



**SEVENTH
ANNUAL
REPORT
1990-91**

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 Onkar Nath Gupta
Financial Controller & Secretary
Shri H.S. Bedi
General Manager (Works)
Shri S. Misra
General Manager
(Marketing & Co-ordination)
Shri A.K. Mahendru
General Manager (Sales)

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

(ii) Foils Division
28 & 37, Najafgarh Road,
New Delhi-110 015.

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Seventh Annual Report with Accounts of the Company for the year ended 30th June, 1991.

FINANCIAL RESULTS :

The Financial Results of the operations of the year are given below :

	1990-91 (12 months) (Rs. in thousands)	1989-90 (15 months) (Rs. in thousands)
Sales & other Income	2,20,571.79	3,40,456.23
(Decrease)/Increase in Stocks	(337.74)	5,205.53
Job Work in progress	<u>1,219.62</u>	<u>1,187.50</u>
	<u>2,21,453.67</u>	<u>3,46,849.26</u>
Less : Consumption of Raw Materials & Manufacturing Exp.	<u>1,45,561.24</u>	<u>2,41,038.46</u>
Gross Profit	<u>75,892.43</u>	<u>1,05,810.80</u>
Less : Administrative and other Expenses	<u>22,987.25</u>	<u>32,904.93</u>
Profit/Loss before interest and depreciation	52,905.18	72,905.87
Less : Interest and other Financial Expenses	30,278.91	36,007.98
Depreciation	6,791.05	7,752.91
	<u>37,069.96</u>	<u>43,760.89</u>
Net Profit for the year	15,835.22	29,144.98
Loss : Brought Forward	(—) <u>12,729.67</u>	(—) <u>41,874.65</u>
Balance Profit/Loss carried forward	(+) <u>3,105.55</u>	(—) <u>12,729.67</u>

During the year all brought forward losses has been written off, but the amount available in the profit and loss account is too small to declare any dividend this year.

OPERATIONS

The working of the Company has shown a profit, but as compared to last year there is a decrease in sale as well as in profits of the Company. The working of the Pipe Division of the Company has not been satisfactory, in view of the fact that for most of the year no development work has been undertaken by the various departments of the Government wherein the product of the Company could be used. The Government although, has approved Kandla-Bhatinda Pipeline project and sizeable quantity of the requirements of pipes may have been placed with our Company, but so far the Indian Oil Corporation Limited has not taken any decision for the placement of the order. The working of the Pipe Division of the Company for the current year has been satisfactory in as much as the sales and other income of Company for the 5 months upto November, 1991 is Rs. 1169.29 lakhs and the Company has order in hand for Rs. 1896.76 lakhs. The working of the Foil Division has been quite satisfactory.

FUTURE OUTLOOK

With the installation of stable Government at the Centre, there is lot of development work going on in the Oil & Gas Sector. The prospects of receiving orders from this sector are quite bright. The Company has submitted bids for various tenders during the current year and is hopeful of receiving orders of substantial amounts. The Company has been successful in manufacturing API Grade X-60 & X-65 Pipes, which are in much demand by ONGC in their Bombay High (South Field) Complex, where the bid of the Company is the lowest. We have also participated in the bid for Kandla-Bhatinda Pipeline Project of Indian Oil Corporation. The Company's Foil Division is expected to maintain steady working and make profits during the current year.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provision 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 3 depositors totalling Rs. 14,000/- were due and unclaimed at the end of the year.

INSURANCE

All the properties and insurable interest of the Company including buildings, plants 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 Purshottam Lal and Shri P.K. Jain retire by rotation and are eligible for re-appointment.

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 : 28th November, 1991
REGD. OFFICE :
28, Najafgarh Road,
New Delhi-110 015.

ANNEXURE-"1"

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 capacitors in ID & OD Welding transformers and 300 KVA Capacitors with automatic power factor connection relay;
- (ii) Installation of tank for holding compressed air to avoid continuous loading of air compressor;
- (iii) Monitoring of the consumption of electricity per ton of pipe in Forming, Welding, Expansion and Hydro testing sections and also for the Coils rolled;
- (iv) Switching off the high power consuming drives during idle period.

b) Additional Investment and proposals for reduction of Consumption of Energy :

- (i) Propose to install 2000 KVA DG Set;
- (ii) Propose to install additional capacitors to improve the power factor;
- (iii) Installation of additional ID & OD line to improve the productivity in case of low thickness pipes and hence reduce the power consumption.

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"

Form for disclosure of particulars with respect to conservation of energy :

I. POWER AND FUEL CONSUMPTION 1990-91 1989-90

i) Electricity

Purchased units	38,64,144	56,47,877
Total amount (Rs.)	63,29,554	77,56,823
Rate per unit	1.64	1.37

ii) Own Generation through D.G. Set

Generator units	4,57,686	9,60,571
Unit per litre of Oil	3.20	3.12
Cost per unit	1.60	1.17

(B) CONSUMPTION PER UNIT OF PRODUCTION :

Production Submerged Arc Welding Pipes and Re-Rolled Stainless Steel Strips

Electricity for

(i) for manufacture of Steel Pipes per tonne	233	151
(ii) for re-rolling of Stainless Steel Strips per tonne	525	535

The consumption of electricity per tonne for pipes has increased on account of low utilisation of capacity of the plant.

FORM B

Form of disclosure of particulars with respect of Technology Absorption 1990-91.

1. Specific Areas in which Research & Development Carried out by the company :

- a) Improvement on continuous tack welding;
- b) Installation of Laboratory for NACE testing;
- c) Pipes Division was qualified for manufacturing X-60 grade pipes.

2. Benefits Derived :

With the improvement in tack welding process, forming defects have been totally brought down to zero.

With the qualification of mill for production of X-60 grade pipes, the Company's participation in various tenders has improved;

3. Future Plan of Action :

- qualifying the mill for production of X-65 grade pipes for Sour gas application;
- additional ultrasonic machine for intermediate testing.

4. Expenditure of R&D

(Amount in Rs.)

a) Capital	NIL
b) Recurring	2,56,980/-
c) Total	2,56,980/-
d) Total R&D expenditure as a %age of Total turnover	0.12%

5. Particulars of Imported Technologies

Our collaborators U.E.C. Pittsburgh were consulted for the higher grade of pipes;

6. Foreign Exchange earnings & outgo :

a) Foreign Exchange Earnings (Deemed export supplies)	1,37,54,987/-
b) Foreign Exchange Outgo	2,80,11,175/-

Place : New Delhi
Dated : 28th November, 1991.

For and on behalf of the Board
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 JULY 1990 TO 30TH JUNE 1991 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. 1,44,000/- per annum.

S. No	S. Name	Designation/ Nature of duties	Age	Gross Remuneration (Rs.)	Qualif.	Experience (years)	Date of Commence- ment of Employment	Last employment held before joining the Company Name the Employer & & Designation
1	2	3	4	5	6	7	8	9
1.	Mr. P.R. Jindal	Chairman & Managing Director	41	1,09,552/-	B.A.	21	07.05.1986	Swastik Foils Ltd. Managing Director

NOTES :

1. Shri P.R. Jindal is not a relative of any Directors.
2. The employment of Mr. P.R. Jindal is governed by the terms approved by the Central Government.
3. The appointment is contractual and is not terminable by notice.
4. Remuneration includes Salary, Contribution to Provident Fund, House Rent Allowance and taxable value of perquisites.
5. Information about qualification and last employment is based on particulars furnished by the employees concerned.
6. The Remuneration of Sh. P.R. Jindal has been fixed at Rs. 12500/- P.M. w.e.f. 7.5.91.

NEW DELHI
DATED : 28.11.1991.

FOR AND ON BEHALF OF THE BOARD

P.R. JINDAL
CHAIRMAN & MANAGING DIRECTOR

**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, 1991 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, 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. 18,63,636 which will be accounted on payment basis, note no. A (iii) regarding nonprovision for amortisation of premium on leasehold land for Rs. 4,13,443 and note no. A (iv) regarding title to Land Building note no. B (ii) regarding non-provision of gratuity and note no. B (iii) regarding non-provision of doubtful advances Rs. 47,97,257 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, 1991 and
 - (ii) in the case of Profit and Loss Account of the profit of the Company for the year ended on that date.

for **AJAYA ASSOCIATES**
CHARTERED ACCOUNTANTS
SUNIL AGARWAL
PARTNER

PLACE : NEW DELHI
DATED : 28.11.91

Annexure referred to in Paragraph 1 of the Auditor's Report of even date to the Member's of SAW Pipes Limited on the Accounts for the year ended June 30, 1991.

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.
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 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 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 determine whether they are accurate and 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, 1991, 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.

PLACE : NEW DELHI
DATED : 28.11.91

FOR AJAYA ASSOCIATES
CHARTERED ACCOUNTANTS
SUNIL AGARWAL
PARTNER

BALANCE SHEET AS AT JUNE 30, 1991

	Schedule No.	As At June 30, 1991 (Rs. in thousands)	As At June 30, 1990 (Rs. in thousands)
SOURCES OF FUNDS			
Share Capital	1	7,97,02.86	7,97,00.86
Reserves & Surplus	2	2,23,75.75	1,92,70.20
LOAN FUNDS			
Secured	3	13,57,83.76	12,60,56.29
Unsecured	4	1,26,80.52	77,07.52
		<u>25,05,42.89</u>	<u>23,27,34.87</u>
APPLICATION OF FUNDS			
FIXED ASSETS :			
Gross Block	5	14,17,98.08	13,99,53.92
Less : Depreciation		<u>2,67,30.23</u>	<u>1,99,53.95</u>
Net Block		11,50,67.85	11,99,99.97
Capital work in progress (including material with contractors and capital advances)		12,43.79	20,13.68
		<u>11,63,11.64</u>	<u>12,20,13.65</u>
INVESTMENTS	6	<u>1,29,61.95</u>	<u>1,29,61.95</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	5,45,74.56	4,68,28.72
Sundry Debtors		6,84,59.88	4,05,19.94
Cash & Bank Balances		5,17.89	7,58.17
Loans & Advances		<u>4,28,54.20</u>	<u>3,42,90.12</u>
		<u>16,64,06.53</u>	<u>12,23,96.95</u>
LESS : CURRENT LIABILITIES & PROVISION			
Current Liabilities	8	4,52,18.27	3,77,81.10
Provisions		<u>16,24.27</u>	<u>16,24.27</u>
		<u>4,68,42.54</u>	<u>3,94,05.72</u>
NET CURRENT ASSETS MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	9	11,95,63.99	8,29,91.23
Profit & Loss Account		17,05.31	20,38.37
TOTAL		<u>25,05,42.89</u>	<u>23,27,34.87</u>
NOTES TO THE ACCOUNTS	18		

As per our report of even date attached

For **AJAYA ASSOCIATES**
Chartered Accountants
SUNIL AGARWAL
Partner

O.N. GUPTA
Financial Controller
& Secretary

P.R. JINDAL
Chairman &
Managing Director

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

Place : New Delhi
Date : 28.11.91

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1991

As At
0, 1990
(usands)

97,00.86
92,70.20

60,56.29
77,07.52
27,34.87

99,53.92
99,53.95
99,99.97

20,13.68
20,13.65

29,61.95

68,28.72
05,19.94
7,58.17
42,90.12
23,96.95

77,81.
16,24.27
94,05.72

29,91.23
20,38.37

27,29.67
27,34.87

AM LAL

INCOME

Sales & Other Income
Trading Sales
Increase/(Decrease) in Stock
Job work in progress

EXPENDITURE

Purchases for Resales
Raw Material Consumed
Manufacturing Expenses
Employees Remuneration & Benefits
Selling Expenses
Finance Expenses
Administration & Other Expenses
Depreciation
(Refer Note A)(vi)

Profit/(Loss)
Loss brought forward
Balance carried forward

NOTES TO THE ACCOUNTS

As per our report of even date attached

For **AJAYA ASSOCIATES** **O.N. GUPTA**
Chartered Accountants Financial Controller
SUNIL AGARWAL & Secretary
Partner
Place : New Delhi
Date : 28.11.91

P.R. JINDAL
Chairman &
Managing Director

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

Schedule No.	Year ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30 1990 (Rs. in thousands)
10	21,87,33.85	34,04,56.23
	18,37.94	
11	(3,37.74)	52,05.53
	12,19.62	11,87.50
	<u>22,14,53.67</u>	<u>34,68,49.26</u>
	18,77.80	
12	11,73,90.06	20,73,29.33
13	2,62,93.38	3,37,09.13
14	70,82.84	71,90.27
15	89,72.93	1,61,91.64
16	3,02,78.91	3,60,07.98
17	69,31.48	95,23.02
	67,91.05	77,52.91
	<u>20,56,18.45</u>	<u>31,77,04.28</u>
	1,58,35.22	2,91,44.98
	<u>(1,27,29.67)</u>	<u>(4,18,74.65)</u>
18	31,05.55	(1,27,29.67)

SCHEDULE "1"

	As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (Rs. in thousands)
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SHARE CAPITAL AUTHORISED :

i) 95,00,000 (Previous year 95,00,000) equity shares of Rs. 10/- each	9,50,00.00	9,50,00.00
ii) 50,000 (Previous year 50,000) 15% Redeemable Cumulative preference shares of Rs. 100/- each	50,00.00	50,00.00
	<u>10,00,00.00</u>	<u>10,00,00.00</u>

SAW Pipes Ltd.

ISSUED AND SUBSCRIBED :

79,70,936 (Previous year 79,70,936) Equity shares of Rs. 10/- each		<u>7,97,09.36</u>		<u>7,97,09.36</u>
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PAID UP

a. 79,70,936 (Previous year 79,70,936) equity shares of Rs. 10/- each fully paid up	7,97,09.36		7,97,09.36	
Less : Calls-in-arrears (previous year Rs. 8,500 other than directors	<u>6.50</u>	7,97,02.86	<u>8.50</u>	7,97,00.86

(of the above 20,08,000 equity share
(Previous Year 20,08,000) are allotted as
fully paid up pursuant to contract without
payment being received in cash and
19,70,936 equity shares are allotted 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.

	<u>7,97,02.86</u>		<u>7,97,00.86</u>
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SCHEDULE "2"

	As at June 30, 1991 (Rs. in thousands)		As at June 30, 1990 (Rs. in thousands)	
RESERVES & SURPLUS				
(i) Capital Reserve (Central Subsidy)		8,50.00		8,50.00
(ii) General Reserve As per last Balance Sheet	13,13.20		13,13.20	
Add : Additions during the year	—		—	
	<u>13,13.20</u>		<u>13,13.20</u>	
(iii) Investment Allowance Reserve : As per last Balance Sheet	1,38,40.00		1,38,40.00	
Add : Additions during the year	—		—	
Less : Transferred to investment allowance reserve utilised account	—	1,38,40.00	—	1,38,40.00
(iv) Investment allowance account As per last balance sheet	32,67.00		32,67.00	
Add : Additions during the year	—	32,67.00	—	32,67.00
(v) Profit & Loss Account		<u>31,05.55</u>		<u>32,67.00</u>
		<u>2,23,75.75</u>		<u>1,92,70.20</u>

SCHEDULE "3"

	As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (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. 2,27,87,000)	7,60,37.00	7,76,00.00
(ii) Foreign Currency Loan from Industrial Finance Corp. of India (Repayable within one year : Rs. 2,33,790)	21,04.12	23,37.90
(iii) Interest accrued and Due on above loans	85,39.56	—
NOTES :		
(a) Rupee Term Loan from IFCI under Project Finance Participation Scheme alongwith IDBI and ICICI, foreign Currency Loan from IFCI of pipes division are secured by way of Hypothecation of all company's Movable Properties of pipes division (save and except book debts) 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) Loans from Financial Institutions are additionally secured by deposit of title deeds in respect of immovable properties of pipes division.		
(iv) Cash Credits from Banks :		
(a) Canara Bank	1,52,39.17	1,46,89.19
(b) State Bank of Patiala	3,38,63.91	3,13,66.99
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. Further 211,300/- equity shares of Jindal Strips Ltd. and Jindal Iron & Steel Co. Ltd. held by the company has been pledged to the above banks as collateral security for working capital limits.

Cash Credit from State Bank of Patiala 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.

- (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.

62.21

13,57,83.76

12,60,56.29

SCHEDULE "4"

	As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (Rs. in thousands)
UNSECURED LOANS		
(i) Fixed Deposits	10,20.00	9,58.50
(ii) Interest accrued and due on (i) above	0.40	—
(iii) Deposit from Agents	24,50.00	28,00.00
(iv) Inter-corporate Loans	42,15.13	—
(v) Deferred Sales Tax	49,94.99	—
	<u>1,26,80.52</u>	<u>77,07.52</u>

SCHEDULE "6"

	As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (Rs. in thousands)
INVESTMENT (AT COST)		
OTHER THAN TRADE		
UNQUOTED		
i) Bharat Foils Ltd. 23,000 Equity Shares of Rs. 10/- each fully paid up	2,83.89	2,83.89
ii) S.B.I. Mutual Fund 2,000 Magnum of Rs. 100/- each	2,00.00	2,00.00
QUOTED		
(i) Jindal Iron & Steel Co. Ltd. 56,100 equity shares of Rs. 10/- each fully paid up	5,61.00	5,61.00
(ii) Unit Trust of India 5,000 units	74.50	74.50
(iii) Jindal Strips Ltd. 1,55,200 equity shares of Rs. 10/- each fully paid up	1,18,42.56	13,18.56
(iv) Jindal Strips Ltd. 69,600 Fully Convertible Debentures of Rs. 140/- each fully paid up	—	1,05,24.00
	<u>1,29,61.95</u>	<u>1,29,61.95</u>
Market value of quoted investment Rs. 4,49,99,400/-		

SCHEDULE "7"

	As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (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)	92,27.48	68,09.51
ii) Consumable tools (at cost)	2,19.89	1,53.85
iii) Finished goods (at lower of estimated cost or net realisable value)	77,50.30	45,26.09
iv) Raw Material (at cost)	2,42,98.94	1,87,31.50
v) Work-in-progress (at lower of estimated cost or net realisable value)	1,07,61.93	1,54,01.82
vi) Scrap (at net realisable value)	10,96.40	18.45
vii) Job work-in-progress (at cost)	12,19.62	11,87.50
	<u>5,45,74.56</u>	<u>4,68,28.72</u>

SAW Pipes Ltd.

"6"
As at
1990
ands)

83.89

00.00

61.00

74.50

18.56

24.00

61.95

"7"

As at
1990
ands)

19.51

3.85

6.09

1.50

1.82

8.45

7.50

8.72

B. SUNDRY DEBTORS : (Unsecured considered good)

i) Exceeding six months	1,99,52.20		87,98.02	
ii) Others	4,85,07.68	6,84,59.88	3,17,21.92	4,05,19.94

C. CASH AND BANK BALANCES :

i) Cash in hand		1,72.04		2,00.06
ii) With scheduled banks :				
— in current account	3,45.85		216.45	
— in fixed deposit account (Deposit receipts with bank for Guarantee/letter of credit given by them)	—	3,45.85	341.66	558.11
		5,17.89		7,58.17

LOANS AND ADVANCES :

(Unsecured & Considered goods)

i) Advances recoverable in cash or in kind for value to be received.			2,50,24.41	
Considered Good	1,86,48.32			
Considered Doubtful (Refer Note B (iii))	47,97.26	2,34,45.58		2,50,24.41
ii) Earnest money and security deposits		1,62,79.97		61,35.79
iii) Prepaid expenses		6,62.19		3,20.31
iv) Deposit with Industrial Development Bank of India				
a) For surcharge on Income-Tax	—	—	21.00	
b) U/s 32AB of Income Tax Act, 1961	24,66.46	24,66.46	27,88.61	28,09.61
		4,28,54.20		3,42,90.12

SCHEDULE "8"

As at June 30, 1991 (Rs. in thousands)	As at June 30, 1990 (Rs. in thousands)
--	--

CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES :

i) Sundry Creditors	50,42.25	81,45.59
ii) Advances from customers	82,32.24	13,59.37
iii) Interest accrued but not due	81,19.94	98,14.53
iv) Other liabilities	2,38,23.84	1,84,61.96
	4,52,18.27	3,77,81.45

B. PROVISIONS :

i) Taxation (relating to amalgamated company for earlier years)		
Income Tax	61,73.47	61,73.47
Wealth Tax	25.00	25.00
	61,98.47	61,98.47
Tax Paid	45,74.20	16,24.27
	4,68,42.54	3,94,05.72

SCHEDULE "9"

	As at June 30, 1991 (Rs. in thousands)		As at June 30, 1990 (Rs. in thousands)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
i) Preliminary expenses	79.40		92.64
Share Issue expenses	<u>14,84.76</u>		<u>17,32.21</u>
	15,64.16		18,24.85
Less : Written off	<u>2,60.69</u>	13,03.47	<u>2,60.69</u> 15,64.16
ii) Deferred Revenue expenditure	474.21		5,46.58
Less: written off	<u>72.37</u>	<u>4,01.84</u>	<u>72.37</u> <u>4,74.21</u>
		<u>17,05.31</u>	<u>20,38.37</u>

SCHEDULE "10"

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
SALES & OTHER INCOME		
Sales	15,68,22.16	27,16,33.61
OTHER INCOME		
Income from conversion charges	4,79,20.54	4,39,43.40
Interest (including tax deducted at source Rs. 3,43,742/-) (Previous Year Rs. 1,93,476/-)	16,05.57	20,25.30
Sale of Scrap	91,39.66	29,23.93
Consultancy charges	—	30,00.00
Miscellaneous receipts	<u>32,45.92</u>	<u>1,69,29.99</u>
	<u>21,87,33.85</u>	<u>34,04,56.23</u>

SCHEDULE "11"

	Year Ended June 30, 1991 (Rs. in thousands)		15 Months Ended June 30, 1990 (Rs. in thousands)
INCREASE/(DECREASE) IN STOCK			
OPENING STOCK			
Finished Goods	45,26.09		38,19.24
Work-in-progress	1,54,01.82		1,08,22.48
Scrap	<u>18.45</u>	1,99,46.36	<u>99.11</u> 1,47,40.83
CLOSING STOCK			
Finished Goods	77,50.30		45,26.09
Work-in-progress	1,07,61.93		1,54,01.82
Scrap	<u>10,96.39</u>	1,96,08.62	<u>18.45</u> 1,99,46.36
Increase/(Decrease) in stock		<u>(337.74)</u>	<u>52,05.53</u>

SAW Pipes Ltd.

SCHEDULE "9"

As at
30, 1990
(thousands)

15,64.16

4,74.21
20,38.37

SCHEDULE "10"

Months Ended
30, 1990
(thousands)

7,16,33.61

4,39,43.40

20,25.30
29,23.93
30,00.00
69,29.99

1,04,56.23

SCHEDULE "11"

Months Ended
30, 1990
(thousands)

47,40.83

99,46.36

52,05.53

RAW MATERIAL CONSUMED

Opening Stock
Add : Purchases

Less : Closing Stock

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
	1,87,31.50	1,89,18.13
	<u>10,75,66.26</u>	<u>20,71,42.70</u>
	12,62,97.76	22,60,60.83
	89,07.70	1,87,31.50
	<u>11,73,90.06</u>	<u>20,73,29.33</u>

MANUFACTURING EXPENSES

Direct Wages
Stores & Spares
Power & Fuel
Water charges
Other Manufacturing expenses

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
	11,18.40	12,75.68
	1,17,67.84	1,60,94.92
	95,31.33	1,17,01.95
	1,47.80	1,08.36
	15.00	4,79.30
	<u>2,25,80.37</u>	<u>2,96,60.21</u>

REPAIR & MAINTENANCE

Plant & Machinery
Building
Others

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
	24,65.54	27,82.50
	10,81.34	3,34.87
	1,66.13	9,31.55
	<u>2,62,93.38</u>	<u>3,37,09.13</u>

EMPLOYEES REMUNERATION & BENEFITS :

Salary
Employers contribution to P.F.,
F.P.F., E.S.I. linked insurance
plan and administrative charges
thereon.
Staff Welfare
Remuneration to Directors
including Managing Director
(including P.F. contribution
Rs. 16,755/- previous year
Rs. 23,275/-

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
	43,71.02	47,84.10
	5,27.96	4,98.91
	19,99.55	16,50.38
	1,84.31	2,56.88
	<u>70,82.84</u>	<u>71,90.27</u>

SCHEDULE "15"

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
SELLING EXPENSES		
Sale Tax Paid	425.86	
Commission on Sales	5,84.09	6,51.10
Sales Promotion	2,61.28	3,62.22
Advertisement	8.35	2,05.13
Rebate & Discounts	17.02	
Packing expenses	7,17.53	11,06.20
Forwarding charges (net of recoveries Rs. 21,16,260/-) (previous year Rs 72,139/-)	68,64.80	1,36,36.80
Other expenses	<u>94.00</u>	<u>2,30.19</u>
	<u>89,72.93</u>	<u>1,61,91.64</u>

SCHEDULE "16"

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
FINANCE EXPENSES		
Interest/commitment charges on Term Loans	1,34,68.00	1,59,77.25
Interest on Bank Borrowings	1,38,69.32	1,32,36.07
Bank and Finance charges	14,90.93	53,53.21
Interest to others	14,50.66	14,41.45
	<u>3,02,78.91</u>	<u>3,60,07.98</u>

SCHEDULE "17"

	Year Ended June 30, 1991 (Rs. in thousands)	15 Months Ended June 30, 1990 (Rs. in thousands)
ADMINISTRATIVE AND OTHER EXPENSES :		
Rent, Rates & Taxes	4,23.87	5,19.11
Insurance	6,27.86	8,04.06
Postage, Telegrams & Telephones	10,16.42	10,98.12
Printing & Stationary	3,95.30	4,89.53
Travelling & Conveyance	12,11.07	8,69.89
Director's Travelling	60.85	1,82.93
Legal & Professional Expenses	1,55.70	3,95.29
Vehicle upkeep & Maintenance	9,54.71	12,20.49
Director's Meeting Fees	12.75	8.75
Miscellaneous Expenses	16,18.14	23,82.53
Electricity Expenses	19.91	32.63
Liquidated damages	29.49	11,28.11
Income Tax Paid for earlier Years	19.32	—
Auditor's Remuneration	53.03	58.48
Preliminary Expenses written off	2,60.69	2,60.69
Deferred Revenue Expenses	—	—
Written off	<u>72.37</u>	<u>72.37</u>
	<u>69,31.48</u>	<u>95,23.02</u>

TABLE "15"

Months Ended
March 30, 1990
(thousands)

6,51.10
3,62.22
2,05.13

11,06.20

1,36,36.80
2,30.19
1,61,91.64

TABLE "16"

Months Ended
March 30, 1990
(thousands)

1,59,77.25
1,32,36.07
53,53.21
14,41.45
3,60,07.98

TABLE "17"

Months Ended
March 30, 1990
(thousands)

5,19.11
8,04.06
10,98.12
4,89.53
8,69.89
1,82.93
3,95.29
12,20.49
8.75
23,82.53
32.63
11,28.11
—
58.48
2,60.69
—
72.37
95,23.02

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 Rupees at Exchange Rates prevailing at the time of withdrawal. No adjustment has been made for increase in liability at Rs. 18,63,636/- (Previous year Rs. 960,282/-) as at June 30, 1991, consequent upon the change in exchange rates between the dates of withdrawal and June 30th, 1991 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 lease-hold land over the lease-hold period accumulating to Rs. 4,13,443/- (Previous year Rs. 3,45,843/-).
- (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. 47,984/- (Previous Rs. 25,984).
- (vi) Depreciation has been calculated 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. 4,75,298/- not provided for (Previous year Rs. NIL).
- (b) In respect of Bank Guarantees Rs. 13,79,54,239/- (Previous year Rs. 13,89,21,980/-).
- (c) In respect of outstanding letters of credit Rs. 4,78,13,970/- (Previous year Rs. 4,54,31,032/-).
- (d) Balance Technical know-how Rs. 35,32,945/- (Previous year Rs. 29,32,967/-).
- (e) Claims made by customers for liquidated damages-amount unascertained.
- (f) In respect of customs duty for Steel Plates lying in bonded warehouse — Rs. 119,00,000/-.
- (ii) No provision for gratuity has been made in respect of Pipes Division to the extent of Rs. 1,96,879/- (Previous year Rs. 4,812/-). Gratuity in respect of employees of Foils Division is funded through Life Insurance Corporation Group Gratuity Scheme.
- (iii) An amount of Rs. 47,97,257/- is due to be recovered on account of difference in price of Joint Plant Committee and concessional price under deemed export from Steel Authority of India Ltd. (SAIL). SAIL has since refuted the claim. This amount is considered doubtful of recovery. However, no provision has been created for the same as the company is contemplating legal action against SAIL.

C. (i) Particulars of Capacity and Production

Class of Goods	Unit of Measurement	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	6092.812 (including job work done for outsiders 60,735 M.T.)	16766.245
Re-rolled Strips	Metric Tonnes	NOT APPLICABLE	NOT APPLICABLE	60000	60000	4830.333 (including job work done/in-progress for outsiders 4261.311 M.T. and sales return processed 15,074 M.T.)	7572.798 (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		Previous Year Value (Rs.)
		Current Year Value (Rs.)	Qty.	Current Year Value (Rs.)	Qty.	
(a) Submerged Arc Welded Steel Pipes	Metric Tonnes	45,21,494	317.87	32,70,518	186.185	45,21,494
(b) Re-rolled Strips	Metric Tonnes	4,600	12.274	5,48,720	75.401	4,600
SALES						
(a) Submerged Arc Welded steel pipes & connectors	Metric Tonnes	12,66,39,865	16775.775	22,51,90,294		
(b) Re-rolled strips	Metric Tonnes	3,01,82,298	478.636	799.292	4,64,43,312	

(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	6731.677	8,76,53,635	17420.689	15,27,96,733
Steel Pipes	Metric Tonnes	—	—	725.358	97,82,259
Flux & Electrodes	Metric Tonnes	67.975	17,93,593	130.206	26,47,564
Steel Strips	Metric Tonnes	567.779	2,79,42,831	830.206	3,95,92,808
Connectors	Nos.	—	—	333	25,09,966
			<u>11,73,90,059</u>		<u>20,73,29,330</u>

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

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

	CURRENT YEAR		PREVIOUS YEAR	
	Percentage	Value (Rs.)	Percentage	Value (Rs.)
a) Raw Material				
Imported	19.08	2,23,96,187	6.81	1,41,17,986
Indigenous	80.92	9,49,93,872	93.19	19,32,11,344
	<u>100.00</u>	<u>11,73,90,059</u>	<u>100.00</u>	<u>20,73,29,330</u>
b) Stores and Spares				
Imported	5.77	6,78,473.00	3.33	5,41,161
Indigenous	94.23	1,10,89,367.00	96.64	1,55,53,759
	<u>100.00</u>	<u>1,17,67,840.00</u>	<u>100.00</u>	<u>1,60,94,920</u>

B. Consumption of Raw Material, components and spare parts for capital items :

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

CIF value of Imports during the Financial Year :

	CURRENT YEAR	PREVIOUS YEAR
Raw Material	Rs. 2,70,34,947	Rs. 21,50,124
Stores & Spares	Rs. 9,00,136	Rs. 2,88,283

(vi) Expenditure in Foreign Currency during the Financial year : Rs. 76,092/- (Previous 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. 1,44,000/- p.a. (Previous year Rs. 72,000/-) of more if employed for the full year and Rs. 12,000/- p.m. (Previous year Rs. 6000/-) 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	1	5	—	1
Salaries	96484	511528	—	30000
Contribution to Provident Fund	9648	50055	—	1500

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

	CURRENT YEAR	PREVIOUS YEAR
a. Salaries	1,67,557	233606
b. Company's contribution to Provident Fund	16,755	23275

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

	Current Year	Previous Year
(xi) Auditors Remuneration :		
a. Audit fee	Rs. 35000	Rs. 35000
b. In other capacity :		
i) For certification	Rs. 2310	Rs. 9350
ii) Tax Audit fees	Rs. 10000	Rs. 10000
c. Out of pocket expenses	Rs. 5720	Rs. 4127

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

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

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

For **AJAYA ASSOCIATES**
Chartered Accountants
SUNIL AGARWAL
Partner
Place : New Delhi
Date : 28.11.91

O.N. GUPTA
Financial Controller
& Secretary

P.R. JINDAL
Chairman &
Managing Director

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

 **SAW Pipes Ltd.**

28, Najafgarh Road,
New Delhi-110 015.

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