



**SIXTH
ANNUAL
REPORT
1989-90**



SAW Pipes Ltd.



SAW Pipes Ltd.

Board of Directors

Shri P.R. Jindal
Chairman & Managing Director
Shri T.M. Sen
Shri B.B. Arora
(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
Shri P.K. Jain
Shri H.S. Choudhary
Whole Time Director

Principal Executives

Shri V.R. Krishnaswamy
Advisor
Shri Onkar Nath Gupta
Financial Controller & Secretary
Shri H.S. Bedi
General Manager (Works)

Bankers

State Bank of Patiala, New Delhi
Canara Bank, Janpath, New Delhi

Auditors

M/s Ajaya Associates
Chartered Accountants

Registered Office

-28, Najafgarh Road,
New Delhi-110 015

Works (i) Pipe Division :

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

(ii) Folls Division :

28 & 37, Najafgarh Road,
New Delhi-110015.



SAW Pipes Ltd.

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Sixth Annual Report with Accounts of the Company. The Accounting period of the Company has been closed for a period of 15 months from 1st April, 1989 to 30th June, 1990.

Financial Results :

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

	1989-90 (15 months) (Rs. in thousands)	1988-89 (10 months) (Rs. in thousands)
Sales & other Income	340,456.23	1,19,850.06
Decrease/Increase in stocks	5,205.53	-4,604.51
Job work in progress	1,187.50	75.11
	<u>346,849.26</u>	<u>1,15,320.66</u>
Less : Consumption of Raw Materials & Manufacturing Expenses	<u>2,41,038.46</u>	81,233.41
Gross Profit	105,810.80	34,087.25
Less : Administrative and Other Expenses	<u>32,904.93</u>	<u>12,431.66</u>
Profit/Net Loss before Interest and Depreciation	72,905.87	21,655.59
Less/Add : Interest & Other Financial Expenses	36007.98	16501.31
Depreciation	<u>7752.91</u> 43,760.89	4683.46 21,184.77
Net Profit/Net Loss for the year	(+) <u>29,144.98</u>	(+) <u>470.82</u>
Amount transferred to Investment Allowance Reserve	—	295.00
	2,91,44.98	175.82
Loss : Brought Forward	(-) <u>41,874.65</u>	(-) <u>42,050.47</u>
Balance Loss carried forward	(-) <u>12,729.67</u>	(-) <u>41,874.65</u>

In view of the brought forward losses, it is not possible to pay any dividend.

OPERATIONS

Operations during the year have shown substantial improvement in as much as the sales of the company have increased from Rs. 1122.83 lakhs to Rs. 2716.34 lakhs, an increase of 194% on annualised basis. The working of the company has shown a positive profit of Rs. 291.45 lakhs as compared to Rs. 4.71 lakhs, an increase of 4950.31% on annualised basis. The company has shown improvement in its working for the period under review as compared to previous year.

FUTURE OUTLOOK

There is a lot of development work going in the Oil & Gas Sector. The prospects of receiving orders from this sector are quite bright since our company is the only source of SAW pipes in India. Recently the Government has approved Kandla-Bhatinda Pipeline Project for which there will be big demand for the Pipes. It is expected that a sizeable quantity of the requirement of Pipes may be placed with our company. The company's Foil division is expected to make substantial profits during the current year.



SAW Pipes Ltd.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Informations in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure "1") hereto forming part of the Report.

PARTICULARS OF THE EMPLOYEES

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

PUBLIC DEPOSITS

Deposits from 6 depositors totalling Rs. 34,000/- were due and unclaimed at year end.

INSURANCE

All the properties and insurable interest of the Company including buildings, plants and machinery and stocks, wherever necessary and to the extent required have been adequately insured.

AUDITORS REPORT

Auditors remarks in their report read, with the notes to accounts referred to, by them are self explanatory.

AUDITORS

M/s Ajaya Associates, Chartered Accountants, auditors of the company retires at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS

Shri N.S. Datar and Shri Subhash Goel retire by rotation and are eligible for reappointment.

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 operation of the Company.

For and on behalf of the Board

P.R. Jindal
Chairman & Managing Director

Dated : 26.11.1990
Registered Office :
28, Najafgarh Road,
New Delhi-110 015.



ANNEXURE TO DIRECTOR'S REPORT

**PARTICULARS REQUIRED UNDER THE COMPANIES
(DISCLOSURES OF PARTICULARS IN THE REPORT OF
THE BOARD OF DIRECTORS) RULES, 1988.**

A) CONSERVATION OF ENERGY :

a) Energy Conservation Measures taken :

- i) Installation of Automatic Tap Changer to control the voltage variation.
- ii) Installation of Capacitor Banks of 1600 KVAR & 750 KVAR.
- iii) Installation of Synchronous Motors of 350 HP & 300 HP capacity to improve the power factor.
- iv) Installation of Hot Water Washing System in pickling line to reduce the overall heater consumption.

b) Additional investments and proposals for reduction of consumption of energy :

- i) Replacing old DG Set with new one of 750 KVA capacity.
- ii) Installation of energy meter at the major power consuming stations for better monitoring purposes.
- iii) Additional Capacitor Bank of 400 KVAR to improve the power factor.
- iv) Recuperator to be installed on annealing furnace to reduce the oil consumption for material annealed.

c) Impact of above measures :

As a result of measures to be taken as above will result in lower energy consumed per tonne of production.

d) Total energy consumption and energy consumption per unit production – Form "A" enclosed.

FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy.

A. POWER AND FUEL CONSUMPTION :	1989-90	1988-89
1. Electricity		
a) Purchased units	5647877	1666927
Total Amount (Rs.)	7756823	2328244
Rate/Unit	1.37	1.40
b) Own Generation through Diesel		
Generator Unit	960571	281760
Unit per litre of Oil	3.12	2.93
Cost/Unit	1.17	1.22



SAW Pipes Ltd.

B. CONSUMPTION PER UNIT OF PRODUCTION :

Production	Submerged Arc Welding Pipes & Re-rolled Stainless Steel Strips	
Electricity for		
i) manufacture of steel pipes per ton	151 Units	175 Units
ii) for re-rolling of Stainless Steel Strips per ton	535 Units	426 Units

(The increase in consumption of electricity during the period under review as compared to previous period is due to the fact that the material of larger width and finer thickness was rolled during the period under review as compared to previous period).

FORM "B"

Form for disclosure of particulars with respect to Technology Absorption 1989-90

1. Specific areas in which Research & Development carried out by the Company.

- Introduction to continuous tack welding using gas metal arc welding.
- Installation of new stations for Submerged Arc Welding for outside and inside.
- Installation of facilities for the shearing of coils into cut plates lengths.
- Installation of laboratory for NACE testing.

2. Benefits Derived

With the introduction and development of continuous tack welding process Forming defects have been totally brought down to zero. Further improvements have been brought in the circularity and straightness standards. Cage roll marks on the body of the pipe have been totally eliminated.

Coils of lower wall thickness can be procured and cut to lengths. This has improved availability of raw material for the production of pipes.

3. Future Plan of Action

Existing quality of welding and productivity, additional facilities have been installed.

- extension of forming and welding bays.
- additional ultrasonic machine for intermediate testing.
- installation of additional bay for stocking of pipes.
- setting of NACE laboratory for production of pipes meant for sour gas application.
- qualifying the mill production of X-60 grade pipes for sour gas application.



SAW Pipes Ltd.

		(Rs. In thousands)
4. Expenditure of R & D		
a) Capital		—
b) Recurring		2057.00
c) Total		2057.00
d) Total R & D expenditure as a %age of total turnover		0.75%

5. Particulars of Imported Technologies

Our collaborators U.E.C., Pittsburg were consulted for the introduction of continuous tack welding process and their experience utilized for selecting the welding consumables etc

6. Foreign Exchange earnings & outgo

A. Foreign Exchange Earnings	NIL
B. Foreign Exchange Outgo	Rs. 24,38,407/-

For & on behalf of the Board

PLACE : NEW DELHI
DATED : 26.11.90

P.R. JINDAL
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE "2"

ANNEXURE TO DIRECTOR'S REPORT

PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTOR'S REPORT FOR THE PERIOD FROM 1ST APRIL, 1989 TO 30TH JUNE, 1990

ANNEXURE TO DIRECTOR'S REPORT

PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTOR'S REPORT FOR THE PERIOD FROM 1ST APRIL, 1989 TO 30TH JUNE, 1990 IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956

A) Persons Employed throughout the Financial Period who were in receipt of remuneration for the period which in aggregate was not less than Rs. 72000/- per annum.

S. No.	Name	Designation/ Nature of Duties	Age	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commence- ment 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	40	121251	B.A.	20	07.05.1986	Swastik Foils Limited Managing Director
2.	Mr. V.R. Krishnaswamy	Advisor	61	127616	M.A.	39	01.12.1985	Steel Authority of India Joint Director Purchases
3.	Mr. H.S. Bedi	General Manager (Works)	44	118566	Metallurgy	25	03.01.1989	BST Limited - Works Manager
4.	Mr. A.K. Mahendru	General Manager (Sales)	45	103744	B.Sc (Engg), F.I.E. M.I.I.M. M.I.M.A.	24	01.05.1986	Steel Authority of India Regional Manager
5.	Mr. R.K. Arora	D.G.M. (Works)	35	94687	B.Sc (Engg)	12	01.02.89	Swastik Udyog Ltd. Hissar

B) Employed for a part of the Financial Period at a rate which in aggregate was not less than Rs. 6000/- per month

1.	Mr. Sudesh Jain	Manager E.D.P.	36	31500	B.E. (Electrical)	12	01.03.1990	Hero Honda Motors Ltd. Manager E.D.P.
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NOTES:

- None of the above employees is relative of any Directors.
- 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.

FOR AND ON BEHALF OF THE BOARD
P.R. JINDAL
CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI
Dated : 26.11.90



SAW Pipes Ltd.

REPORT OF THE AUDITOR'S TO THE MEMBER'S OF SAW Pipes Limited

We have audited the attached Balance Sheet of SAW Pipes Limited as at June 30, 1990 and the Profit and Loss Account for the period ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of The Companies Act, 1956, we annex hereto 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) Proper books of accounts 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 subject to note no. A (ii) to accounts regarding foreign exchange liability for Rs. 960282 which will be accounted on payment basis, note No. A(iii) regarding nonprovision for amortisation of premium on leasehold land for Rs. 345843 note No. A (iv) regarding title to Land and Building note No. B(ii) regarding non-provision of gratuity and note No. B (iii) regarding non-provision of income-tax give a true and fair view —
 - (i) in case of the Balance Sheet of the State of Affairs of the Company as at June 30, 1990
 - (ii) in the case of Profit and Loss Account of the profit of the Company for the period ended on that date.

for AJAYA ASSOCIATES
CHARTERED ACCOUNTANTS

(AJAYA JAIN)
PARTNER

PLACE : NEW DELHI
DATED : 26.11.1990



SAW Pipes Ltd.

Annexure referred to in Paragraph I of the Auditor's Report of even date to the Member's of SAW Pipes Limited on the Accounts for the period ended June 30, 1990

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. In our opinion, the coverage of verification needs to be increased.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores and spare parts and raw material have been physically verified by the Management at reasonable intervals.
4. In our opinion and according to the information and explanation given to us the procedures for physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks is fair & proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loan secured or unsecured 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 within the meaning of Section 370(1-B) of The Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of The Companies Act, 1956, or to the companies under the same management within the meaning of Section 370(1-B) of The Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company where stipulations have been made regarding repayment of loan, the parties are repaying the amount as stipulated and have also been regular in the payment of interest where applicable.
10. In our opinion and according to the information and explanation 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 the purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for sale of goods.



SAW Pipes Ltd.

11. As far as we can ascertain and according to the information and explanation given to us there were no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements falling under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.
12. The Company has regular procedure for determination of unserviceable or damaged stores and raw materials in a systematic manner. There have been no major items written off during the year.
13. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A of The Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion reasonable records have been maintained by the Company for recording of sales and disposal of scrap. The Company has no by-product.
15. Internal audit is being conducted by firms of Chartered Accountants. In our opinion the same is adequate and commensurate with the size and nature of the Company's business.
16. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of pipe manufacturing activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determine whether they are accurate or complete.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year.
18. According to the information and explanation given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, custom duties and excise duty which have remained outstanding as at June 30, 1990 for a period of more than six months from the date they become payable.
19. According to the information and explanation given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account.
20. The Company is not a sick industrial company within the meaning of clause (0) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

FOR AJAYA ASSOCIATES
CHARTERED ACCOUNTANTS



SAW Pipes Ltd.

BALANCE SHEET AS AT JUNE 30TH, 1990

	Schedule No.	As at June 30, 1990 (Rs. in thousands)	As at March 31, 1989 (Rs. in thousands)
SOURCES OF FUNDS			
Shares capital	1	79,700.86	79,632.86
Reserves and Surplus	2	19,270.20	18,420.20
LOAN FUNDS			
Secured	3	1,26,056.29	1,09,342.50
Unsecured	4	7,707.52	8,625.15
		<u>2,32,734.87</u>	<u>2,16,020.71</u>
APPLICATION OF FUNDS			
FIXED ASSETS :			
Gross Block	5	1,39,953.92	1,32,095.62
Less : Depreciation		19,953.95	12,220.84
Net Block		<u>1,19,999.97</u>	<u>1,19,874.78</u>
Capital work in progress (including material with contractors and capital advances)		2,013.68	1,129.22
		<u>1,22,013.65</u>	<u>1,21,004.00</u>
INVESTMENTS			
	6	<u>12,961.95</u>	<u>1,119.39</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	46,828.72	42,191.25
Sundry Debtors		40,351.36	33,333.23
Cash & Bank Balances		758.17	3,389.39
Loans & Advances		32,837.80	21,180.88
		<u>1,20,776.05</u>	<u>1,00,094.75</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	8	37,781.45	49,962.38
Provisions		3.37	481.13
		<u>37,784.82</u>	<u>50,443.51</u>
NET CURRENT ASSETS			
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	9	82,991.23	49,651.24
Profit & Loss Account		2,038.37	2,371.43
		<u>12,729.67</u>	<u>41,874.65</u>
TOTAL		<u>2,32,734.87</u>	<u>2,16,020.71</u>
NOTES OF THE ACCOUNTS			
As per report of even date attached For AJAYA ASSOCIATES AJAYA JAIN Chartered Accountants Partner	18	O.N. GUPTA Financial Controller & Secretary	P.R. JINDAL Chairman & Managing Director
			T.M. SEN B.B. ARORA PURSHOTAM LAL KULDIP BHARGAVA P.K. JAIN Directors

Place : NEW DELHI
Date : 26.11.90



SAW Pipes Ltd.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 1990

	Schedule No.	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
INCOME			
Sales & Other Income	10	3,40,456.23	1,19,850.06
Increase/(Decrease) in Stock	11	5,205.53	(4,604.51)
Job work in progress		1,187.50	75.11
		<u>3,46,849.26</u>	<u>1,15,320.66</u>
EXPENDITURE			
Raw Material Consumed	12	2,07,329.33	72,379.33
Manufacturing Expenses	13	33,709.13	8,854.08
Employees Remuneration & Benefits	14	7,190.27	3,146.50
Selling Expenses	15	16,191.64	5,096.81
Finance Expenses	16	36,007.98	16,501.31
Administrative & Other Expenses	17	9,523.02	4,188.35
Depreciation (Refer Note A vi)		7,752.91	4,683.46
		<u>3,17,704.28</u>	<u>1,14,849.84</u>
Profit/(Loss)		29,144.98	470.82
Transferred to investment allowance reserve			(295.00)
Loss brought forward		(41,874.65)	(42,050.47)
Balance loss carried forward		(12,729.67)	(41,874.65)

NOTES TO THE ACCOUNTS

As per our report of even date attached

For **AJAYA ASSOCIATES**
Chartered Accountants

AJAYA JAIN
Partner

O.N. GUPTA
Financial Controller
& Secretary

P.R. JINDAL
Chairman &
Managing Director

T.M. SEN
B.B. ARORA
RURSHOTAM LAL
KULDIP BHARGAVA
P.K. JAIN
Directors

Place : NEW DELHI

Date : 26.11.90

SHARE CAPITAL

AUTHORISED :

- i) 95,00,000 (Previous year 75,00,000) equity shares of Rs. 10/- each
- ii) 50,000 (Previous year 50,000) 15% Redeemable Cumulative preference shares of Rs. 10/- each

As at
June 30, 1990
(Rs. in thousands)

As at
March 31, 1989
(Rs. in thousands)

95,000.00

75,000.00

5,000.00

5,000.00

1,00,000.00

80,000.00



SAW Pipes Ltd.

ISSUED AND SUBSCRIBED :

79,70,936 (Previous year 60,00,000)
Equity shares of Rs. 10/- each

79,709.36 60,000.00

PAID UP

a. 79,70,936 (previous year
60,00,000 equity shares of
Rs. 10/- each fully paid up
Less : Calls-in-arrears previous
year Rs. 76,500 other than
directors

8.50 79,700.86 76.50 59,923.50

(of the above 20,08,000 equity
share (Previous 20,08,000) are
alloted as fully paid up
pursuant to contract without
payment being received in
cash and 19,70,936 equity
shares are alloted as fully paid
up to shareholders of
M/s Swastik Foils Limited as per
Order dated 3rd August/11th
September 1989 of the Hon'ble
High Court of Delhi:

b. Shares pending allotment for
consideration other than cash :
(i) As per scheme of
Amalgamation

— 19,709.36
79,700.86 79,632.86

SCHEDULE '2'

	As at June 30, 1990 (Rs. in thousands)		As at March 31, 1989 (Rs. in thousands)	
RESERVES & SURPLUS				
(i) Capital Reserve (Central Subsidy)	850.00	—	—	—
(ii) General Reserve	1,313.20	—	—	—
As per last Balance Sheet				
Add : Additions during the year	— 1,313.20	1,313.20	1,313.20	
(iii) Investment Allowance Reserve : As per last Balance Sheet	13,840.00	15,500.00		
Add : Additions during the year	—	295.00		
Less : Transferred to investment allowance reserve utilised account	— 13,840.00	(1,955.00)	13,840.00	
(iv) Investment allowance account As per last balance sheet	3,267.00	—	—	—
Add : Additions during the year	— 3,267.00	3,267.00	3,267.00	
	19,270.20	18,420.20		



SAW Pipes Ltd.

SAW

SCHEDULE '3'

As at June 30, 1990 (Rs. in thousands) As at March 31, 1989 (Rs. 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 (Repayable within one year : Rs. 48,70,000/-)	77,600.00	77,600.00
(ii) Foreign Currency Loan from Industrial Finance Corp. of India (Repayable within one year : Rs. 2,33,790)	2,337.90	2,337.90
(iii) Bridge Loan from Industrial Finance Corp. of India against Central Investment Subsidy Scheme	—	850.00

NOTES :

- (a) Rupee Term Loan from IFCI under Project Finance Participation Scheme alongwith IDBI and ICICI, foreign Currency Loan and Bridge Loan against Central Investment Subsidy Scheme from IFCI of pipes division are secured by way of Hypothecation of all company's Movable Properties of pipes division (save and except book debt's) including movable machinery, spares, tools & 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 for pipes division are guaranteed by Jindal Strips Limited, Delhi Road, Hisar.
- (c) Bridge Loan against Central Investment Subsidy Scheme from IFCI for pipes division is guaranteed by Managing Director.
- (d) Loans from Financial Institutions except Bridge Loan are additionally secured by deposit of title deeds in respect of immovable properties of pipes division.



SAW Pipes Ltd.

(iv) Cash Credits from Banks :		
(a) Canara Bank	14,689.19	20,946.92
(b) New Bank of India	—	7,476.88
(c) State Bank of Patiala	31,366.99	—
<p>Cash Credit from Canara Bank & State Bank of Patiala in respect of pipes division 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 of pipes division. The loan is guaranteed by two Directors including Managing Director and also by a Company in which a Director of the Company is a Director.</p> <p>Cash Credit from State Bank of Patiala/New Bank of India in respect of Foils Division is secured by hypothecation of stocks of raw materials of stainless steel, other ferrous and non-ferrous alloys of all types of stores such as refractories of all kinds ferro alloys, fuel oil, oils and lubricants, all minerals and moulds and rolls, stock-in-progress and finished goods of Foils Division. This is further collaterally secured by hypothecation of machinery of Foils Division and is guaranteed by Managing Director.</p>		
(v) Other Loans and Advances Secured by co-acceptance of bills of foils division by New Bank of India against hypothecation of generator set and grinding machine under IDBI bills rediscounting scheme (Repayable within one year Rs. 62,210/-)	62.21	130.80
	<u>1,26,056.29</u>	<u>1,09,342.50</u>

SCHEDULE '4'

	As at June 30, 1990 (Rs. in thousands)	As at March 31, 1989 (Rs. in thousands)
UNSECURED LOANS		
(i) Fixed Deposits	958.50	1,218.50
(ii) Interest accrued and due on (i) above	—	2.59
(iii) Deposit from Agents	2,800.00	2,800.00
(iv) Inter-Corporate Loans	3,949.02	3,531.26
(v) Other Loans and Advances	—	1,072.80
	<u>7,707.52</u>	<u>8,625.15</u>



SAW Pipes Ltd.

FIXED ASSETS	GROSS BLOCK			Total DEPRECIATION		SCHEDULE '5' (Rs. in thousands) NET BLOCK	
	As at 1.4.89	Additions	Deductions	As at 30.6.90	Total Depreciation upto 30.6.90	As at 30.6.90	As at 31.3.89
Land							
Free Hold	1932.80	—	—	1932.80	—	1932.80	1932.80
Lease Hold (including site development expenses)	5373.04	—	—	5373.04	—	5373.04	5373.04
Building	27269.33	506.84	—	27776.17	2666.57	25109.60	25646.66
Plant & Machinery	91767.32	6778.14	21.76	98523.70	15489.83	83033.87	82609.90
Dies & Patterns	1355.45	—	—	1355.45	247.79	1107.66	1194.92
Furniture fixtures and office equipments	1194.94	257.16	—	1452.10	110.30	1341.80	1144.26
Air Conditioners	514.01	19.50	—	533.51	53.33	480.18	494.19
Vehicle	1793.43	368.42	50.00	2111.85	490.83	1621.02	1475.67
Temporary Construction	895.30	—	—	895.30	895.30	—	—
	132095.62	7930.06	71.76	139953.92	19953.95	119999.97	119874.78
Capital work in progress including material with contractor	—	—	—	—	—	2013.68	1129.22
	132095.62	7930.06	71.76	139953.92	19953.95	122013.65	121004.00
Previous year	122050.12	10476.36	430.86	132095.62	12220.84	121004.00	115088.11

INVESTMENT (AT COST) OTHER THAN TRADE	SCHEDULE '6'	
	As at June 30, 1990 (Rs. in thousands)	As at March 31, 1989 (Rs. in thousands)
UNQUOTED		
i) Bharat Foils (P) Ltd. 23000 Equity Shares of Rs. 10/- each fully paid up	283.89	283.89
ii) S.B.I. Mutual Fund 2000 Magnum of Rs. 100/- each	200.00	200.00
QUOTED		
i) Jindal Iron & Steel Co. Ltd. 56,100 equity shares of Rs. 10/- each fully paid up	561.00	561.00
ii) Unit Trust of India 5000 units	74.50	74.50
iii) Jindal Strips Ltd. 8000 equity shares of Rs. 10/- each fully paid up	1,318.56	—
iv) Jindal Strips Ltd. 69,600 Fully Convertible Debentures of Rs. 140/- each fully paid up	10,524.00	—
	12,961.95	1,119.39

Market value of quoted investment Rs. 230.88,600/-



SAW Pipes Ltd.

SCHEDULE '7'

	As at June 30, 1990 (Rs. in thousands)		As at March 31, 1989 (Rs. in thousands)	
CURRENT ASSETS, LOANS AND ADVANCES :				
A. CURRENT ASSETS :				
a. INVENTORIES (as taken, valued and certified by management)				
i) Stores & Spares (at cost)	6,809.51		4,291.43	
ii) Consumable tools (at cost)	153.85		136.31	
iii) Finished goods (at lower of estimated cost or net realisable value)	4,526.09		3,819.24	
iv) Raw Material (at cost)	18,731.50		18,918.13	
v) Work-in-progress (at lower of estimated cost or net realisable value)	15,401.82		10,822.48	
vi) Scrap (at net realisable value)	18.45		99.11	
vii) Goods-in-transit (at cost)	—		4,029.44	
viii) Job work-in-progress (at cost)	1,187.50		75.11	
	<u>46,828.72</u>		<u>42,191.25</u>	
B. SUNDRY DEBTORS : (Unsecured considered good)				
i) Exceeding six months	8,629.44		946.67	
ii) Others	31,721.92	40,351.36	32,386.56	33,333.23
C. CASH AND BANK BALANCES :				
i) Cash in hand	200.06		271.56	
ii) With schedule banks :				
— in current account	216.45		2,442.11	
— in fixed deposit account	341.66	558.11	675.72	3,117.83
(Deposit receipts with bank for Guarantee/letter of credit given by them)	758.17		3,389.39	
LOANS AND ADVANCES :				
(Unsecured & Considered good)				
i) Advances recoverable in cash or in kind for value to be received.	23,572.09		12,528.28	
ii) Earnest money and security deposits	6,135.79		6,602.13	
iii) Prepaid expenses	320.31		1,186.47	
iv) Deposit with Industrial Development Bank of India				
a) For surcharge on Income Tax	21.00		64.00	
b) U/s 32AB of Income Tax Act, 1961	2,788.61	2,809.61	800.00	864.00
	<u>32,837.80</u>		<u>21,180.88</u>	



SAW Pipes Ltd.

SCHEDULE '8'

	As at June 30, 1990 (Rs. in thousands)	As at March 31, 1989 (Rs. in thousands)
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES :		
i) Sundry Creditors	24,289.14	22,531.73
ii) Advances from customers	1,359.37	8,233.54
iii) Interest accrued but not due	9,814.53	16,806.28
iv) Consignment Agents Balance	—	1,257.58
v) Other liabilities	2,318.41	1,133.25
	<u>37,781.45</u>	<u>49,962.38</u>
B. PROVISIONS :		
i) Taxation (relating to amalgamated company for earlier years)	3.37	481.13
	<u>37,784.82</u>	<u>50,443.51</u>

SCHEDULE '9'

	As at June 30, 1990 (Rs. in thousands)	As at March 31, 1989 (Rs. in thousands)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
i) Preliminary expenses	92.64	105.87
Share Issue expenses	1,732.21	1,979.67
	<u>1,824.85</u>	<u>2,085.54</u>
Less : written off	260.69	260.69
	1,564.16	1,824.85
ii) Deferred Revenue expenditure	546.58	618.95
Less : written off	72.37	72.37
	<u>2,038.37</u>	<u>2,371.43</u>

SCHEDULE '10'

	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
SALES & OTHER INCOME		
Sales	2,71,633.61	1,06,635.95
OTHER INCOME		
Income from conversion charges	43,943.40	5,647.12
Interest (including tax deducted at source Rs. 1,93,476/- (Previous Year Rs. NIL))	2,025.30	318.40
Sale of Scrap	2,923.93	705.25
Consultancy charges	3,000.00	3,000.00
Miscellaneous receipts	16,929.99	3,543.34
	<u>3,40,456.23</u>	<u>1,19,850.06</u>



SAW Pipes Ltd.

SCHEDULE '11'

	Period Ended June 30, 1990 (Rs. in thousands)		Period Ended March 31, 1989 (Rs. in thousands)	
INCREASE/(DECREASE) IN STOCK				
OPENING STOCK				
Finished Goods	3,819.24		12,437.79	
Work-in-progress	10,822.48		6,821.69	
Scrap	99.11	14,740.83	85.86	19,345.34
CLOSING STOCK				
Finished Goods	4,526.09		3,819.24	
Work-in-progress	15,401.82		10,822.48	
Scrap	18.45	19,946.36	99.11	14,740.83
Increase/(Decrease) in stock		<u>5,205.53</u>		<u>(4,604.51)</u>

SCHEDULE '12'

	Period Ended June 30, 1990 (Rs. in thousands)		Period Ended March 31, 1989 (Rs. in thousands)	
RAW MATERIAL CONSUMED				
Opening Stock		18,918.13		6,997.24
Add : Purchases		2,07,142.70		84,300.22
		<u>2,26,060.83</u>		<u>91,297.46</u>
Less : Closing stock		18,731.50		18,918.13
		<u>2,07,329.33</u>		<u>72,379.33</u>

SCHEDULE '13'

	Period Ended June 30, 1990 (Rs. in thousands)		Period Ended March 31, 1989 (Rs. in thousands)	
MANUFACTURING EXPENSES				
Direct Wages		1,275.68		531.37
Stores & Spares		16,094.92		4,395.66
Power & Fuel		11,701.95		2,959.11
Water charges		108.36		25.20
Other Manufacturing expenses		479.30		26.16
		<u>29,660.21</u>		<u>7,937.50</u>
REPAIR & MAINTENANCE				
Plant & Machinery		2,782.50		304.91
Building		334.87		—
Others		931.55		611.67
		<u>33,709.13</u>		<u>8,854.08</u>



SAW Pipes Ltd.

SCHEDULE '14'

	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
EMPLOYEES REMUNERATION & BENEFITS :		
Salary	4,784.10	2,338.26
Employers contribution to P.F., F.P.F., E.S.I. linked insurance plan and administrative charges thereon.	498.91	203.24
Staff Welfare	1,650.38	539.04
Remuneration to Directors including Managing Director (including P.F. contribution Rs. 23,275/- previous year Rs. 5,035/-)	256.88	65.96
	<u>7,190.27</u>	<u>3,146.50</u>

SCHEDULE '15'

	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
SELLING EXPENSES		
Commission on Sales	651.10	841.64
Sales Promotion	362.22	172.64
Advertisement	205.13	10.05
Rebate & Discounts	—	23.84
Packing expenses	1,106.20	383.56
Forwarding charges (net of recoveries Rs. 72,139/-) (previous year Rs. 1,65,382/-)	13,636.80	3,461.22
Other expenses	230.19	203.86
	<u>16,191.64</u>	<u>5,096.81</u>



SAW Pipes Ltd.

SCHEDULE '16'

	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
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FINANCE EXPENSES :

Interest/commitment charges on Term Loans	15,977.25	10,179.77
Interest on Bank Borrowings	13,236.07	4,645.49
Bank and Finance charges	5,353.21	851.84
Interest to others	1,441.45	824.21
	<u>36,007.98</u>	<u>16,501.31</u>

SCHEDULE '17'

	Period Ended June 30, 1990 (Rs. in thousands)	Period Ended March 31, 1989 (Rs. in thousands)
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ADMINISTRATIVE AND OTHER EXPENSES :

Rent, Rates & Taxes	519.15	259.79
Insurance	804.06	360.59
Repair & Maintenance	243.56	63.43
Postage, Telegrams & Telephones	1,098.12	390.23
Printing & Stationery	489.53	185.40
Travelling & Conveyance	869.89	648.97
Directors Travelling	182.93	29.05
Legal & Professional Expenses	395.29	174.93
Vehicle upkeep & Maintenance	1,220.49	518.10
Director's Meeting Fees	8.75	5.75
Miscellaneous Expenses	2,138.97	1,106.03
Electricity Expenses	32.63	17.17
Liquidated damages	1,128.11	56.10
Auditor's Remuneration	58.48	39.75
Preliminary Expenses written off	260.69	260.69
Deferred Revenue Expenses written off	72.37	72.37
	<u>9,523.02</u>	<u>4,188.35</u>



SAW Pipes Ltd.

SCHEDULE '18' NOTES TO THE ACCOUNTS FORMING PART OF THE BALANCE SHEET

AND PROFIT & LOSS ACCOUNT

- A. (i) 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 01.01.1990 and 31.12.1992.
- (ii) Foreign Currency Loan from IFCI has been converted into Rupee at Exchange rates prevailing at the time of withdrawal. No adjustment has been made for increase in liability at Rs. 9,60,282/- (Previous year Rs. 10,24,645/-) as at June 30, 1990, consequent upon the change in exchange rates between the dates of withdrawal and 30th June, 1990 the difference in exchange will be accounted when the loan instalments are paid.
- (iii) No provision has been made for the amortisation of premium on leasehold land over the lease hold period accumulating to Rs. 3,45,843/- (Previous year Rs. 2,78,243/-).
- (iv) Title of land and building at 28 & 37 Najafgarh Road, New Delhi are not registered in the name of the Company since clearance under Urban Land (Ceiling and Regulation) Act, has not yet been obtained.
- (v) Maximum Amount outstanding at any time during the year due from Directors Rs. 25,984/- (Previous year Rs. NIL).
- (vi) Depreciation has been calculated prorata on straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation in case of Foils division has been computed at triple shift basis.
- (vii) The Company does not have any sole selling agent within the definition of section 294 of the Companies Act, 1956.
- B. (i) **CONTINGENT LIABILITIES :**
- a) Estimated amount of contracts remaining to be executed on capital account (Net of advances) Rs. NIL not provided for (previous year Rs. 4,90,500/-).
- b) In respect of Bank Guarantees Rs. 13,89,21,980/- (Previous year Rs. 10,72,19,269/-)
- c) In respect of outstanding letters of credit Rs. 4,54,31,032/- (Previous year Rs. 2,23,51,527/-).
- d) Balance Technical know-how Rs. 29,32,967/- (Previous year Rs. 26,00,100/-)
- e) Claims made by customers for liquidated damages — amount unascertained.
- (ii) No provision for gratuity has been made in respect of pipe division to the extent of Rs. 4,812/- (Previous year Rs. NIL). Gratuity in respect of employees of Foils Division is funded through Life Insurance Corporation Group Gratuity Scheme.
- (iii) Provision for Income Tax for the period ending 30.6.90 has not been made the accounts as the exact liability cannot be determined as on the date. The liability, if any, on account of Income Tax shall be met out of balance lying in reserves account which is being carried forward.



SAW Pipes Ltd.

(C) (i) PARTICULARS OF CAPACITY AND PRODUCTION

CLASS OF GOODS	UNIT OF MEASURE	LICENCE CAPACITY		INSTALLED CAPACITY		PRODUCTION	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Submerged Arc Welded Steel Pipe	Metric Tonnes	75000	75000	75000	75000	16766.245	7268.375
Re-rolled Strips	Metric Tonnes			60000	—	7572.798	—
				not applicable		(including job work done/ in-progress for outsiders)	—
						6749.284 and Sales return Processed 36.407)	

* As certified by the management and relied on by the auditors being a technical matter.

(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 YEAR	CURRENT YEAR	PREVIOUS YEAR				
		QTY. VALUE (Rs.)	QTY. VALUE (Rs.)	QTY. VALUE (Rs.)	QTY. VALUE (Rs.)				
(a) Submerged Arc Welded Steel Pipes	Metric Tonnes	317.870	3270518	961.350	10633166	308.340	4521494	317.870	327.0518
(b) Re-rolled Strips	Metric Tonnes	12.274	548720	39.332	1852972	0.089	4600	12.274	548720
SALES									
(a) Submerged Arc Welded steel pipes including pipes & connectors	Metric Tonnes	16775.775	225190294	7911.360	96627403				
(b) Re-rolled strips	Metric Tonnes	999.292	46443312	200.901	10008548				

(iii) PARTICULARS OF RAW MATERIAL AND COMPONENTS CONSUMED FOR PRODUCTION

ITEM	UNIT OF MEASUREMENT	CURRENT YEAR		PREVIOUS YEAR	
		QTY.	VALUE (Rs.)	QTY.	VALUE (Rs.)
Steel Plates	Metric Tonnes	17420.689	152796733	7592.254	62327173
Steel Pipes	"	725.358	9782259	—	—
Flux & Electrodes	"	130.206	2647564	78.434	2076632
Steel Strips	"	830.206	39592808	201.085	7975523
Connectors	Nos.	333	2509966	—	—
			207329330		72379328

* including cost of raw-material consumed in work-in-progress and finished goods.

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



SAW Pipes Ltd.

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

	CURRENT YEAR		PREVIOUS YEAR	
	Percentage	Value (Rs.)	Percentage	Value (Rs.)
a) Raw Material				
Imported	6.81	14117986	2.54	1837566
Indigenous	93.19	193211344	97.46	70541762
	100.00	207329330	100.00	72379328
b) Stores and Spares				
Imported	3.33	5,41,161	0.07	3135
Indigenous -	96.64	155,53,759	99.93	4992533
	100.00	160,94,920	100.00	4395668

B) Consumption of Raw Material, components and spare parts for capital Items :

	CURRENT YEAR		PREVIOUS YEAR	
	Percentage	Value (Rs.)	Percentage	Value (Rs.)
a) Raw Material				
Stores and Spares				
Indigenous	NIL	NIL	NIL	NIL

(v) CIF value of Imports during the Financial Year :

	CURRENT YEAR	PREVIOUS YEAR
Raw Material	Rs. 2150124	Rs. 8515414
Stores & Spares	Rs. 288283	Rs. 137627

(vi) Expenditure in Foreign Currency during the Financial year: NIL

(vii) Earning 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. 72,000/- p.a. (Previous year Rs. 72,000/-) or more if employed for the full year and Rs. 6,000/- p.m. (Previous year Rs. 6,000/-) 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
Numer of employees	5	2	1	3
Salaries	511528	138430	30000	80285
Contribution to Provident Fund	50055	11343	1500	6289

(ix) Payment to Directors including Managing Directors during the Financial year :

	Current Year	Previous Year
a. Salaries	233606	60930
b. Company's contribution to Provident Fund	23275	5035

(x) As no commission to Directors is paid/payable for the year on account of profit the computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been given.

(xi) Auditors Remuneration :

	Current Year	Previous Year
a. Audit fee	35000	25000
b. In other capacity :		
i) For-certification	9350	1650
ii) Tax Audit fees	10000	10000
c. Out of pocket expenses	4127	3104

(xii) Outstanding due/Receivables are subject to confirmation.

(xiii) Previous year figures have been re-grouped/re-arranged, wherever necessary. There are not strictly comparable because of longer period covered.

(xiv) Schedule 1-18 are annexed to and form integral part of the Balance Sheet.

For AJAYA ASSOCIATES
Chartered Accountants

(AJAYA JAIN)
Partner

(O.N. GUPTA)
Financial Controller
& Secretary

(P.R. JINDAL)
Chairman &
Managing Director

T.M. SEN
B.B. ARORA
PURSHOTTAM LAL
KULDIP BHARGAVA
P.K. JAIN
Directors

Place : NEW DELHI
DATED : 26.11.90



SAW Pipes Ltd.

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