<u>2346.23</u>
ii. Deferred Revenue Expenditure	741.32		823.69
Less : Refund	50.00		
	<u>691.32</u>		<u>823.69</u>
Less : Written Off (net of Rs. 5,000/- prior period adjustment)	72.37	618.95	82.37
		<u>2704.49</u>	<u>3087.55</u>

SCHEDULE 7

Year ended
May 31, 1988
(Rupees in
Thousands)

Previous
Period Ended
May 31, 1987
(Rupees in
Thousands)

SALES & OTHER INCOME

Sales	41577.96	961.41
Other Income		
Interest (including tax deducted at source Rs. 32,236/- (previous year Rs. 11,503/-)	81.24	207.82
Sale of Scrap	251.95	279.47
Miscellaneous Receipts	403.90	67.97
	<u>42315.05</u>	<u>1516.67</u>

SCHEDULE 8

Year Ended May 31, 1988 (Rupees in Thousands)	Previous Period Ended May 31, 1987 (Rupees in Thousands)
--	--

INCREASE/(DECREASE) IN STOCK

Opening Stock		
Work-in Progress	2496.42	—
Finished Goods	—	—
	<u>2496.42</u>	<u>—</u>
Closing Stock		
Work-in-Progress	5176.01	2496.42
Finished Goods	10633.17	—
	<u>15809.18</u>	<u>2496.42</u>
Increase in Stock	<u>13312.76</u>	<u>2496.42</u>

SCHEDULE 9**RAW MATERIAL CONSUMED**

Opening Stock	8601.38	—
Add : Purchases	37298.22	11745.71
	<u>45899.60</u>	<u>11745.71</u>
Less : Closing Stock	1861.53	8601.38
	<u>44038.07</u>	<u>3144.33</u>

SCHEDULE 10**MANUFACTURING EXPENSES**

Direct Wages	251.28	119.13
Stores & Spares	2321.24	263.24
Power & Fuel	999.37	143.50
Water Charges	11.63	4.50
Technician Fees & Expenses	153.52	217.46
	<u>3737.04</u>	<u>747.83</u>

REPAIRS & MAINTENANCE

Plant & Machinery	366.90	119.03
Building	7.57	3.40
Others	330.64	4.63
	<u>4442.15</u>	<u>874.89</u>

SCHEDULE 11

	Year ended May 31, 1988 (Rupees in Thousands)	Previous Period Ended May, 31, 1987 (Rupees in Thousands)
EMPLOYEES REMUNERATION & BENEFITS		
Salary	2475.73	514.03
Employer's contribution to P.F. F.P.F. and Administration Charges	206.75	46.19
Staff Welfare	569.61	146.65
Remuneration to Managing Director (including P.F. contribution Rs. 5,616/- (previous period Rs. 1,210/-)	78.82	16.39
	<u>3330.91</u>	<u>723.26</u>

SCHEDULE 12
SELLING EXPENSES

Commission on Sales	44.57	9.44
Sales Promotion	198.49	30.62
Advertisement	72.72	2.16
Rebates and Discounts	140.63	—
Packing Expenses	138.30	—
Forwarding Charges (net of recoveries Rs. 6,58,183/-)	802.67	—
Other Expenses	11.03	—
	<u>1408.41</u>	<u>42.22</u>

SCHEDULE 13
FINANCE EXPENSES

Interest/Commitment Charges on Term Loan	10915.28	2290.76
Interest on Bank Borrowings	1420.87	94.30
Bank and Financial Charges	861.21	99.16
Interest to Others	1183.98	NIL
	<u>14381.34</u>	<u>2484.22</u>

SCHEDULE 14

Year ended	Previous Period
May 31, 1988	Ended
(Rupees in	May, 31, 1987
Thousands)	(Rupees in
	Thousands)

ADMINISTRATIVE AND OTHER EXPENSES

Rent, Rates & Taxes	281.24	49.78
Insurance	247.94	41.61
Repairs & Maintenance	6.66	5.58
Postage, Telegram & Telephone	277.10	76.79
Printing & Stationery	179.51	41.70
Travelling & Conveyance	642.81	205.64
Directors' Travelling	173.03	46.69
Legal & Professional Expenses	45.91	3.10
Vehicle Upkeep & Maintenance	578.75	109.99
Directors Meeting Fees	12.25	1.75
Miscellaneous Expenses	783.49	44.50
Electricity Expenses	5.40	4.34
Loss on Sales of Fixed Assets	39.10	—
Liquidated Damages	136.53	—
Auditors' Remuneration	23.87	15.00
Preliminary Expenses Written Off	260.69	260.69
Deferred Revenue Expenses Written Off	72.37	82.37
	<u>3766.65</u>	<u>989.53</u>

SCHEDULE 15**NOTES TO THE ACCOUNTS 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.
- ii. a. Rupee Term Loan from IFCI under Project Finance Participation Scheme alongwith IDBI and ICICI and Foreign Currency Loan from IFCI are secured by way of hypothecation of all Company's movable properties (save and except book debts) including movable 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. Rupee Term Loan from IFCI under Project Finance Participation Scheme alongwith IDBI and ICICI and Foreign Currency Loan from IFCI are guaranteed by Jindal Strips Limited, Delhi Road, Hissar.
- c. The charge for Rupee Term Loan and Foreign Currency Loan rank pari-passu.
- d. In terms of Rupee Term Loan Agreement, Financial Institutions have an option to convert a sum not exceeding Rs. 55,80,000/- (previous year Rs. 55,80,000/-) of the original loan amount into fully paid up Equity Shares of the Company at par; such option is to be exercised between 01.1.1990 and 31.12.1992.
- e. Loans from Financial Institutions are additionally secured by deposit of title deeds in respect of immovable properties.
- iii. Foreign Currency Loan from IFCI has been converted into Rupees at Exchange Rates prevailing at the time of withdrawal. No adjustment has been made for the increase in liability estimated at Rs. 7,21,668/- (previous year Rs. 1,72,282/-) as at 31st May 1988, consequent upon the change in exchange rates between the dates of withdrawal and 31st May, 1988. 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 the Managing Director.
- v. Maximum amount outstanding at any time during the year due from Director is Rs. NIL (previous year Rs. 8,666/-).
- vi. No provision has been made for the amortisation of premium on lease-hold land over the lease-hold period accumulating to Rs. 2,10,644/- (previous year Rs. 1,43,045/-).
- vii. Depreciation has been calculated pro-rata on straight-line basis at the rates specified in Schedule XIV (inserted by the Companies, (Amendment) Act, 1988) to the Companies Act, 1956 instead of at rates hitherto followed by the Company. As a consequence of this change, the charge for the depreciation for the year is lower by Rs. 1,23,675/-.

B. i. CONTINGENT LIABILITIES

- a. Estimated amount of contracts remaining to be executed on capital account (Net of advances) Rs. 22.50 lacs not provided for (previous year Rs. 30.67 lacs).
- b. In respect of Bank Guarantees Rs. 1,71,68,209/- (previous year Rs. 27,37,115/-)
- c. In respect of outstanding Letters of Credit Rs. 80,66,662/- (previous year Rs. 17,00,000/-)
- d. In respect of Excise Duty Rs. 4,242/- (previous year Rs. NIL).
- e. Balance Technical Know-how Fees Rs. 23,75,005/-
- ii. No provision for gratuity has been made as no employee has yet completed the qualifying period of service for entitlement of the benefit.
- iii. No provision for taxation has been made in these accounts in the absence of assessable profits.
- iv. Investment Allowance Reserve will be created in the year of assessable profits.
- v. Subsidy receivable, if any, under the Central Investment Subsidy Scheme for Centrally Notified Backward Areas, will be accounted for as and when received.

C. i. Particulars of Capacity & Production

Class of Goods	Unit of Measurement	Licensed Capacity		Installed Capacity*		Production **	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Period
Submerged Arc Welded Steel Pipes	Metric Tonnes	75000	75000	75000	75000	4719.224	183.332

* As certified by the Management and relied on by the Auditors being a Technical Matter.
 ** Including trial production NIL (previous year 87.022 MT.)

ii. Particulars of Opening Stock, Closing Stock and Sales for each class of goods dealt with by the Company

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Current Year		Previous Period		Current Year		Previous Year	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Submerged Arc Welded Steel Pipes	Metric Tonnes	NIL	NIL	NIL	NIL	961.360	1,063,316.6	NIL	NIL

Sales

Submerged Arc Welded Steel Pipes	Unit of Measurement	Current Year		Previous Period	
		Qty.	Value	Qty.	Value
	Metric Tonnes	3757.874	41577963	96.310	961411

iii. Particulars of Raw Material and Components consumed for Production

Item	Unit of Measurement	Current Year		Previous Period	
		Qty.	Value	Qty.	Value
Steel Plates	Metric Tonnes	5035.143	43025270	386.040	3107.140
Flux & Electrodes	Metric Tonnes	41.465	1012800	2.069	37.190
			44038,070*		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

a. Raw Material	Imported	Current Year		Previous Period	
		Percentage	Value	Percentage	Value
Raw Material	Imported	6.75	2971642	34.83	1095295
	Indigenous	93.25	41066428	65.17	2049035
b. Stores & Spares	Imported	100.00	44038070	100.00	3144380
	Indigenous	NIL	NIL	NIL	NIL
		100.00	2321245	100.00	263240
		100.00	2321245	100.00	263240

B. Consumption of Raw Material, Components and Spare Parts for Trial Runs

Raw Material	Imported	Current Year		Previous Period	
		Percentage	Value	Percentage	Value
Raw Material	Imported	NIL	NIL	4.12	29721
	Indigenous	NIL	NIL	95.88	692789
		NIL	NIL	100.00	722510

C. Consumption of Raw Material, Components and Spare Parts for Capital Items

Stores & Spares	Imported	Current Year		Previous Period	
		Percentage	Value	Percentage	Value
Stores & Spares	Imported	NIL	NIL	68.38	2487246
	Indigenous	100.00	813829	31.62	1150117
		100.00	813829	100.00	3637363

V. CIF Value of Imports during the Financial Year

	Current Year	Previous Year
Raw Material	218449	1645609
Capital Goods	NIL	2337904

vi. Expenditure in Foreign Currency during the Financial Year

a. Technical Know-how Fees (Net of tax)	NIL	739329
b. Technical Services fees (Net of tax)	66403	931518
c. Travelling Expenses	76870	NIL
d. Other Expenditure	781	NIL

vii. Earnings in Foreign Exchange Rs. NIL (previous years Rs. NIL)

viii. Break-up of expenditure on employees who are in receipt of remuneration amounting in the aggregate to Rs. 72,000/- p.a. (previous year Rs. 36,000/-) or more if employed for the full year and Rs. 6000/- p.m. (previous year Rs. 3,000/-) or more, 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
Number of Employees	3	9	1	11
Salaries	230542	504782	72250	390531
Contribution to Provident Fund	17650	48289	2880	22601

ix. Payment to Managing Director during the Financial Year

	Current Year	Previous Year
a. Salaries	73200	72218
b. Company's contribution to Provident Fund	5616	6777
	<u>78816</u>	<u>77995</u>

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. Auditors Remuneration

	Current Year	Previous Year
a. Audit Fee	15000	15000
b. In other capacity		
i. For Certification (previous year for management services)	1980	5000
ii. Tax Audit Fees	6000	-
c. Out-of-pocket Expenses	891	-
	<u>23781</u>	<u>20000</u>

xii. Outstanding Dues/Receivable are subject to confirmation

xiii. Previous year figures for Profit & Loss Account have been given for part of the year from 12.03.1987 (Date of commencement of production) to 31.05.1987.

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

xv. Schedules 1-15 are annexed to form integral part of the Balance Sheet.

Signature to Schedules 1 to 15:
As per our report of even date attached

For **AJAYA ASSOCIATES**
Chartered Accountants
AJAYA JAIN
Partner
New Delhi

O.N. GUPTA
Financial Controller
& Secretary

P.R. JINDAL
Chairman &
Managing Director

T.M. SEN
A.C. AHUJA
PURSHOTTAM LAL
KULDIP BHARGAVA
Directors

Dated : 7th October, 1988

Previous Year

1646809
2337904

739 329
931 518
NIL
NIL

for

Year
11
390531
22801

Year
2218
5777
7995

Year
000

SAW Pipes Ltd.

Registered Office : 28, Najafgarh Road, New Delhi-110 015

PROXY FORM

I/We..... of _____
in the district of _____ being a Member/of
the above-named Company hereby appoint _____
of _____ in the district of _____ or
failing him _____ of _____ or
in the district of _____ as my/our proxy to attend
and vote for me/us on my/our behalf at the Annual General Meeting of
the Company to be held on Wednesday, the 30th November, 1988 at
3 p.m. at the Auditorium of N.C. Jindal Public School, Road No. 73,
Punjabi Bagh West, New Delhi-110 026 and at any adjournment thereof.

Signed this _____ day of _____

Signature _____
Address _____

30 P.
Revenue
Stamp

- N.B. (1) The proxy need not be a member.
(2) The proxy form duly signed and stamped should reach the
Company's Office at least 48 hours before the time of the
meeting i.e. before 3 p.m. on 28th November, 1988.

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND
HAND IT OVER AT THE ENTRANCE.

I/We hereby record my/our presence at the 4th Annual General
Meeting of the Company at the Auditorium of N.C. Jindal Public School,
Road No. 73, Punjabi Bagh West, New Delhi-110 026 on Wednesday, the
30th November, 1988.

Name of the Shareholder _____
Ledger Folio No. _____
Name of Proxy/Representative, if any _____
Signature of the Shareholders/Proxy
Representative _____

NOTE : Shareholders/Proxy Holders are requested to bring their
Attendance Slips with them and to hand over at the gate of the Meeting
Hall after affixing their signature.

Previous Year

1645609
2337904

739329
931518
NIL
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External Dia Welding

Mechanical Expander




SAW Pipes Ltd.

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