



11th ANNUAL REPORT 1994-95



**SAW PIPES LIMITED**

## Long Term Strategies

---

## Long Term Performances

"It is a matter of great personal satisfaction for me to see SAW Pipes Limited firmly established as a major player in the global market today. After dominating the Indian market with more than 75% of the market share and a market capitalisation of over Rs. 79,910 million.

In 1984 we ventured into unmapped territory. At a time when the country's entire SAW pipe requirements were being imported. We envisaged great future potential in this niche market and it was imperative to have a long term strategic plan. To make this venture a success. For not only would we be competing with international players but would also be the only Indian company to take this bold initiative.

Which is why consolidating on our intrinsic strengths, adapting and adopting to the latest technology has been a continuous process at SAW Pipes Ltd.

Always thinking ahead, always prepared. Planning long term strategies for long term performances."

**P.R.Jindal**  
*Chairman & Managing Director*  
SAW Pipes Ltd.



## **CONTENTS**

<b>Directors' Report</b>	<b>4</b>
<b>Auditors' Report</b>	<b>10</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Profit &amp; Loss Account</b>	<b>13</b>
<b>Schedules &amp; Notes to Accounts</b>	<b>14</b>

## BOARD OF DIRECTORS

## Chairman &amp; Managing Director

P. R. Jindal  
 Sajjan Jindal  
 Ratan Jindal  
 T. M. Sen  
 T. Ganguli (Nominee IFCI)  
 Dilip Bhargava (NRI Director)  
 Kuldip Bhargava  
 (Alternate Director to Dilip Bhargava)  
 Dr. N. S. Datar  
 Subhash Chandra  
 Purshottam Lal  
 P. K. Jain  
 H. S. Chaudhary

## Whole Time Director

## Principal Executives

## Chief Executive Officer

Rajiv Garg

## Vice President (Nasik Works)

V. A. Sathgurunath

## Company Secretary

Onkar Nath Gupta

## Vice President (Kosi Kalan Works)

H. S. Bedi

## General Manager (Marketing &amp; Co-ordination)

S. Misra

## General Manager (Finance)

Gian Bansal

## Bankers

State Bank of Patiala, New Delhi  
 Canara Bank, New Delhi  
 Standard Chartered Bank, New Delhi  
 Banque National De Paris, New Delhi  
 State Bank of India, New Delhi

## Auditors

M/s. N. C. Aggarwal & Co.,  
 Chartered Accountants

## Registered Office

28 Najafgarh Road,  
 New Delhi-110015

## Works

## (i) PIPES DIVISION

A-1, UPSIDC Industrial Area,  
 Nand Goan Road, Kosi Kalan  
 Distt. Mathura (U.P.)

## (ii) SEAMLESS TUBES DIVISION

Sinner Industrial Area  
 Nasik (Maharashtra)

## (iii) FOILS DIVISION

28 & 37 Najafgarh Road,  
 New Delhi-110015

## (iv) SPIRAL PIPES DIVISION

Sinner Industrial Area  
 Nasik (Maharashtra)

**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the 11th Annual Report with the Audited Statement of Accounts of the Company for the year ended 30th June, 1995

**FINANCIAL RESULTS**

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

	1994-95 (Rs in Lacs)	1993-94 (Rs. in Lacs)
Sales & Other Income	35803.00	29130.80
Less : Raw Materials & Manufacturing Expenses	<u>26926.01</u>	<u>22083.26</u>
Gross Profit	8876.99	7047.54
Less : Selling & Administrative Expenses	1221.36	1106.95
Profit Before Interest & Depreciation	7655.63	5940.59
Less : Interest & Other Financial Expenses	1608.75	925.49
Depreciation	<u>630.21</u>	<u>300.43</u>
Net Profit before Tax	5416.67	4714.67
Less : Provision for tax	1.00	-
Net Profit after tax	5415.67	4714.67
Profit : Brought Forward	504.82	208.87
Previous Years Loss Written back	88.80	-
Provision for Dividend written back	1.06	-
Tax Provision written back	<u>(4.92)</u>	<u>15.78</u>
Disposable Profits	<u>6005.43</u>	<u>4939.32</u>
<b>Appropriations :</b>		
Proposed Dividend	801.00	434.50
General Reserve	4000.00	4000.00
Balance Carried to Balance Sheet	<u>1204.43</u>	<u>504.82</u>
	<u>6005.43</u>	<u>4939.32</u>

The Company's business performance has improved substantially as is reflected in the increase in Company's turnover from Rs. 29131 Lacs to Rs. 35803 Lacs showing a growth of 22.90% over the year 1994 and Profit After Tax increased to Rs. 5415 Lacs as compared to Rs. 4715 Lacs during the preceding year, recording an increase of 14.85%.

**CURRENT YEAR'S WORKING****PIPES DIVISION**

During the current year under review the production of Pipes Division of the Company was around 81000 MTs of pipes for following major orders :

- i) GAIL's HBJ Upgradation Project
- ii) ONGC's ICP Heera Project
- iii) IOCL's Chaksu Karnal Pipeline

**FOILS DIVISION**

Your company cold rolled 3319 M.T. of Steel Strips as own production and 205 MTs on Job work basis during the year under review.

**UDYOG DIVISION**

The Udyog Division of your company has been leased out to Jindal Strips Ltd. for a period of one year w.e.f. 1.04.95 on a lease rental of Rs. 50 Lacs per annum as approved by the shareholder in the Extra Ordinary General Meeting held on 30th March, 1995. Till 31.03.95, the Division Cold rolled 4471 M.T. of Steel strips.

**BONUS ISSUE**

During the year under review, your Company made a Bonus Issue in the ratio of 1:1 as approved by Shareholders in its Extraordinary General Meeting held on 23rd September, 1994, These were allotted on 16th February, 1995.

**DIVIDEND**

Your Directors have pleasure in recommending a dividend of Rs. 3/- per equity share of Rs. 10/- each on the increased capital subject to deduction of tax for the year ended 30th June, 1995, if approved by the shareholders at the ensuing Annual General Meeting. Bonus Shares will be entitled to pro-rata dividend.

**FUTURE OUTLOOK**

With the increasing liberalisation and ongoing reforms, Government is expected to allow more and more participation of private sector in installation and operation of pipelines. Over the next three years, the demand for pipes could quadruple to 530000 MTs by Financial Year ending 30th June, 1997.

Your Company's Order book position is quite comfortable as on date. Pipes Division of the Company has bagged 100% of the GAIL's HBJ Upgradation project for supply of linepipes valuing about Rs 535 Crores and IOCL's Chaksu Karnal Pipeline order of about Rs 53 Crores. In both these orders a part has been supplied upto 30th June, 1995 and the balance would be supplied in current year. Further, the Company has recently been awarded order for IOCL's Chaksu Karnal Pipeline (Extension) for supply of 11660 MTs of linepipes.

Thus during the current year ending 30th June, 1996, the Pipes Division has order to supply linepipes valuing about Rs. 417 Crores.

Your Company has already completed following expansion-cum-diversification projects which have since gone into commercial production:

- i) Expanding and modernising the existing submerged Arc Welded Pipes Unit at Kosi Kalan from 75000 MTs p.a. to 2,50,000 M.T.s p.a.;
- ii) Setting up a 3 Layer Polyethylene Coating Plant at Kosi Kalan with a capacity of coating 4 million Square Metres p.a.;
- iii) Setting up a Seamless Tubes Plant at Nasik to manufacture seamless tubes of stainless, ball bearing and alloy steel with a capacity of 35,000 MTs. p.a.

Besides the above, the Company is in the process of setting up a Spiral Pipe Plant at Nasik having an annual capacity of 100000 MTs p.a. The Plant erection is in advanced stages and is likely to be operational shortly.

The total cost of the aforesaid projects is being met by term loans from financial institutions and banks to the extent of Rs. 150 Crores and the balance from the internal resources.

**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) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure-1)

**PERSONNEL**

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 4 depositors aggregating Rs. 39,000/- were overdue and unclaimed at the end of the year.

**INSURANCE**

All the properties and insurable interest of the Company including buildings, plant, 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 N.C. Aggarwal & Co., auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**SUBSIDIARY COMPANY**

The Company has, during the current year, made Hexa Securities & Finance Co. Ltd. as its subsidiary company with the approval of the Central Government pursuant to Section 372 (4) of the Companies Act, 1956. The Annual Accounts of Hexa Securities & Finance Co. Ltd. along with a statement pursuant to Section 212 (1) (e) of the Companies Act, 1956, is attached with this report.

**DIRECTORS**

Since the last Annual General Meeting, Shri T. Ganguli was nominated as a Director by IFCI w.e.f. 24.05.95 in place of Shri N.K. Baksi who ceased to be director from that date and Shri M.K. Goel, Whole-time Director has resigned from the office of the director of the Company w.e.f. 16.08.95. The Directors place on record their appreciation for the services rendered by Shri N.K. Baksi and Shri M. K. Goel during their tenure as Director of the Company.

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

**ACKNOWLEDGEMENTS**

The Director's are grateful to 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.

Dated : 28 th September, 1995

**Regd Office :**

28 Najafgarh Road  
New Delhi-110 015

For and on behalf of the Board

**P. R. JINDAL**

Chairman & Managing Director

**ANNEXURE-I****ANNEXURE TO DIRECTORS' REPORT**

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

**(A) CONSERVATION OF A ENERGY**

- a) Energy conservation measures taken :
- i) Energy Conservation devices have been installed and the equipments are maintained properly to reduce energy consumption;
  - ii) The new systems are being devised to reduce electric power, fuel and water consumption. Industrial lighting in the Plant area has been optimised.
- b) **Additional Investment and proposals for reduction of Consumption of Energy :**
- i) By relocating/modifying the available equipments, energy conservation measures are being implemented and major investments have not been made for equipment so far.
  - ii) Propose to introduce solar powered lights along the road within the plant.
- c) **Impact of above Measures :**
- The impact of above measures taken will result in lower energy consumption 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 :

1. POWER AND FUEL CONSUMPTION :	1994-95	1993-94
i) Electricity		
Purchased Units	9,707,446	7,035,898
Total Amount (Rs)	30,526,383	18,419,428
Rate per unit	3.14	2.62
ii) <b>Own Generation through D.G. Set.:</b>		
Generator Units	5,451,534	3,699,711
Unit per litre of oil	2.91	2.65
Cost per unit	2.51	2.62
<b>B) CONSUMPTION PER UNIT OF PRODUCTION :</b>		
Production: Submerged Arc Welded Pipes and Re-rolled Stainless Steels Strips. Electricity for :		
i) Manufacture of Steel Pipes per tonne	61.90	54.48
ii) Re-rolling of Stainless Steel Strips per tonne	709	534
iii) Carbon Steel Seamless Pipes per tonne	1,454	510

## FORM "B"

Form of disclosure of particulars with respect of Technology Absorption for 1994-95

**1. Specific areas in which Research and Development Carried out by the Company :**

R & D was carried in product development process development energy conservation environment protection cost reduction and automation.

**2. Benefit Derived**

With the installation of various additional equipments it was possible to achieve consistency in production and quality of finished product.

**3. Future plan of Action :**

- a) Reduction in Process Losses ;
- b) Development of New Products ;
- c) Installation of additional EOT Cranes to improve the mill handling facilities in the Production Bay and improving the productivity.

**4. Expenditure of R & D:**

Development and improvement of products is an in-built-on-going activity within existing manufacturing facilities, Expenditure on R & D is not separately allocated and identified.

**5. Foreign Exchange of R & D:**

a) Foreign Exchange Earnings	
-Physical Export	NIL
-Deemed Export	Rs 3788.53 lacs
-Sale of Goods against Foreign Currency	
Payments	Rs 16228.25 lacs
b) Foreign Exchange Outgo	Rs 25506.26 lacs

For and on behalf of the Board

**P. R. JINDAL**

Chairman & Managing Director

Place: New Delhi

Date: 28.09.95

## ANNEXURE-II

## ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 1995.

**A) Employed throughout the year under review and in receipt of remuneration aggregating to not less than Rs. 3,00,000 per annum.**

Sl. No.	Name	Designation	Remuneration (Rs)	Qualification	Experience (No. of Years)	Age	Date of Commencement of Employment	Last Employment
1.	P.R. Jindal	Chairman & Managing Director	7,85,520/-	B.A.	25	45	07.05.86	Swastik Foils Ltd. Managing Director

**B) Employed for the part of the year and were in receipt of remuneration aggregating to not less than Rs. 25,000 per month**

...NIL...

**NOTES :**

1. Sh. P.R. Jindal is a relative of Sh. Ratan Jindal & Sh. Sajjan Jindal, Directors.
2. The appointment of Sh. P.R. Jindal is contractual and is not terminable by notice.
3. Remuneration includes Salary, Commission., Contribution to Provident Fund, House Rent Allowance and taxable Value of perquisites.

Place: New Delhi

Dated : 28.09.1995

For and on behalf of the Board  
**P.R. JINDAL**  
 CHAIRMAN & MANAGING DIRECTOR

## AUDITORS REPORT

To  
The Members of  
**SAW PIPES LIMITED**

We have audited the attached Balance Sheet as at 30th June 1995 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and we Report that:

- A) 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 enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- B) Further to our comments in the Annexure referred to paragraph (A) above we also Report that :-
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purpose of our Audit.
  - b) The Report on accounts of Swastik Udyog Hissar Division and Seamless Tubes Nasik Division audited by the Branch Auditors, were received and properly dealt with us while preparing our Report.
  - c) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books and returns adequate for the purpose of our audit have been received from the Branches not visited by us.
  - d) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts and :
  - e) In our Opinion and to the best of our information and according to the explanation required by the Companies Act, 1956, in the manner so required and subject to note No. 3 regarding non provision for ammortisation of premium on leasehold land for Rs. 10.58 Lacs and note no. 4 regarding title to land & building and note no. 11 regarding non provision for income tax for three months period from 01.04.95 to 30.06.95 read together with other notes give a true and fair view:
    - i) In the case of Balance Sheet fo the state of affairs of the Company as at 30th June 1995
    - ii) In the case of Profit and Loss Account of the profit of the Company for the year ended on that date.

For **N. C. AGGARWAL & Co.**  
Chartered Accountants  
**G. K. Aggarwal**  
Partner

Place : New Delhi  
Dated : 28th September, 1995

### ANNEXURE TO THE AUDITORS REPORT

Referred to Paragraph (A) in the Report of even date.

- 1) The Company has maintained proper records showing full particulars including quantitative details and situtation of fixed assets and also the same have been physically verified by the management at reasonable intervals during the year, except fixed assets at Nasik Division the record for which is not yet completed. We have been informed that no material discrepancy has been noticed by the management on such verification.
- 2) None of the Fixed Assets of the Company have been revalued during the year.
- 3) Physical verification has been conducted by the Management as reasonable intervals in respect of finished goods, stores, spares parts and raw materials.
- 4) In our opinion and according to information and explanation given to us, the procedure of Physical verification of Stocks followed by the management are reasonable and adequate in relation to size of the company and the nature of the business.
- 5) The discrepancies noticed on verification between the physical stocks and books 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) On the basis of our examination of stock records, the valuation of the stock is considered fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- 7) In our opinion the rates of interest and other terms and conditions of unsecured loans taken by the Company from Companies, firms or other parties listed in the Register maintained u/s 301 of the Companies Act 1956, are prima facie not prejudicial to the interest of the Company. There is no Company under the same management as defined u/s 370 (IB) of the Companies Act 1956.

- 8) In our opinion, the rates of interest and other terms and conditions of unsecured loans granted by the Company During the year to Companies (including loans to subsidiary company) listed in the register maintained under Section 301 of the Companies Act. 1956 are prima facie not prejudicial to the interest of the Company. The company has not granted any other loans, secured or unsecured to any firms or other parties listed in the register maintained under section 301 of Companies Act 1956. As informed to us, there is no Company under the same management as defined under Section 370 (IB) of the Companies Act. 1956.
- 9) Loans and advances in the nature of loans have been given to employees and other parties who are repaying the principal amount as stipulated and are also regular in payment of interest where applicable.
- 10) In our opinion and according to the information and explanations given to us, having regards to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures, commensurate with the size of the company and the nature of business, for the purchase of stores, raw materials, including components, plant and machinery equipment and other assets and for the sale of goods.
- 11) According to the information given to us, there are no transactions of purchase of goods materials and sale of goods, materials and services, made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregate during the year to Rs. 50,000/- (Rupees Fifty Thousands only) or more in respect of each party.
- 12) The Company has regular procedure of determination of unserviceable or damaged stores and raw materials. 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 directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
- 14) In our opinion, the Company has in internal audit system commensurate with the size and nature of its business. Follow up action for the same needs to be improved.
- 15) In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable scrap. We are informed by the Management that there is no by-product arising out of the manufacturing process of the company.
- 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. However, we have been informed by the Company that the Company is in process of maintaining the cost records. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the companies Act, 1956. for any other product of the Company.
- 17) According to the records of the Company, Provident Fund dues and Employees State Insurance dues have, in general, been regularly deposited with the appropriate authorities.
- 18) As explained to us, no undisputed amounts payable in respect of Income tax. Customs Duty. Excise Duty and Sales Tax were outstanding except show cause demand for excise duty amounting to Rs. 769.80 Lacs which is being contested by the Company as illegal as at the last day of the financial year concerned, for period of more than six months.
- 19) According to the information and explanations given to us and the records examined by us. no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- 20) The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-Section 1 of Section 3 of the Sick Industrial Companies (Special provisions) Act, 1985.
- 21) As explained to us by the management the service activities of the company were insignificant as compared to total volume and as such no separate records were maintained for recording receipt, issues and consumption of raw materials and stores and allocation of manhours, materials and labour of the relative jobs as the same was not be considered necessary and economical by the management.
- 22) In connection with the Company's trading activities, we are informed that there are no damaged goods.

For **N.C. Aggarwal & Co.**  
Chartered Accountants  
**G. K. Aggarwal**  
Partner

Place : New Delhi  
Dated : 28th September, 1995

**SAW PIPES LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE, 1995**

DESCRIPTION	Schedule	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Share Capital	1	3898.19	1949.10
Reserves Surplus	2	11234.35	8483.83
		<u>15132.54</u>	<u>10432.93</u>
Loans Funds :			
Secured	3	6896.52	3578.62
Unsecured	4	14387.68	4225.44
		<u>21284.20</u>	<u>7804.06</u>
		<u>36416.74</u>	<u>18236.99</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets :			
Gross Block	5	19492.43	10551.37
Less: Depreciation		1353.14	782.27
Net, Block		<u>18139.29</u>	<u>9769.10</u>
Capital Work in Progress		2171.73	944.60
Pre Operative Exps.		201.74	62.19
		<u>20512.76</u>	<u>10775.89</u>
Investments	6	6750.01	1091.03
Current Assets, Loans and Advances :			
Inventories	7	13404.56	1499.08
Sundry Debtors	8	8864.37	4603.47
Cash and Bank Balances	9	159.30	177.45
Loans and Advances	10	7755.55	4038.60
		<u>30183.78</u>	<u>10318.60</u>
Current Liabilities and Provisions			
Current Liabilities	11	20272.87	3502.30
Provisions	12	847.00	479.50
		<u>21119.87</u>	<u>3981.80</u>
Net Current Assets		<u>9063.91</u>	<u>6336.80</u>
Miscellaneous Expenditure (to the Extent Not Written off)	13	90.06	33.27
		<u>36416.74</u>	<u>18236.99</u>
NOTES TO THE ACCOUNTS	22		
(As per our report of even date attached)			

For **N.C. Aggarwal & Co.**  
Chartered Accountants

**G. K. AGGARWAL**  
Partner  
Place : New Delhi  
Date : 28th September, 1995

**O. N. GUPTA**  
Secretary

**GIAN BANSAL**  
General Manager (Finance)

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

**DIRECTORS**  
**T. M. Sen**  
**Ratan Jindal**  
**Purshottam Lal**  
**N. S. Datar**  
**P. K. Jain**

## SAW PIPES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30TH JUNE, 1995

	Schedule	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>INCOME</b>			
Sales and Operational Income	14	34797.59	28855.43
Other Income	15	1005.41	275.37
Increase/(Decrease) in Stock	16	3684.65	265.11
		<u>39487.65</u>	<u>29395.91</u>
<b>EXPENDITURE</b>			
Raw Material Consumed		23138.24	18717.35
Excise Duty		1979.86	2566.15
Purchase for Resale		3963.37	0.00
Manufacturing Expenses	17	1529.19	1064.87
Personnel	18	379.34	283.92
Selling Expenses	19	168.23	366.34
Finance Expenses	20	1608.75	925.49
Administrative and Others	21	673.79	456.69
Depreciation		630.21	300.43
		<u>34070.98</u>	<u>24681.24</u>
Profit Before Taxation		5416.67	4714.67
Less : Provision for taxation		1.00	0.00
Profit After Taxation		5415.67	4714.67
Profit Brought Forward		504.82	208.87
Previous years Taxation Adjustment		(4.92)	15.78
Previous Year Loss Written Back		88.80	-
Provision for Dividend Written Back		1.06	-
Disposable Profits		<u>6005.43</u>	<u>4939.32</u>

**NOTES TO THE ACCOUNTS**

22

(As per our report of even date attached)

For **N.C. AGGARWAL & CO.**  
Chartered Accountants  
**G. K AGGARWAL**  
Partner

**O.N. GUPTA**  
Secretary

**GIAN BANSAL**  
General Manager (Finance)

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

**DIRECTORS**  
**T. M. Sen**  
**Ratan Jindal**  
**Purshottam Lal**  
**N. S. Datar**  
**P. K. Jain**

Place : New Delhi  
Dated : 28th September, 1995

**SAW PIPES LIMITED****SCHEDULE "1"****SHARE CAPITAL****AUTHORISED :**

	As At June 30, 95 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
1) 74500000 (Previous Year 29500000 Equity Shares of Rs. 10/- Each	7450.00	2950.00
2) 50000 (Previous Year 50000) 15% Redeemable Cumulative Preference Shares of Rs. 100/- Each	50.00	50.00
	<u>7500.00</u>	<u>3000.00</u>

**ISSUED AND SUBSCRIBED:**

38981808 (Previous Year 19490904) Equity Shares of Rs. 10/- Each	<u>3898.18</u>	<u>1949.10</u>
---	----------------	----------------

**PAID UP :**

38520258 (Previous) Year 19374254) Equity Shares of Rs. 10/- Each	3852.03	1937.43
Bonus Shares Held in Abeyance	46.16	11.67
	<u>3898.19</u>	<u>1949.10</u>

**OF THE ABOVE**

- 20,08,000 Equity Shares are allotted as Fully paid up pursuant to contract without Payment being received in cash.
- 19,70,936 Equity Share are allotted as Fully paid up to the shareholders of Swastik Foils Ltd. as per Scheme of Amalgamation Order dated 3rd August/11th Sep. 1989 of Hon'ble High Court Delhi.
- 46,43,000 Equity Shares are allotted as fully paid up to the share holders of Swastik Foils Ltd. as per scheme of amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High Court of Punjab, Haryana & Delhi.
- 2,57,97,872 (Previous Year 6306968) Equity Shares allotted as fully-paid up Bonus Shares by Capitalising General Reserve of Rs. 630.70 Lacs (Previous Year 630.70) and Share Premium of Rs. 1949.09 (Previous Year Rs. NIL)
- 4,61,550 Bonus shares of Rs. 10/- each have been held in abeyance and not allotted as a result of attachment order by Govt. authorities, lost share certificates and other disputes.

SCHEDULE "2" RESERVES AND SURPLUS	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
Capital Reserve	9.50	9.50
As per Last Account		
General Reserve		
As per Last Account	5288.94	1919.64
Add Transfer During the year	4000.00	4000.00
Less Capitalised During the year for Issue of Bonus Shares	-	630.70
	9288.94	5288.94
Investment Allowance Reserve (Utilise)		
As per Last Amount	172.57	172.57
Share Premium Account	2508.00	2508.00
Less Capitalised During the Year	1949.09	0.00
	558.91	2508.00
Profit and Loss Account	1204.43	504.82
	11234.35	8483.83

SCHEDULE "3" SECURED LOANS	As At June 20, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
A. TERM LOAN :		
(i) Industrial Finance Corpn. of India Ltd.	1000.00	1000.00
(ii) Hongkong & Shanghai Banking Corpn. Ltd.	2000.00	-
(iii) Short Term Loan from Industrial Credit & Investment Corpn. of India Ltd. (Repayable within one year)	3000.00	2000.00
(iv) Punjab National Bank	-	9.62
B. WORKING CAPITAL LOAN FROM BANKS	765.75	569.00
C. FUNDED LIABILITIES AGAINST FOREIGN LETTER OF CREDIT	130.77	-
	6896.52	3578.62

**NOTES :**

- A. (i) & (ii) Secured by way of first specific charge in respect of Plant & Machinery of Seamless tubes Project at Nasik.  
(iii) Secured ranking pari-passu with other loans of institutions by way of first charge on hypothecation of Company's fixed assets both present and future and secured charge on current assets of the Company and guaranteed by irrevocable personal guarantee of the Director.  
(iv) Secured ranking pari-passu with all institutions by way of first charge on Company's immovable properties and fixed assets of Hissar Division both present and future and guaranteed by Directors and their relatives.
- B&C Secured having first charge by hypothecation of finished goods, raw-material, work-in-progress, stores and spares, book debts and second charge in respect of other movable and immovable assets of the Company. The loan is also guaranteed by Director including Managing Director and also by a Company in which a Director of the Company is a Director. Further 286793 Equity Shares of Jindal Strips Ltd. and 376859 Equity Shares of Jindal Iron & Steel Co. Ltd. have been pledged to bank as collateral security for working Capital Limits as well as non-fund based limits like Bank Guarantees and Letter of Credits. Besides above 168075 Equity Shares of Jindal Iron & Steel Co. Ltd. held by other companies have been pledged to bank as collateral security.

## SCHEDULE "4"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>UNSECURED LOANS</b>		
Fixed Deposits	24.47	48.44
Deposits From Agents	12.00	32.00
Inter Corporate Loans	13000.96	2724.12
Deffered Sales Tax	1350.25	920.88
Short Term Loan from UTI	0.00	500.00
	<u>14387.68</u>	<u>4225.44</u>

SCHEDULE "5"

	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at 1.7.94	As at 30.6.95	As at 30.6.94	During the year	Adjustment	Upto 30.6.95	As at 30.6.94
Land							
Free Hold	233.72	29.91	0.00	0.00	0.00	0.00	233.72
Lease Hold	53.73	24.57	0.00	0.00	0.00	0.00	53.73
(Including Site development Building Plant &-	1568.79	899.81	93.32	66.12	7.51	151.93	1475.47
Machinery	8577.16	7930.42	665.92	569.47	68.56	1166.83	7911.24
Vehicles	62.07	45.13	16.43	7.38	0.72	23.09	45.64
Furniture &-							
Fixtures	55.90	31.77	6.60	5.60	0.91	11.29	49.30
Grand-							
Total	10551.37	8961.61	782.27	648.57	77.70	1353.14	9769.10
Capital Work in Progress							
Pre Operative Expenses	10551.37	8961.61	782.27	648.57*	77.70	1353.14	10775.89

\*Includes Rs. 18.36 Lacs Carried to Pre-operative Expenses.

## SCHEDULE "6"

## INVESTMENTS

(At Cost)

Description	As at June 30, 1995 (Rs. in Lacs)		As at June 30, 1994 (Rs. in Lacs)	
	No. of Shares/ Debentures	Face Value	No. of Shares/ Debentures	Face Value
<b>A. Investment in Equity</b>				
Shares of Subsidiary Companies-Unquoted				
Hexa Securities & Finance Co. Ltd	25499995	10/-	-	-
<b>B. Investment in Equity</b>				
Shares Other than Trade				
Quoted				
a) Jindal Strips Ltd.	473727	10/-	473727	10/- 553.75
b) Jindal Iron &- Steel Co. Ltd.	377528	10/-	187455	10/- 55.04
c) Shalimar Paints Ltd.	300000	10/-	300000	10/- 180.00
d) Jindal Ferro Alloys Ltd	2600000	10/-	-	-
e) Jindal Vijay Nagar Steel Ltd.	10001400	10/-	-	-
<b>UNQUOTED</b>				
a) Bharat Foils Ltd.	46000	10/-	46000	10/- 2.84
b) Rohit Tower- Building Ltd.	2400	100/-	2400	100/- 2.40
c) Sona Bheel Tea Ltd.	86025	10/-	86025	10/- 5.90
d) Saw Pipes U.S.A Inc.	1935000	\$1/-	405000	\$1/- 127.66
e) Jindal Overseas Pte.- Ltd. Singapore	153000	\$1/-	-	-
<b>C. GOVT. &amp; TRUST SECURITIES</b>				
Units of U.T.I.	6000	10/-	5000	10/- 0.75
National Saving Certificate				0.15
<b>D. INVESTMENT IN NON-CONVERTIBLE DEBENTURES QUOTED.</b>				
Shalimar Paints Ltd.	300000	30/-	300000	30/- 90.00
<b>E. INVESTMENT IN FULLY CONVERTIBLE DEBENTURES</b>				
Jindal Iron & Steel Ltd. (Rs. 20/- paid up)			205724	60/- 41.14
<b>F. APPLICATION MONEY</b>				
Jindal Overseas Pte. Ltd. Singapore			153000	\$1/- 31.40
				<u>1091.03</u>
				<u>6750.01</u>
Aggregate Market Value of Quoted Investment				2917.00
Aggregate Value of Quoted Investment				878.79
Aggregate Value of Unquoted Investment				212.24

## NOTES :-

The following 16% Optionally Convertible Debentures of Rs. 500/- each were acquired & sold during the year.

S.No.	Name of Company	No. of OCDs
1	Merideth Traders (P) Ltd.	420000
2	Norman Developers (P) Ltd.	200000
3	Varindavan Services (P) Ltd.	240000
		<u>860000</u>

## SCHEDULE "7"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>INVENTORIES</b>		
Stores and Spares	492.66	405.24
Loose Tools	22.94	14.20
Finished Goods	3752.87	492.60
Work in Progress	512.38	102.79
Raw Material	2850.10	443.03
Raw Material in Transit	5755.84	38.24
Scrap	17.77	2.98
	<u>13404.56</u>	<u>1499.08</u>

## SCHEDULE "8"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>SUNDRY DEBTORS</b>		
1) Exceeding Six Months	66.49	369.42
2) Others	8797.88	4234.05
	<u>8864.37</u>	<u>4603.47</u>

## SCHEDULE "9"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>CASH AND BANK BALANCE</b>		
Cash/Cheques in Hand	19.69	5.21
With Scheduled Banks		
Current Account	136.61	69.79
Fixed Deposits	3.00	102.45
	<u>159.30</u>	<u>177.45</u>

## SCHEDULE "10"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>LOANS AND ADVANCES</b>		
Advances Recoverable in Cash or in Kind for the Value to be Received Considered Good		
Others	2464.69	1567.82
Refund of Terminal Excise Duty	0.00	0.00
Inter Corporate Loans	2643.56	2075.27
Earnest Money/Security Deposits	1689.29	0.00
Prepaid Expenses	353.35	111.34
Deposit with IDBI u/s 32AB	312.26	85.93
Advance Taxation	0.60	0.60
Balance with Central Excise	282.28	149.72
	9.52	47.92
	<u>7755.55</u>	<u>4038.60</u>

## SCHEDULE "11"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	3002.53	1563.75
Capital Goods	12228.57	888.87
Others	3076.97	4.73
Advance from Customers	1684.04	1005.97
Other Liabilities	23.73	2.12
Bank Overdraft	7.13	36.86
Unpaid Dividend	249.90	0.00
Sales Tax Payable	<u>20272.87</u>	<u>3502.30</u>

## SCHEDULE "12"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>PROVISIONS</b>		
For Taxation	46.00	45.00
For Dividend	801.00	434.50
	<u>847.00</u>	<u>479.50</u>

## SCHEDULE "13"

	As At June 30, 1995 (Rs. in Lacs)	As At June 30, 1994 (Rs. in Lacs)
<b>MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)</b>		
Preliminary Expenses	16.93	5.51
Share Issue Expenses	26.85	19.73
Deferred Revenue Expenses	6.07	8.03
Technical Knowhow	40.21	0.00
	<u>90.06</u>	<u>33.27</u>

## SCHEDULE "14"

	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>SALES AND OPERATIONAL INCOME</b>		
Sales	33926.04	26212.80
Conversion Charges	303.27	565.62
Refund of Terminal Excise Duty	568.28	2077.01
	<u>34797.59</u>	<u>28855.43</u>

## SCHEDULE "15"

	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>OTHER INCOME</b>		
Interest (TDS Rs. 74.51 Lacs P.Y. Rs. 21.16 Lacs)	609.27	119.07
Dividend (TDS Rs. 7.24 Lacs P.Y. Rs. 5.28 lacs)	44.92	21.68
Misc. Receipts	35.76	126.36
Profit on Sale of Fixed Assets	20.70	8.26
Profit on Sale of Investments	129.00	0.00
Lease Rent	12.50	0.00
Prior Period Adjustments	153.26	0.00
	<u>1005.41</u>	<u>275.37</u>

## SCHEDULE "16"

	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>OPENING STOCK</b>		
Finished Goods	492.60	240.75
Work in Progress	102.79	90.53
Scrap	2.98	1.98
	<u>598.37</u>	<u>333.26</u>
<b>CLOSING STOCK</b>		
Finished Goods	3752.87	492.60
Work-in-progress	512.38	102.79
Scrap	17.77	2.98
	<u>4283.02</u>	<u>598.37</u>
Increase /(Decrease) in Stock	<u>3684.65</u>	<u>265.11</u>

## SCHEDULE "17"

	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>MANUFACTURING EXPENSES :</b>		
Stores and Spares	773.29	637.24
Power and Fuel	442.77	298.49
Water Charges	4.53	1.11
Other Manufacturing expenses	72.18	25.03
Royalty	33.79	0.00
Repair and Maintenance :		
Plant and Machinery	55.38	65.87
Building	12.03	13.20
Warranty Claims	120.22	0.00
Lease Rent	15.00	17.88
Technician Exp.	0.00	6.05
	<u>1529.19</u>	<u>1064.87</u>

<b>SCHEDULE "18"</b>	<b>Year Ended June 30, 1995 (Rs. in Lacs)</b>	<b>Year Ended June 30, 1994 (Rs. in Lacs)</b>
<b>PERSONNEL</b>		
Salary, Wages and Other benefits	266.09	203.31
Contribution to Provident and other funds	16.58	13.64
Workmen and Staff Welfare	96.67	66.97
	<u>379.34</u>	<u>283.92</u>

<b>SCHEDULE "19"</b>	<b>Year Ended June 30, 1995 (Rs in Lacs)</b>	<b>Year Ended June 30, 1994 (Rs. in Lacs)</b>
<b>SELLING EXPENSES</b>		
Commission on Sales	20.45	257.50
Sales Promotion	19.21	14.11
Advertisement	20.71	21.77
Rebate and Discounts	29.64	1.54
Packing expenses	8.74	8.00
Forwarding Charges (net of recoveries)	66.64	51.21
Other selling exp.	2.84	12.21
	<u>168.23</u>	<u>366.34</u>

<b>SCHEDULE "20"</b>	<b>Year Ended June 30, 1995 (Rs. in Lacs)</b>	<b>Year Ended June 30, 1994 (Rs. in Lacs)</b>
<b>FINANCE EXPENSES:</b>		
Interest on Term Loans	224.84	113.61
Interest on Bank Borrowings	117.55	97.03
Bank and Finance charges	468.38	232.60
Interest to others	791.35	479.13
Interest on fixed deposits	6.63	3.12
	<u>1608.75</u>	<u>925.49</u>

## SCHEDULE "21"

	Year Ended June 30, 1995 (Rs. in Lacs)	Year Ended June 30, 1994 (Rs. in Lacs)
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Rent, Rates & Taxes	6.87	5.90
Insurance	105.49	55.26
Repair & Maintenance (others)	61.44	33.35
Postage, Telegrams & Telephones	54.12	35.58
Printing & Stationary	26.01	15.91
Travelling & Conveyance	71.45	58.89
Director's Travelling	12.09	23.15
Legal and Professional Expenses	11.34	6.71
Vehicle upkeep & Maintenance	34.11	22.78
Director's Meeting Fees	0.60	0.38
Miscellaneous Expenses	53.86	65.63
Liquidated damages	164.95	69.24
Auditor's Remuneration	1.55	1.40
Difference in Foreign Exchange	5.35	0.00
Preliminary Exp./Deferred Revenue		
Expenses written off	6.52	3.93
Bad debts Written of	50.00	18.80
Technical Knowhow Fees Written of	8.04	0.00
Prior Period Adjustments		39.78
	<u>673.79</u>	<u>456.69</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS  
SCHEDULE "22"**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :-**

- a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company

**B) BASIS OF ACCOUNTING :-**

All income and expenditure items having a material bearing on the financial statements are recognised on accrual basis, except the following items which are accounted for on cash basis, as it is not possible to ascertain with reasonable accuracy the quantum thereof.

**INCOME :-**

- a) Insurance Claim.
- b) Export incentives, if any.
- c) Dividend on Investments.

**EXPENDITURE :-**

- a) Liquidated Damages.

**C) EXCISE DUTY**

Excise duty on finished goods lying in factory is accounted for on removal of finished goods.

**D) SALES :-**

- a) The Sales are inclusive of Excise Duty but net of Sales Tax.
- b) Material returned/rejected are accounted for in the year of return/rejection.

**E) FIXED ASSETS :-**

**a) VALUATION OF FIXED ASSETS :-**

Fixed Assets are stated at cost of acquisition inclusive of all incidental expenses related thereto.

**b) DEPRECIATION :-**

Depreciation on all Fixed Assets of the Company is provided on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, as amended upto date.

**c) EXPENDITURE DURING CONSTRUCTION PERIOD**

All expenditure during construction period in respect of new project including interest on borrowed loans are carried to pre-operative expenditure pending allocation on the completion of the project. All expenditure incurred during the construction period direct, incidental and ancillary are included under capital work-in-progress and the same are related to respective Fixed Assets on completion of project.

**F) VALUATION OF INVENTORIES :-**

- a) Raw material, Loose Tools, Stores and Spares are valued at cost. Cost includes the purchase price, freight inward and incidental expenses and is net of credit under Modvat Scheme.
- b) Finished goods are valued at cost or net realisable value whichever is lower.
- c) Work in progress is valued at estimated cost.
- d) Scrap is valued at net realisable value.

**G) INVESTMENTS :-**

All investments are stated at cost which inter-alia includes brokerage, commission, stamp duty etc. The loss on sale of Non Convertible Portion of Partly Convertible debentures is added to the cost of Convertible Portion of Debentures where the intention is to retain the convertible portion of debentures.

**H) FOREIGN EXCHANGE TRANSACTIONS :-**

Unexpired foreign exchange commitments of revenue nature are provided at rate contracted under forward foreign exchange cover where available or in the absence of the same translated at applicable exchange rate and have been dealt in the Company' Profit & Loss Account.

**I) CONTINGENT LIABILITIES :-**

Contingent liability not provided for in the accounts are separately disclosed.

**J) EVENTS OCCURRING AFTER BALANCE SHEET DATE :-**

Events occurring after balance sheet date have been considered in the preparation of financial statements.

**K) RETIREMENT BENEFITS :-**

Liabilities in respect of gratuity to the employees are covered under the group gratuity scheme with the Life Insurance Corporation of India. The annual premium is debited to Profit & Loss Accounts.

**L) SALE OF RAW MATERIALS STORE :-**

Value of sale of raw material and stores is reduced from the consumption of the respective raw materials and stores as the cost of raw materials and stores sold could not ascertained.

**2. CONTINGENT LIABILITIES :-**

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Counter Guarantee Given to Company's bankers for Guarantee given by them on behalf of the Company	12840.93	4732.47
b) Letter of Credit outstanding	22674.77	143.32
c) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	106.35	1808.80
d) Claims against the Company not acknowledged as debt (being under dispute)	35.31	5.17
e) Surety bond furnished to Sales Tax Authorities against a demand raised by them for J.S.L.	725.60	725.60
f) Guarantee given on behalf of Jindal Vijay Nagar Steel Ltd.	83.73	
g) Disputed electricity demand from DESU for which stay has been granted by Hon'ble High Court	72.88	233.03
h) Demand for excise duty	769.80	375.34
i) Uncalled liability for partly paid up Shares	500.00	82.29

3. No provision has been made for the amortisation of premium on lease-hold land over the lease-hold period accumulating to Rs. 10.58 lacs (Previous Year Rs. 6.17 lacs).
4. 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.
5. During the financial Year land & building and plant & machinery of Hissar division has been given on lease for a period of twelve months to M/s Jindal Strips Ltd. Hissar w.e.f. 01.04.95.
6. The Company does not have any sole selling agent within the meaning of Section 294 of the Companies Act, 1956. The commission shown in the Profit and Loss Account is the commission paid to other agents/dealers.
7. In accordance with accounting policy followed by the company the estimated liability as on 30.06.95 amounting to Rs. 494.82 lacs for Excise Duty in respect of finished goods lying in factory has not been provided for in the accounts and hence, not included in the valuation of inventories. However, the said liability if accounted for would have no impact on profit of the Company.
8. The confirmation in respect of some of the Sundry Debtors, Creditors and other advances and reconciliation in respect of some of the bank balances are subject to confirmation and verification, if any.
9. The Stores and spares consumed and Salaries & Wages incurred for repairs and maintenances of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.
10. In the opinion of the Board, the realisable value of Current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
11. The ultimate Income-tax liability of the Company for assessment year 1995-96 has been determined on the basis of the profit of the Company for the period of 12 months i.e. from 01.04.94 to 31.03.95 and accordingly provision is made for Income-tax during the current year. However, the Company does not foresee any liability on account of Income-tax for the period from 01.04.95 to 30.06.95 in view of various benefits, deductions and allowances available under the Income Tax Act, 1961 for the Company's new projects and expansion programmes of the existing units.

**12. Auditors Remuneration**

	Current Year (Rs. in Lacs)	Previous year (Rs. in Lacs)
i) Audit Fee	0.93	0.71
ii) Tax Audit Fee	0.19	0.14
iii) Certification work	0.05	0.23
iv) Out of pocket Exp.	0.38	0.32
	<u>1.55</u>	<u>1.40</u>

**13. Directors Remuneration**

i) Salaries	4.77	2.82
ii) Contribution to P.F. etc.	0.48	0.28
iii) Perks of Furniture	0.03	0.03
iv) Commission	3.60	0.81
	<u>8.89</u>	<u>3.94</u>

14. Although trial run of production of Cold Finishing Section of seamless tubes project at Nasik commenced in March 1994, the Company is of the view that the commercial production had not started till that date and accordingly all the expenses (Net of Sales) amounting to Rs. 88.80 Lacs upto 30th June, 1994 which were charged to Profit & Loss Accounts in the year ended 30th June, 1994 has been written back and capitalised. Now the commercial production in respect of Cold Finishing Section has commenced in September, 1994 and that of Hot Finishing Section in March, 1995 and

therefore the following expenditure incurred upto date of capitalisation has been allocated to fixed assets in proportion to their respective cost as on that date.

Description	Amount (Rs. in Lacs)	
Raw Material Consumed for trial run		32.09
Excise Duty		5.16
Electricity & Water		37.72
Salary & Wages incl. P.F.		58.84
Depreciation		18.36
Interest		1371.05
Other Manufacturing Exp.		5.38
Administrative & Misc.		100.35
Selling Exp.		1.91
		<u>1630.86</u>
Add : Preoperative Exp. brought forward		62.20
		<u>1693.06</u>
<b>LESS : INCOME :-</b>		
Trial run Sales	39.57	
Interest & other income	11.25	50.82
	<u>50.82</u>	<u>1642.24</u>
Less : Capitalised During the year		1440.50
Pre-operative Expenses carried over		<u>201.74</u>

The above expenditure has been capitalised to the following fixed assets :-

	(Rs. in Lacs)
1. Plant & Machinery	1029.26
2. Electrical Installation	309.03
3. Factory Building	86.66
4. Office Building	15.55
	<u>1440.50</u>

**15. STATEMENT SHOWING COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 READ WITH SECTION 198 OF THE COMPANIES ACT, 1956 FOR THE PURPOSE OF COMMISSION PAYABLE TO MANAGING DIRECTOR.**

	Amount (Rs. in Lacs)
Net Profit as per Profit & Loss Account (before tax)	5416.67
Add : Directors Remuneration	8.89
Depreciation	630.21
	<u>6055.77</u>
Deduct : depreciation as per section 350 of the Company Act, 1956	2124.22
Capital Profit on sale of Fixed Assets	<u>        </u>
Net Profit	<u>3931.55</u>
Commission @ 1% ,	39.32
Maximum commission payable in terms of agreement	
100% of salary	3.60

## 16. (A) ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 &amp; 4 OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956.

Description	Unit	Installed Capacity		Production	
		Current Year	Previous Year	Current Year	Previous Year
i) SAW Pipes Division					
a) Submerged Arc Welded Steel pipes :	MT	1,50,000	75,000	60,149*	72,963
b) i. Beveling & End Finishing	MT	40,000	40,000	3,455	31,655
ii. Coating : Sq. mtr.		4 million	-	35,438	-
c) Chamfering :	MT	50,000	-	30,349	-
ii) Swastik Foils Cold Rolled Division					
Cold Rolled Strips (Thinner Gauge) :	MT	60,000	60,000	3,524	5,821
iii) Swastik Udyog Cold Rolled Division					
Cold Rolled Strips (Thicker Gauge) :	MT	50,000	50,000	4,471	3,550
iv) Seamless Pipes Division-Nasik Carbon Steel					
Seamless Tubes :	MT	45,000	35,000	184	56

\* Includes free replacement of 576 MT given to GAIL.

**NOTE :**

- The above production of Beveling, End finishing & Coating Division does not include job work done for Pipe Division and Chamfering Division as follows :-  
Submerged Arc Welded Pipes  
Pipe Division 171524 sq.mtrs  
Chamfering Division 231131 sq. mtrs.  
402655
- The above production also includes goods manufactured for outside parties on job work basis as follows :

**Unit Current Year Previous Year****Cold Rolled Strips :**

Thinner Gauge	MT	205	5335
Thicker Gauge	MT	4455	3067

- Licensed capacity is not applicable in view of the Company's production having been delicensed as per the new Liberalised Licensing Policy announced by the Govt. of India.
- Installed capacity is as certified by the Management.

**B, C, & D)** The Department of Company Affairs, Government of India vide its Order No. 46/222/95 CL- III dated 28.09.95 & issued under Section 211 (4) of the Companies Act, 1956 has exempted the company from publication of certain information in the Profit and Loss Account under paras 3(i)(a), 3(ii)(a) and 3(ii)(b) of Schedule VI to the Companies Act, 1956.

## E) C.I.F. VALUE OF IMPORTS

	Current Year (Rs. in Lacs)	Previous Year Rs. in Lacs)
Raw Materials	22918.80	16063.15
Stores & Spares	104.35	28.96
Capital Goods	2337.21	1679.61

## F) BREAK UP OF THE CONSUMPTION OF RAW MATERIALS AND STORES AND SPARES INTO IMPORTED AND INDIGENEOUS:

		Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Raw Material	%age		%age
Imported	90.21	20872.24	96.22
Indigeneous	9.79	2266.00	3.78
	<u>100.00</u>	<u>23138.24</u>	<u>100.00</u>
b) Stores and Spares:			
Imported	8.80	68.02	4.58
Indigeneous	91.20	705.27	95.42
	<u>100.00</u>	<u>773.29</u>	<u>100.00</u>

## G) EXPENDITURE IN FOREIGN EXCHANGE

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
i) Travelling	37.72	26.64
ii) Interest and Bank Charges	17.55	34.14
iii) Royalty & Technical Expenses	82.04	-
iv) Others	8.45	4.63

## H) EARNING IN FOREING EXCHANGE

i) F.O.B. value of Exports	-	158.90
ii) Insurance Claim	15.53	-

## I) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND :

a) Financial Year to which dividend relates	1993-94	1992-93
b) No of NRI shares holders	196	196
c) No. of Shares held	4003550	2333100
d) Net amount of dividend remitted (Net of Tax) (Rs. 76.63 Lacs)	53.41 Lacs	

## 17. BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. Registration No. 19275 State Code 55 Balance sheet 30.06.95.			
II. Capital raised during the year (amount in Rs. thousand)			
Public Issue	NIL		
Bonus Issue	194909		
Right Issue	NIL		
Private Placement	NIL		
III. Position of mobilisation and deployment of funds (Amt. in Rs. Thousand)			
Total Liabilities	6151523	Total Assets	6151523
Sources of Funds :			
Paid up Capital	389819	Reserves & Surplus	1123435
Secured Loans	689652	Unsecured Loans	1438768
Application of Funds:			
Net Fixed Assets	2051276	Investments	675001
Net Current Assets	906391	Misc. Expenditure	9006
Accumulated Losses			

IV. Performance of Company (amount in Rs. Thousand)			
Turnover	3948765	Total Expenditure	3407098
Profit before Tax	541667	Profit After Tax	541567
Earning Per Share Weighted	13.89	Dividend rate	30%

- V. Generic Name of three Principal products of the Company.
- |               |         |  |
|---------------|---------|--|
| Item Code No. | 730511  | Product Description : Longitudinally Submerged Arc Welded Pipes. |
| Item Code No. | 730690  | Product Description : Seamless Tubes/Pipes                       |
| Item Code No. | 7201202 | Product Description : Cold Rolled Strips                         |

18. Previous years figures have been re-grouped/re-arranged, wherever necessary and practicable.  
 19. Schedule 1 to 22 are annexed and form integral part of Profit & Loss Accounts.

As per our report of even date annexed hereto.

For **N.C. Aggarwal & Co.**  
 Chartered Accountants  
**G. K. Aggarwal**  
 Partner

**O. N. Gupta**  
 Secretary

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

**Gian Bansal**  
 General Manager  
 (Finance)

Directors  
**T. M. Sen**  
**Purshotam Lal**  
**N. S. Datar**  
**Kuldip Bhargava**  
**P. K. Jain**

Place : New Delhi  
 Dated : 28th, September, 1995

## ANNEXURE III

## STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

- a) Subsidiary Company : Hexa Securities & Finance Co. Ltd.
- b) Holding Company's interest : Holder of 2,54,99,995 Equity Sharee of Rs. 10/- each out of the Subscribed capital of 2,55,00,000 Equity Shares of Rs. 10/- each.
- c) Financial Year of the Company ended on : 30th June, 1995
- d) Net aggregate amount of subsidiary Company's Profit (Loss) not dealt within the Company's Account.
- (i) For the Subsidiary Company's financial year ended 30th June, : Loss Rs. 33,25,052.00
- (ii) For the Subsidiary Company's previous financial periods, since it became the holding Company's Subsidiary : N.A.
- e) Net aggregate amount of the subsidiary Company's Profit/ Loss dealt within the Company's account.
- (i) For the subsidiary Company's financial period ended 30th June, 1995 : NIL
- (ii) For the subsidiary Company's previous financial period since it became the holding Company's subsidiary : NIL
- f) As the financial year of the above subsidiary Company coincides with the financial year of the holding Company Section 212 (5) of the Companies Act, 1956 is not applicable

New Delhi O. N. Gupta  
 Daed: 28.09.95 Secretary

P. R. Jindal  
 Chairman & Managing Director  
 Gian Bansal  
 General Manager (Finance)

T. M. Sen  
 Ratan Jindal  
 Purshottam Lal  
 N. S. Datar  
 P. K. Jain  
 Directors

To  
**THE MEMBERS**  
**HEXA SECURITIES & FINANCE COMPANY LIMITED**

Your Directors are pleased to present in the 1st Annual Report together with the Audited Statement of Accounts for the period from 15th December, 1994 to 30th June 1995.

**1. PERFORMANCE**

During the year under report Company has undertaken the business of investing in new issues and after payment of interest on loans and other expenses, the Company has incurred a net Loss of Rs. 33,25,051.65.

The Amount carried over to Balance Sheet is Rs. (33,25,051.65).

**2. DIVIDEND**

No dividend is recommended for the Current year.

**3. SHARE CAPITAL**

Upon acquisition of major paid up Share Capital of the Company by Saw Pipes Ltd. Company had become their subsidiary with effect from 28th February, 1995. Consequently, it also became Deemed Public Limited Company u/s 43 A of the Companies Act, 1956.

**4. DEPOSITS**

In terms of NBFC (RBI) Directions 1977, there were no overdue and unclaimed deposits at the close of the year 30th June, 1995.

**5. AUDITORS**

The members are requested to appoint Auditors and fix their remuneration. M/s. N.C. Aggarwal & Company, Chartered Accountants, New Delhi, retiring auditors of the Company are eligible for re-appointment. Necessary certificate pursuant to section 224(1B) of The Companies Act, 1956 has been obtained from auditors.

**6. DIRECTORS**

Sh. Sandip Sharma was appointed as additional Director on the Board with effect from 28th February, 1995. He holds office as director up to the date of ensuing Annual General Meeting and is eligible for re-appointment. As required under section 257 of the Companies Act, 1956, the Company has received notice in writing from a member signifying his intention to propose the candidature of Sh. Sandip Sharma for appointment as Director.

Sh. Arvind Kiran Agarwal was appointed as additional Director on the Board with effect from 28th February, 1995. He holds office as director up to the date of ensuing Annual General Meeting and is eligible for re-appointment. As required under section 257 of the Companies Act, 1956, the Company has received notice in writing from a member signifying his intention to propose the candidature of Sh. Arvind Kiran Agarwal for appointment as Director.

**7. OTHER INFORMATION**

The report to be mentioned here as required under Section 217(1)(e) regarding conservation of energy, technology, absorption, foreign exchange earnings and outgo is not applicable to us as it is an investment Company and there is no foreign exchange transaction during the year. The information required under section 217(2A) of the Companies Act, 1956 relating to particulars of employees is also not applicable.

**Registered Office :-**  
 28, Najafgarh Road  
 New Delhi-110015  
 Dated 30th August, 1995

BY THE ORDER OF THE BOARD  
 For Hexa Securities & Finance Company Limited

**Sandip Sharma**

Director

**Arvind Kiran Agarwal**

Director

## AUDITORS REPORT

TO  
THE MEMBERS OF  
**HEXA SECURITIES & FINANCE COMPANY LIMITED**

We have audited the attached Balance Sheet of Hexa Securities & Finance Company Ltd. as at 30th June, 1995 together with annexed Profit and Loss Account for the year ended on that date and report that :-

1. We have obtained all the informations and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from, our examination of these books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion and to the best of our information and according to explanations given to us, the said statement of accounts read with the notes thereon appearing in schedule 'E' gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - a) In the case of Balance Sheet, of the state of affairs of the company as at 30th June, 1995.
  - b) In the case of Profit & Loss Account the Loss of the company for the year ended on that date.
5. As required by the Manufacturing & Other Companies (Auditors Report) Order 1988 under section 227 (4A) of the Companies Act, 1956. As per the information & explanation given to us during the course of our audit. We report on the matters specified in the paragraph 4(A) of the said Order as far as applicable to the Company, as under :-
  - i. The Shares, Debentures and Bonds in hand were physically verified by the management at the end of the year, which is considered to be at a reasonable period. No significant discrepancy between the physical balance and book balance was noticed. The valuation of Shares, Debentures and Bonds is fair and in accordance with the normally accepted accounting principles.
  - ii. The Company has taken Unsecured Loans from its Holding Company, SAW Pipes Limited. The rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company has not taken any other loan, Secured or unsecured, from companies and firms listed in register maintained under Section 301. We are informed that there are no companies under the same management under Sub-section (IB) of Section 370 of the Companies Act, 1956.
  - iii. The Company has not given interest bearing loans or advances in the nature of loans to parties without any stipulation as to the repayment of principal and interest and they are regular in payment of interest.
  - iv. In our opinion there are adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to the purchase and sale of Shares, Bonds Debentures and other assets.
  - v. In our opinion the Company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58-A of the Companies Act, 1956, and the rules framed there under as applicable to the Company with regard to deposits accepted by the Company.
  - vi. As regards to internal audit system, it is commensurate with the size of the Company.
  - vii. The Company is not covered under the Provident Fund Act.
  - viii. No undisputed amount payable in respect of income tax, custom duty and excise duty were outstanding as at 30th June, 1995 for a period of more than six months.
  - ix. No Personal expenses has been charged to revenue account.
  - x. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
  - xi. As regards investments, the Company has maintained proper records of transaction and contract of Shares, Securities, Debentures and other investments and timely entries have been made therein. The shares, securities, debentures and bonds etc. are held by the Company in its own name.

Place : New Delhi  
Date : 30th August, 1995

For **N. C. Aggarwal & Company**  
Chartered Accountants  
**G. K. Aggarwal**  
Partner

HEXA SECURITIES & FINANCE COMPANY LTD.  
BALANCE SHEET AS AT 30TH JUNE, 1995

DESCRIPTION	SCHEDULE	AS AT 30.06.95
<b>SOURCE OF FUND</b>		
<b>I. SHAREHOLDER'S FUND</b>		
A) Share Capital	A	255,000,000.00
<b>TOTAL</b>		<u>255,000,000.00</u>
<b>APPLICATION OF FUNDS</b>		
<b>II. Investments</b>		
A) Current Assets	B	250,000,000.00
Loans & Advances	C	969,073.50
B) Current Liabilities & Provisions	D	7,840.00
Net Current Assets (A-B)		961,233.50
<b>III. Miscellaneous Expenses (To The Extent Not Written Off)</b>		
A) Preliminary Expenses		713,714.85
B) Profit And Loss Account		3,325,051.65
<b>TOTAL (I+II+III)</b>		<u>255,000,000.00</u>
NOTES TO ACCOUNTS	E	
<b>AS PER OUR REPORT OF EVEN DATE ATTACHED</b>		

FORN.C. AGGARWAL & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF  
DIRECTORS

G.K. AGGARWAL  
PARTNER

SANDIP SHARMA  
DIRECTOR

ARVIND KIRAN AGGARWAL  
DIRECTOR

PLACE: NEW DELHI  
DATED: 30th August, 1995

ALOK KUCHHAL  
COMPANY SECRETARY

## HEXA SECURITIES &amp; FINANCE COMPANY LTD.

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING 30TH JUNE, 1995

DESCRIPTION	CURRENT YEAR
<b>I. INCOME</b>	
<b>TOTAL I</b>	
<b>II. EXPENDITURE</b>	
Salary	2,340.00
Printing & Stationery	750.00
Registration & Filing Fee	960.00
Bank Charges 583.00	
Interest on Intercorporate Loans	3,235,607.00
Preliminary Expenses Written Off	79,301.65
Conveyance 510.00	
Auditor's Remuneration	5,000.00
<b>TOTAL II</b>	3,325,051.65
Profit (Loss) Before Tax (I-II)	(3,325,051.65)
Less : Provision For Taxation	
Profit (Loss) After Tax	(3,325,051.65)
Profit (loss) Carried to Balance Sheet	(3,325,051.65)

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR N. C. AGGARWAL & CO.  
CHARTERED ACCOUNTANTSFOR AND ON BEHALF OF THE BOARD OF  
DIRECTORSG. K. AGGARWAL  
PARTNERSANDIP SHARMA  
DIRECTORARVIND KIRAN AGGARWAL  
DIRECTORPLACE: NEW DELHI  
DATED: 30th August, 1995ALOK KUCHHAL  
COMPANY SECRETARY

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 1995**
**DESCRIPTION** **AS AT 30.06.95**
**SCHEDULE A-SHARE CAPITAL**
**AUTHORISED**

 2,60,00,000 Equity Shares of Rs. 10/- Each 260,000,000.00
**ISSUED SUBSCRIBED & PAID UP**

 2,55,00,000 Equity Shares of Rs. 10/- Each Fully Paid Up 255,000,000.00
255,000,000.00
**SCHEDULE B**
**INVESTMENT IN SHARES (QUOTED)**

S.N.	PARTICULARS	FACE VALUE	As At 30.06.1995	
			NO.OF. SHARES	AMOUNT (RS)
1	Jindal Vijaynagar Steels Limited	10	50,000,000.00	250,000,000.00
2	GRAND TOTAL			250,000,000.00
3	TOTAL FACE VALUE			500,000,000.00
4	TOTAL MARKET VALUE (QUOTED INVESTMENTS)			370,000,000.00

**As At 30.06.95**
**SCHEDULE C**
**CURRENT ASSETS LOANS & ADVANCES**
**Current Assets**

 Cash and Stamp In Hand 230.00

 Balance With Scheduled & Nationalised Bank 968,843.50

 Total 969,073.50
**SCHEDULE D**
**CURRENT LAIBILITIES & PROVISIONS**
**Current Liabilities Provisions**

 Sundry Creditors 500.00

 Salary Payable 2,340.00

 Audit Fee Payable 5,000.00
7,840.00

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 1995

## SCHEDULE E

## NOTES TO ACCOUNTS

## I. ACCOUNTING POLICIES

**a GENERAL**

- I) This being the first year of the Company, figures for the previous year has not been given.
- II) Accounting Policies not specifically referred to are in consonance with generally accepted accounting principles.

**b. REVENUE RECOGNITION**

All income have been accounted for on accrual basis.

**c. INVESTMENTS**

Investments are stated at cost.

- d. As there is no income liable to Income Tax in Financial Year 1994-95 relevant to Assessment year 1995-96, no provision for taxation has been made.

**2. CONTINGENT LIABILITIES****30th June, 1995**

Uncalled liability for shares partly paid-up

Rs. 5,00,00,000.00

3. The Company was incorporated on 23.11.1994 with Registrar of Companies, Delhi & Haryana and upon acquisition of major paid-up share capital of the company by SAW Pipes Limited, the company became Deemed Public Company u/s 43 A of the Companies Act, 1956.
4. Other additional Information required to be given pursuant to Part 4 Para II of Schedule VI to the Companies Act, 1956 has not been given as there is no information of such kind to be given.
5. Schedule 'A' to 'E' are annexed to and form an integral part of the Balance Sheet and Profit and Loss Account.

## 6. Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956.

**I. Registration Details**

Registration No.	62930
State Code No.	55
Balance Sheet Date	30th June, 1995

**II. Capital Raised During the Year**

Public Issue (Issue Through the prospectus)	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement (Firm Allotment to Holding Company SAW Pipes Limited)	25,50,00,000

**III. Position of Mobilisation and Deployment of funds**

Total Liabilities	25,50,00,000
Total Assets	25,50,00,000

**IV Source of Fund**

Paid-up Capital	25,50,00,000
Reserve & Surplus	NIL
Secured Loans	NIL
Unsecured Loans	NIL
	NIL

**V Application of Funds**

Net Fixed Assets	25,50,00,000
Net Current Assets	9,63,783.50
Misc. Expenditure	7,13,714.85
Accumulated Lossess	33,25,051.65

**VI. Performance of Company**

Turnover	NIL
Total Expendiure	33,25,051.65
Profit/(Loss)/Before Tax	(33,25,051.65)
Profit/(Loss) After Tax	(33,25,051.65)
Earning Per Share In Rs.	NIL
Dividend Rate %	NIL

**VII. Generic Name Of Principal Product of Company**

(As Per Monetary Terms)

Item Code No.	NA
Product description	NA

for **N.C. AGGARWAL & COMPANY**  
**CHARTERED ACCOUNTANTS**

SIGNATURE TO SCHEDULE 'A' TO 'E'

**G. K. AGGARWAL**  
 PARTNER

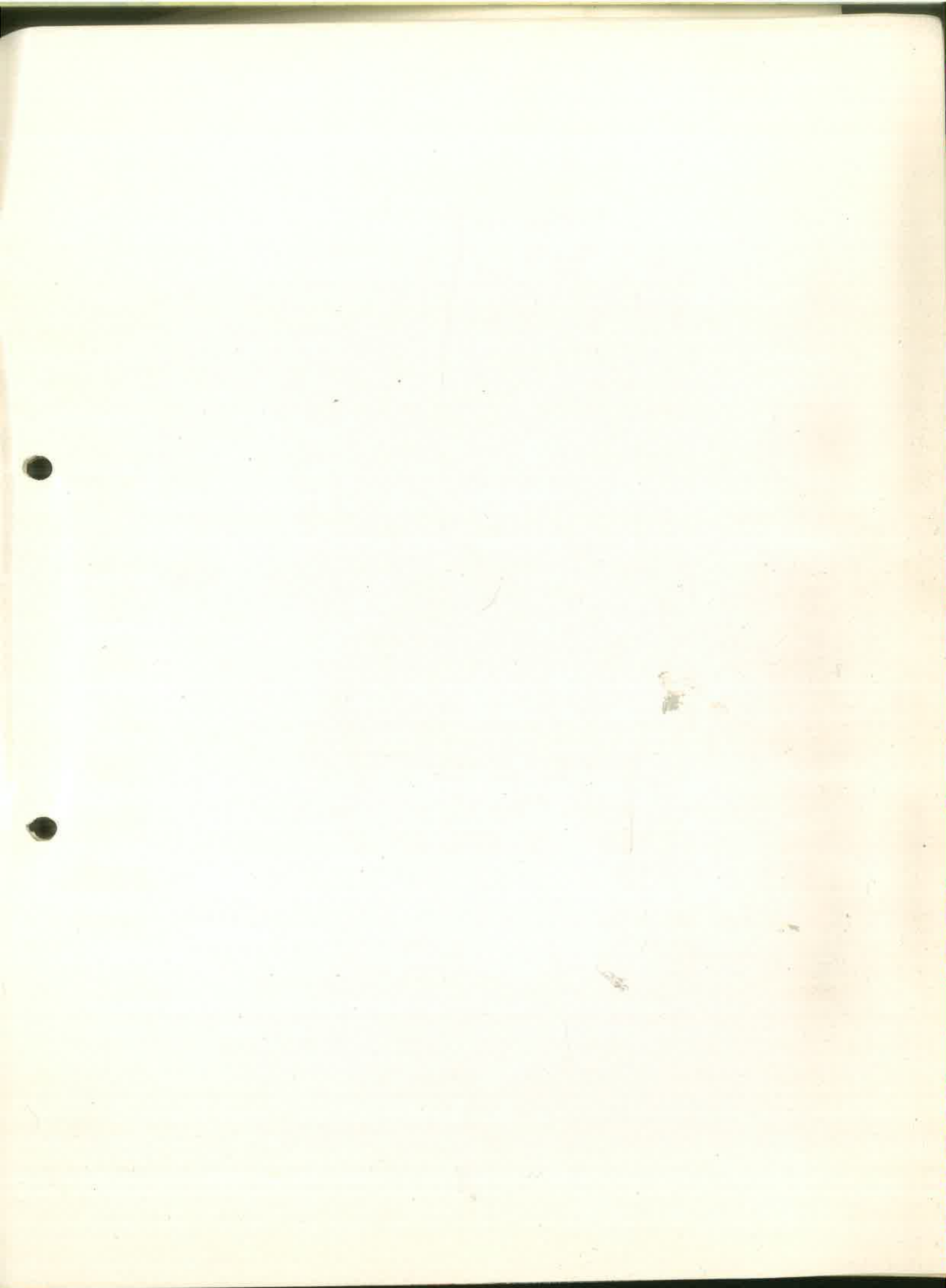
**SANDIP SHARMA**  
 DIRECTOR

**ARVIND KIRAN AGARWAL**  
 DIRECTOR

PLACE: NEW DELHI

DATED: 30th August, 1995

**ALOK KUCHHAL**  
 COMPANY SECRETARY





**SAW PIPES LIMITED**

Registered Office :

28 Najafgarh Road, New Delhi-110 015, India

Tel. : 5111838-43 Fax : 91-11-5454318, 5463677

Telex : 031-61796 JSL IN