



**SAW PIPES
LIMITED**



JINDAL

13th Annual Report 1996-97

BOARD OF DIRECTORS

P.R. Jindal	Chairman
Ratan Jindal	Managing Director
Sajjan Jindal	Director
Sminu Jindal	Whole Time Director
T.M. Sen	
B. R. Mittal	Nominee of IFCI
Dillip Bhargava	NRI Director
Kuldip Bhargava	Alternate Director to Dillip Bhargava
A.J.A. Tauro	
Subhash Chandra	
Purshottam Lal	
H.S. Chaudhary	Whole Time Director

PRINCIPAL EXECUTIVE

Rajiv Garg	Chief Executive Officer (Nashik Works)
H.S. Bedi	President (Kosi Kalan Works)
Onkar Nath Gupta	Vice President & Company Secretary
Abhay Bhargava	Vice President (Finance)
O.P. Sharma	General Manager (Marketing)

BANKERS

State Bank of Patiala
Canara Bank
Standard Chartered Bank
Banque Nationale De Paris
State Bank of India
ANZ Grindlays Bank
The Hongkong & Shanghai Banking Corporation Limited
Bank of Nova Scotia
ABN AMRO Bank

AUDITORS

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

REGISTERED OFFICE

28, Najafgarh Road,
New Delhi-110 015

CORPORATE OFFICE

'Jindal Centre'
12 Bhikaji Cama Place
New Delhi-110066

WORKS

Pipe Division	Kosi Kalan, Distt. Mathura (U.P.)
Seamless Tubes Division	Sinnar Industrial Area Nashik (Maharashtra)
Spiral Tubes Division	Sinnar Industrial Area Nashik (Maharashtra)
Foil Division	28 & 37 Najafgarh Road, New Delhi-110 015

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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of SAW Pipes Limited will be held at the Auditorium of N.C. Jindal Public School, Road No. 73, Punjabi Bagh (West), New Delhi-110026 on Tuesday, the 30th day of December, 1997 at 3.00 p.m. to transact the following Businesses :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30th June, 1997 and the Profit & Loss Account for the year ended 30th June, 1997 and the Reports of Directors and Auditors.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri P.R. Jindal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri T.M. Sen, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Subhash Chandra Goel, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors, including Branch Auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:-
"Resolved that Ms. Sminu Jindal, in respect of whom the Company has received a notice in writing from a member proposing her as a candidate for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- and who is eligible for appointment, be and is hereby appointed as a Director of the Company."
8. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:-
"Resolved that pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approval(s) as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri Ratan Jindal as Managing Director of the Company without remuneration for a period of 5 years w.e.f. 24.9.1997 on the terms and conditions as set out in the Explanatory Statement with authority to the Board of Directors to alter or vary the same in such manner as they may consider necessary and expedient."
9. To consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:-
"Resolved that subject to the confirmation by the Company Law Board, the Registered Office of the Company be shifted from the Union Territory of Delhi to the State of Uttar Pradesh and Clause II of the Memorandum of Association be altered by substituting the words 'Union Territory of Delhi' by the words 'State of Uttar Pradesh.'"

Regd. Office
28, Najafgarh Road,
New Delhi-110015
Dated : 25th November, 1997

By Order of the Board
for SAW PIPES LIMITED
ONKAR NATH GUPTA
Vice President &
Company Secretary

NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ABOVE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under Item No. 7, 8 & 9 of the Notice to be transacted at the above meeting is annexed hereto
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd Dec., 1997 to 30th Dec., 1997 (both days inclusive).
4. If the dividend on equity shares as recommended by the Board of Directors is declared at the above meeting, the same will be paid to those members whose names appear in the Register of Members as on 30th December, 1997.

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5. The members are requested to notify promptly any change in their address to the Company.
6. As required under Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the members are hereby informed that a sum of Rs. 1,01,992/- pertaining to the equity dividend for the year ended 30th June, 1993 having not been claimed by some of the Shareholders within the period of 3 years has been transferred to the General Revenue Account of Central Government on 16.12.1996 as required under Section 205(5) of the Companies Act, 1956. The unclaimed equity dividend declared for the year ended 30th June, 1994 will be transferred to the General Revenue Account of the Central Government on or before 14th January, 1998.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 7

Ms. Sminu Jindal was appointed as an Additional Director under Section 260 of the Companies Act, 1956 as well as Whole-time Director at the meeting of the Board of Directors of the Company held on 27th August, 1997 and she holds the Office of Director of the Company only upto the date of ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing alongwith deposit of Rs. 500/- from a member signifying his intention to propose the candidature of Ms. Sminu Jindal for a Office of a Director. Her appointment as a Whole-Time Director has already been approved by the Shareholders in an Extraordinary General Meeting held on 24th September, 1997.

Ms. Sminu Jindal has been associated with the Company since 1992 in various capacities. She is M.B.A. from the Fore School of Management and her appointment to the Office of the Director will be in the bests interests of the Company. The Directors recommend the Resolution at item No. 7 of Notice for your approval.

Except Shri P.R. Jindal, no other Director is any way concerned or interested in the Resolution.

Item No. 8

The Board of Directors at its meeting held on 24.9.1997 appointed Shri Ratan Jindal as Managing Director of the company in place of Shri P.R. Jindal who has resigned from the Office of the Managing Director. Shri Ratan Jindal is one of the first Directors of your Company. He is also the Managing Director of Jindal Strips Ltd. His appointment as Managing Director is in the best interest of your Company and the Company will be benefitted by his rich experience of more than 17 years in Steel Industry in managing the affairs of your Company.

The terms and conditions of his appointment are as follows:-

Period of Appointment	:	Five years w.e.f. 24.09.1997
Remuneration and Perquisites	:	No remuneration or perquisites shall be payable during the tenure of appointment.
Power, duties and function	:	Shri Ratan Jindal shall exercise substantial powers of the Management subject to the superintendence, control and direction of the Board.

The appointment of Shri Ratan Jindal requires approval of the shareholders in terms of Schedule XIII of the Companies Act, 1956. Accordingly, Directors recommend the Resolution at item No. 8 of the Notice for your approval.

Except Shri Ratan Jindal, Shri P.R. Jindal and Shri Sajjan Jindal no other Director is in any way concerned or interested in the Resolution.

Item No. 9

Presently, the Company's Registered Office is situated at 28, Najafgarh Road, New Delhi-110015. The Company has its plant of manufacturing of Saw Pipes at Kosi Kalan, Dist. Mathura, U.P. Since the Company's plant has complete infrastructure and more space, it is proposed to shift the Registered Office from Delhi to its plant at Kosi Kalan, Distt. Mathura, U.P. so as to have synergy among various functions and to have better control on the activities of the Company at one place.

As per the provision of Section 17 of the Companies Act, 1956, the Company can change the place of its Registered Office from one State to another State by passing a Special Resolution to this effect and with the confirmation by Company Law Board.

The Directors, therefore, recommend the Resolution at item No. 9 of the Notice for your approval for better utilising infrastructure at plant and for efficient working of the Company in more cohesive way.

None of the Directors is concerned or interested in the Resolution.

Regd. Office
28, Najafgarh Road,
New Delhi-110015
Dated : 25th November, 1997

By Order of the Board
for SAW PIPES LIMITED
ONKAR NATH GUPTA
Vice President &
Company Secretary

DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the 13th Annual Report and Audited Statement of Accounts of the Company for the year ended 30th June, 1997.

FINANCIAL RESULTS

	Current Year 1996-97 (Rs in lacs)	Previous Year 1995-96 (Rs in lacs)
Sales & Other Income	48212.44	51,173.45
Less :		
Raw Materials & Manufacturing Expenses	35,417.28	37,373.16
Gross Profit	12,795.16	13,800.29
Less :		
Selling & Administrative Expenses	3,412.95	3,327.14
Profit Before Interest & Depreciation	9,382.21	10,473.15
Less :		
Interest & Other Financial Expenses	4,071.53	4,226.64
Depreciation	1,197.81	
Less : Transfer to Revaluation Reserve	201.00	996.81
Net Profit before Tax	4,313.87	5,245.90
Less : Provision for Tax	500.00	541.00
Net Profit after Tax	3,813.87	4,704.90
Profit Brought Forward	739.93	1,204.43
Provision for Dividend Written back	--	0.03
Disposable Profits	4,553.80	5,909.36
Appropriations :		
Proposed Dividend (including Tax)	857.59	1,169.43
General Reserve	2,800.00	4,000.00
Balance Carried to Balance Sheet	896.21	739.93
	4,553.80	5,909.36

REVIEW OF OPERATIONS

Pipe mill has produced its highest production in terms of kilometres i.e. approx. 900 Kms. But the pipes manufactured were of smaller diameter and lesser tonnage as compared to the previous year production. This has an effect of drop in terms of turnover which is Rs. 47,516 lakhs as compared to Rs. 50,200 lakhs in the previous year. Accordingly, the profit for the current year after tax is Rs.3813.87 lakhs as compared to Rs.4704.90 lakhs in the last year 1995-96. However, the overall operational profitability and gross profit has been maintained at the same 8% level.

APPROPRIATIONS AND DIVIDEND

After considering the Company's operations for the year under review, and the conservative financial policy we had consistently followed, as also the likely scenario during the current year, there is a need to conserve the internal accruals and an amount of Rs.2800 lakhs has been set aside towards General Reserve from the amount available for appropriation. Considering this, your Directors having kept the shareholders' interest as the foremost priority, have recommended a dividend of Rs.2/- per equity share of Rs.10/- each for the year ended 30th June, 1997. On the above payment of dividend, the company is to pay corporate tax @ 10% which earlier was paid by the shareholders.



The return bears the same proportion of profits as of previous year, after having considered the incidence of Corporate taxation on dividends.

CURRENT YEAR'S WORKING

PIPES DIVISION

One of the most highlighting feature of your company during the current year has been that the Pipes Division turnover comprise of more than 45% export component. This achievement has given us the tremendous confidence that marketing horizons are widening beyond the domestic territory.

NASHIK DIVISION

The present thrust in the Seamless Tube Division is towards the exports. The product mix has been totally changed from Carbon Steel to Stainless Steel. The change in product mix has opened the export market and increased the value addition to the product.

The Spiral Pipe division has seen a quantum jump in its levels of production from 1301 MT in the previous year to 9783 MT in the current year.

FUTURE OUTLOOK

The efforts of the company to globalise its presence in the world market of supply of pipes for Oil & Gas Sector has paid dividend and is reflected in the turnover of Pipes Division of your Company which has attained 45% of its turnover through export to various countries in the world inspite of stiff competition. In the current quarter the company has executed orders worth 36 Million US Dollars. The tenders worth 200 Million US Dollars are in pipeline for some of the prestigious pipeline project in different parts of the globe and are hopeful of obtaining, order of sizable amount of US\$ 150 million.

During the current financial year your company has acquired a Plate Mill in Baytown, (Texas) USA with a capacity of 1 million tonnes through its wholly owned subsidiary, Jindal Enterprises L.L.C. This will help the company to overcome the biggest hurdle of getting assured supply of raw material. On acquisition of the Plate Mill your company has become one major global player in the supply of Pipes for Oil & Gas Sector. This will further improve competitiveness of your Company with the existing suppliers of Pipes in the world.

The Foil division has also made efforts widening its products application. Thrust has been on providing eco friendly bio degradable material, substituting the existing materials.

The restructuring production mix of the Seamless Plant from Carbon Steel to Stainless Steel pipes has started to bear fruits and company has already procured export orders worth USD 7 Million. The company hopes that Seamless Unit to get export orders of US\$ 15 Million during the current year.

The growth trends in Spiral of 700% is setting the bench mark, the company looks forward to the same level of growth.

The Export thrust of your company and its success in the international market, insulates the company from any foreign exchange fluctuations, on the other hand your company stands to gain.

Directors of your company look forward to your continuing support and confidence.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with the 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 hereto (Annexure-I).

PERSONNEL

The industrial relations remained cordial through out the year. As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the

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PERSONNEL

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Companies Act, 1956, the Report and the Accounts is being sent to the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

PUBLIC DEPOSITS

The company had repaid the deposits matured during the year except overdue and unclaimed deposits aggregating to Rs. 9,000/- 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 were 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., Chartered Accountants, Auditors of the Company retire at the end of ensuing Annual General Meeting and being eligible for re-appointment.

M/s Kokil Sanghavi & Shah, Chartered Accountants, Auditors to the Nashik Plant retire at the end of ensuing Annual General Meeting and being eligible for re-appointment.

SUBSIDIARY COMPANY

The Company has one subsidiary company viz. Hexa Securities & Finance Company Ltd. The Annual Accounts of Hexa Securities & Finance Company Ltd. alongwith a statement pursuant to Section 212(1)(e) of the Companies Act, 1956 is attached with this report.

DIRECTORS

Shri. P.R. Jindal resigned from the office of the Managing Director of the Company w.e.f. 23rd September, 97. He continues as Chairman of the Company. The Directors place on record their appreciation for services rendered by Shri. P.R. Jindal during his tenure as Managing Director of the Company.

During the year Shri P.K. Jain resigned from the office and the Directors place on record their appreciation for the services rendered by Shri Jain during his tenure as Director.

Shri. Ratan Jindal was appointed as Managing Director of the Company without remuneration by the Directors in their meeting held on 24th September, 1997 for a period of 5 years. The approval of the Shareholders to his appointment as Managing Director is being sought by way of resolution being included in the Notice convening the Annual General Meeting.

Ms. Sminu Jindal was appointed as an Additional Director as well as Wholtime Director by the Board in the meeting held on 27th August, 1997. Her appointment as the Wholtime Director has already been approved by the members at Extraordinary General Meeting held on 24th September, 1997 for the period of 5 years w.e.f 1st September, 1997. The resolution for her appointment as Director under the provisions of Section 257 of the Act is being included in the Notice convening the Annual General Meeting.

RETIREMENT

Shri. P.R. Jindal, Shri. T.M. Sen, and Shri Subhash Chandra Goel, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors are grateful to concerned Department of 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.

Place : New Delhi
Date : 25th November, 1997

For and on behalf of the Board
P.R. Jindal
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE I

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

CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES TAKEN :

- (i) Additional 2 Nos 750 KVA generator from Kirloskar have been installed to reduce the oil consumption per unit of energy produced. The old GEC Engine has been kept standby for emergency only.
- (ii) Water circulation from ultrasonic & X-Ray machines has been made in the close circuit to reduce its consumption.
- (iii) Installed plant conveyors for carrying the pipe to reduce the movement of EOT cranes.
- (iv) Controlled the air leakages all over the plant to reduce the load on the air compressor.

(b) ADDITIONAL INVESTMENT AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY:

- (i) Introduction of 3 wire system in the outside welding station which will result in the faster rate of production hence conserve energy.
- (ii) Fix up the transparent sheets on the top of the main plant shed for better sun light and not to switch on the roof light during the day.

(c) IMPACT OF ABOVE MEASURES:

The impact of above measures taken will result in lower energy consumption per tonne of production.

FORM : "A"

Form for disclosure of particulars with respect to Conservation of Energy

1. POWER AND FUEL CONSUMPTION	1996-97	1995-1996
(i) Electricity		
Purchased Units	1,58,43,079	1,45,78,022
Total Amount (Rs.)	6,06,66,416	5,14,27,276
Rate per unit (Rs.)	3.83	3.53
(ii) Own Generation through D.G. Set:		
Generator Units	44,72,035	1,00,53,198
Unit per litre of oil	2.45	2.84
Cost per unit (Rs.)	3.35	2.88

2. CONSUMPTION PER UNIT OF PRODUCTION :

Production : Submerged Arc Welded
Pipes and Re-rolled Stainless Steels Strips,
Electricity for:

(i) Manufacture of Steel Pipes per tonne	123.58	73.14
(ii) Pre-rolling of Stainless Steels Strips per tonne	717.99	708.74
(iii) Steel Seamless Tubes and Spiral Pipes per tonne	651.25	3,825.71

FORM "B"

Form of disclosure of particulars with respect to Technology Absorption
for 1995-96

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. Benefits Derived

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

3. Future Plans of Action

- (a) Reduction in Process Losses
- (b) Development of New Products
- (c) Installation of ground conveyors to improve the mill handling and safety in the Production Bays and improving the productivity.
- (d) Installation of more diesel generating sets for standby power generation thus ensuring steady production.

4. Expenditure on R & D

Development and Improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities. Expenditure on R & D is not separately allocated and identified.

5. Foreign Exchange Earnings & Outgo

(a) Foreign Exchange Earnings	
(i) FOB value of Exports	Rs. 15,414.66 lacs
(ii) Domestic sale of goods against Foreign Currency payments	Rs. 4,047.01 lacs
(iii) Interest earnings	Rs. 6.48 lacs
(b) Foreign Exchange Outgo	Rs. 17,766.07 lacs

Place : New Delhi
Date : 25th November, 1997

For and on behalf of the Board
P.R. Jindal
Chairman



AUDITORS' REPORT

To

THE MEMBERS OF SAW PIPES LIMITED

We have audited the attached Balance Sheet as at 30th June, 1997 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 Nashik Division audited by the Branch Auditors, were received and properly dealt with by 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 purposes 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 account and :-
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts, subject to Note No.5 regarding title to land & building, Note No.15 as stated in the said note, Note No.19 regarding change in the method of accounting for export incentive and Note No. 20 regarding loans and advances and interest receivable thereon as appearing in the Schedule 22 and having impact on the operating results and year end reserves to the extent stated in the said notes and read together with other Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
- (i) In the case of Balance Sheet of state of affairs of the Company as at 30th June, 1997.
- (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

Place : New Delhi
Dated : 25th November, 1997

G.K. AGGARWAL
Partner

ANNEXURE TO THE AUDITORS' REPORT

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

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets and also the same have been physically verified by the management at reasonable intervals during the year, except fixed assets at Nashik Division the record for which is under compilation. We have been informed that no serious/material discrepancy has been noticed by the management on such verification.
- 2) The Company has not revalued any of its fixed assets during the year.
- 3) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
- 4) In our opinion and according to information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of the business.
- 5) The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
- 6) On the basis of our examination of stock records, the valuation of stock subject to Note No. 1(C) in Schedule 22 is considered fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as followed in previous 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 not prima-facie prejudicial to the interest of the Company. We are informed that there is no company under the same management as defined u/s 370(1B) of the Companies Act, 1956 as on the date of Balance Sheet.
- 8) The company has granted demand loans/inter corporate deposits to companies including loans to subsidiaries as listed in the register maintained u/s 301. In our opinion and as per the explanations given to us the rates of interest and other terms and conditions of the loans/deposits granted by the company during the year are not prima-facie prejudicial to the interest of the company except to the extent as stated in Note No. 20 of Schedule 22. As informed to us, there is no company under the same management as defined u/s 370(1B) of the Companies Act, 1956 as on the date of Balance Sheet.
- 9) The Company has given interest free loans and advances in the nature of loans to its employees and interest bearing demand loan/deposits to other parties, who are repaying the principal amount and interest wherever applicable, as stipulated where such stipulation exists.
- 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 material, including components, plant and machineries, equipments and other assets and for the sale of goods.
- 11) According to the information given to us, there is no transaction of purchase of goods, material and sale of goods, material and services, made in pursuance or contracts of arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- (Rupees Fifty Thousand Only) or more in respect of each party.

- 12) The Company has regular procedure for determination of unserviceable or damaged stores and raw material. 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 directives issued by the Reserve Bank of India and the provisions of section 58A of Companies Act, 1956 and the rules framed there under with regards to the deposits accepted from the public.
- 14) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. We have been informed that the internal audit has been completed upto 31.3.97 but the internal audit report has not been received by the company till the date of this report.
- 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 Pipes manufacturing activity of the Company. However, we have been informed by the Company that the Company is in process of maintaining the cost records.
- 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 amount payable in respect of Income Tax, Custom Duty, Excise Duty and Sales Tax, etc. were outstanding as at the last day of the financial year concerned for a 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 receipts, issues and consumption of raw material and stores and allocation of man-hours, material and labour of the relative jobs as the same was not 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.

Place : New Delhi
Dated : 25th November, 1997

For N.C. AGGARWAL & CO.
Chartered Accountants

G.K. AGGARWAL
Partner

BALANCE SHEET
 AS AT JUNE 30, 1997

 PRC
 FOR

Description	Schedule No.	As at June 30, 1997 (Rs. in lacs)	As at June 30, 1996 (Rs. in lacs)	Desc
SOURCES OF FUNDS				
1. Shareholders Funds				
Share Capital	1	3,898.15	3,898.15	
Reserves and Surplus	2	22,102.17	19,346.89	
		<u>26,000.32</u>	<u>23,245.04</u>	
2. Loan Funds				
Secured	3	20,330.64	19,396.46	
Unsecured	4	1,935.06	4,897.33	
		<u>22,265.70</u>	<u>24,293.79</u>	
Total		<u>48,266.02</u>	<u>47,538.83</u>	
APPLICATION OF FUNDS				
1. Fixed Assets				
Gross Block	5	26,928.10	25,748.92	
Less: Depreciation		3,091.12	1,896.66	
Net Block		23,836.98	23,852.26	
Capital Work in Progress		564.59	621.74	
		<u>24,401.57</u>	<u>24,474.00</u>	
2. Investments				
	6	<u>5,838.60</u>	<u>5,504.50</u>	
3. Current Assets, Loans and Advances				
Inventories	7	7,729.60	11,110.54	
Sundry Debtors	8	14,697.53	10,250.73	
Cash and Bank Balances	9	272.48	202.76	
Loans and Advances	10	9,455.83	5,375.22	
		<u>32,155.44</u>	<u>26,939.25</u>	
Less : Current Liabilities & Provisions				
Current Liabilities	11	12,824.10	7,948.85	
Provisions	12	1,978.76	1,777.50	
		<u>14,802.86</u>	<u>9,726.35</u>	
NET CURRENT ASSETS				
		<u>17,352.58</u>	<u>17,212.90</u>	
4. Miscellaneous Expenditure				
(to the extent not written off or adjusted)	13	873.27	347.43	
Total		<u>48,266.02</u>	<u>47,538.83</u>	
NOTES TO THE ACCOUNTS				
	22			

As per our report of even date attached

 For N.C. AGGARWAL & CO.
 Chartered Accountants

 P.R. Jindal
 Chairman

 Ratan Jindal
 Managing Director

 B.R. Mittal
 Purshottam Lal

 G.K. Aggarwal
 Partner

 O.N. Gupta
 Vice President & Company Secretary

 Abhay Bhargava
 Vice President (Finance)

 A.J.A. Tauro
 Directors

 Place : New Delhi
 Dated : 25th November, 1997

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PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 1997

Description	Schedule No.	As at June 30, 1997 (Rs. in lacs)	As at June 30, 1996 (Rs. in lacs)
INCOME			
Sales & Operational Income	14	47,690.22	50,140.39
Other Income	15	522.22	1033.06
Increase/(Decrease) in Stock	16	(4,491.00)	2,733.38
		<u>43,721.44</u>	<u>53,906.83</u>
EXPENDITURE			
Raw Material Consumed		21,521.47	33188.02
Excise Duty		3,353.31	4,701.09
Purchase for Re-Sale		1,878.59	156.21
Manufacturing Expenses	17	4,172.91	2,061.22
Personnel Expenses	18	828.01	644.58
Selling Expenses	19	1,653.61	2,033.40
Finance Expenses	20	4,071.53	4,226.64
Administrative & Other Expenses	21	931.33	649.16
Depreciation		1197.81	1050.59
Less : Transfer to Revaluation Reserve		<u>201.00</u>	<u>49.98</u>
		<u>39,407.57</u>	<u>48,660.93</u>
Profit before Taxation		4,313.87	5,245.90
Less: Provision for Taxation		500.00	541.00
Profit After Taxation		3,813.87	4,704.90
Profit Brought Forward		739.93	1,204.43
Provision For Dividend Written Back		-	0.03
Disposable Profit		<u>4,553.80</u>	<u>5,909.36</u>
APPROPRIATIONS			
Proposed Dividend		779.63	1,169.43
Income Tax On Proposed Dividend		77.96	
General Reserve		2,800.00	4,000.00
Balance Carried to Balance Sheet		896.21	739.93
		<u>4,553.80</u>	<u>5,909.36</u>
NOTES TO THE ACCOUNTS	22		

As per our report of even date attached

 For N.C. AGGARWAL & CO.
 Chartered Accountants

 P.R. Jindal
 Chairman

 Ratan Jindal
 Managing Director

 B.R. Mittal
 Purshottam Lal

 G.K. Aggarwal
 Partner

 O.N. Gupta
 Vice President & Company Secretary

 Abhay Bhargava
 Vice President (Finance)

 A.J.A. Tauro
 Directors

Place : New Delhi

Dated : 25th November, 1997

Description	As at June 30, 1997 (Rs. in Lacs)	As at June 30, 1996 (Rs. in Lacs)
SCHEDULE "1"		
SHARE CAPITAL		
Authorised :		
(i) 7,45,00,000 Equity Shares of Rs. 10/- Each	7,450.00	7,450.00
(ii) 50,000 15% redeemable Cumulative Preference shares of Rs. 100/- each	50.00	50.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued and Subscribed :		
3,89,81,808 Equity Shares of Rs. 10/-each	<u>3,898.19</u>	<u>3,898.19</u>
Paid up		
38,980,158 (previous year 3,85,21,958) equity shares of Rs.10/- each	<u>3898.02</u>	<u>3,852.20</u>
Bonus Shares Held in Abeyance	<u>0.09</u>	<u>45.91</u>
	<u>3,898.11</u>	<u>3,898.11</u>
Add : Forfeited Capital	<u>0.04</u>	<u>0.04</u>
	<u>3,898.15</u>	<u>3,898.15</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 Shares are allotted as Fully Paid-up to the shareholders of Swastik Folls Ltd. as per Scheme of Amalgamation order dated 3rd August/11th September, 1989 of the Hon'ble High Court of Delhi.
- 46,43,000 Equity Shares are allotted as Fully Paid-up to the Share Holders of Swastik Udyog Ltd. as per Scheme of Amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High Court of Punjab and Haryana and Delhi.
- 2,57,97,872 Equity Shares are allotted as fully paid-up bonus shares by capitalising General Reserve of Rs.630.70 lacs and Share Premium of Rs. 1949.09 lacs.
- 850 (Previous Year 4,59,050) Bonus shares of Rs.10/- each have been held in abeyance and not allotted as a result of necessary approval from attachment orders by Govt. authorities, lost share certificates and other disputes.
- 800 Shares of Rs. 10/- (Partly Paid Rs. 5/-) have been forfeited.

Description	As at June 30, 1997 (Rs. in Lacs)	As at June 30, 1996 (Rs. in Lacs)
SCHEDULE "2"		
RESERVES AND SURPLUS		
(i) Capital Reserve		
As per Last Account	9.50	9.50
(ii) General Reserve		
as per last Account	13,443.94	9,288.94
Add : Transferred during the year	2,800.00	4,000.00
Add : Transfer from Investment allowance Reserve (Utilised) Account	-	155.00
	<u>16,243.94</u>	<u>13,443.94</u>
(iii) Investment Allowance Reserve (Utilised)		
As per Last Account	17.57	172.57
Less : Transfer to General Reserve	-	155.00
	<u>17.57</u>	<u>17.57</u>

Description	As at June 30, 1997 (Rs. in Lacs)	As at June 30, 1996 (Rs. in Lacs)
(iv) Share Premium Account		
As per Last Account	558.91	558.91
Revaluation Reserve	4,577.04	4627.02
Less : Amount written off during the year	201.00	49.98
	<u>4,376.04</u>	<u>4577.04</u>
(v) Profit and Loss Account	896.21	739.93
Total	<u>22,102.17</u>	<u>19,346.89</u>

SCHEDULE "3"

SECURED LOANS

Term Loan		
(i) Industrial Finance Corpn. of India Ltd.	750.00	950.00
(ii) Industrial Credit & Investment Corpn. of India Ltd.		
Rupee term Loan	5,950.00	9,000.00
Foreign currency Loan	5,019.47	-
(iii) Shipping Credit and investment Corpn. of India Ltd.	-	4,975.00
(iv) Hongkong & Shanghai Banking Corpn. Ltd.	-	300.00
Working capital Loan from Banks	7,526.31	3,729.24
Deferred Sales tax	1,084.86	364.75
Interest Accrued and due on Working Capital Loan	-	77.47
	<u>20,330.64</u>	<u>19,396.46</u>

NOTES

- (i&iv) Secured by way of first specific charge in respect of Plant and Machinery of Seamless Tubes Project at Nashik.
- (ii&iii) Secured by way of pari-passu charge of whole of the movable properties of the company situated at Kosi-Kalan, Distt. Mathura (U.P.) and A-59/60 MIDC Industrial Area, Sinnar, Nashik, Maharashtra or elsewhere including the Company's movable plant and machinery, machinery spares, tools and accessories and other movables (both present and past) and second charge on current assets of the company.
- B&D. 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 Directors 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 Limited and 301469 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 18220 Equity Shares of Jindal Strips Ltd. held by other companies have been pledged to Bank as collateral security.
- Secured by way of specific charge in respect of whole of the immovable properties of Beveling and End Finishing Unit situated at Kosi Kalan, Distt. Mathura (U.P.)

Description	As at June 30, 1997 (Rs. in Lacs)	As at June 30, 1996 (Rs. in Lacs)
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SCHEDULE "4"

UNSECURED LOANS

(i) Fixed Deposits	454.99	13.81
(ii) Inter-Corporate Loans	176.06	3,118.24
(Including Loan from Subsidiary Company Rs. Nil, Previous 10.37 Lacs)		
(iii) Deferred Sales Tax	1,304.01	1,765.28
	<u>1,935.06</u>	<u>4,897.33</u>

SCHEDULE "5"
FIXED ASSETS

(Rs. in Lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.7.96	Additions	Deductions	Total	Upto 30.6.96	During the year	Adjustment	Upto 30.6.97	W.D.V. As at 30.6.97	W.D.V. As at 30.6.96
Freehold Land	85.18	11.67	0.00	96.85	0.00	0.00	0.00	0.00	96.85	85.18
Leasehold Land (Including site development expenses)	401.88	1.16	0.00	403.04	0.00	0.00	0.00	0.00	403.04	401.88
Buildings	3,291.65	299.18	0.00	3,590.83	219.66	102.13	0.00	321.79	3,269.04	3071.99
Plant & Machinery	21,704.34	726.94	0.00	22,431.28	1,628.35	1,051.85	0.00	2,680.20	1,9751.08	20,075.99
Furniture & Fixtures	114.90	93.69	2.01	206.58	16.90	28.15	0.07	44.98	161.60	98.00
Vehicles	150.97	56.34	7.79	199.52	31.75	15.68	3.28	44.15	155.37	119.22
Total	25,748.92	1,188.98	9.80	26,928.10	1,896.66	1,197.81	3.35	3,091.12	23,836.98	23,852.26
Previous Year	19,492.43	8,145.17	1,888.68	25,748.92	1,353.14	1,050.67*	507.15	1,896.66	23,852.26	18,139.29

*Includes depreciation of Rs. 0.08 lacs relating to previous year debited to previous year adjustment Account.

Note : Gross Block include the following amount on account of revaluation of Saw Pipe Division at A-I Kosi Kalan at net current residual replacement value :-

(i) Freehold Land	7.38	(iii) Building	584.34
(ii) Leasehold Land	143.59	(iv) Plant and Machinery	3,927.71

SCHEDULE "6"

INVESTMENTS, (LONG TERM) (AT COST) NON TRADE

Description	As at 30th June, 1997			As at 30th June, 1996		
	No. of Shares/ Debentures	Face Value	Amount (Rs. in Lacs)	No. of Shares/ Debentures	Face Value	Amount (Rs. in Lacs)
A. Investment in Equity Shares of Subsidiary Companies-Unquoted						
Hexa Securities and Finance Co. Ltd.	2,55,00,000	10/-	2,550.00	25,50,000	10/-	2,550.00
B. Investment in Equity shares Other than Trade Quoted						
(i) Jindal Strips Ltd.	8,71,793	10/-	1,362.24	2,86,793	10/-	335.24
(ii) Jindal Iron & Steel Co. Ltd.	3,77,528	10/-	169.08	3,77,528	10/-	169.08
(iii) Shalimar Paints Ltd.	3,00,000	10/-	180.00	3,00,000	10/-	180.00
(iv) Jindal Ferro Alloys Ltd.	-	-	-	13,00,000	10/-	1027.00
(v) Jindal Vijay Nagar Steel Ltd.	10,00,1,400	10/-	500.08	1,00,01,400	10/-	500.08
Unquoted						
(i) Bharat Foils Ltd.	46,000	10/-	2.84	46,000	10/-	2.84
(ii) Rohit Tower Building Ltd.	2,400	100/-	2.40	2,400	100/-	2.40
(iii) Sona Bheel Tea Ltd.	86,025	10/-	5.90	86,025	10/-	5.90
(iv) Saw Pipes U.S.A Inc,	19,35,000	1\$	609.51	19,35,000	1\$	609.51
(v) Jindal Overseas Pte. Ltd. Singapore	1,53,000	1s\$	31.40	1,53,000	1s\$	31.40
(vi) Daellm E & C India Pvt. Ltd.	90,000	10/-	90.00	-	-	-
C. Govt. and Trust Securities						
(i) Units of Unit Trust of India	6,600	10/-	0.90	6,000	10/-	0.90
(ii) National Savings Certificates	-	-	0.15	-	-	0.15
(iii) Bonds of Himachal Pradesh State Forest Corp. Ltd.	45 100000/-	-	44.10	-	-	-
D. Investment in Non-Convertible Debentures Quoted						
Shalimar Paints Ltd	3,00,000	30/-	90.00	3,00,000	30/-	90.00
			<u>5638.60</u>			<u>5504.50</u>

* During the year converted into 585000 Equity Shares of Jindal Strips Ltd. on amalgamation
During the year 1500 Bonds of Rs. 1000/- each of IFCI Family Growth Bond were purchased and sold
Aggregate market value of Quoted Investments 890.58 2050.00
Aggregate book value of Quoted Investments 2301.40 2301.40
Aggregate book value of Unquoted Investment 3337.20 3205.10



Description

As at
June 30, 1997
(Rs. in Lacs)

As at
June 30, 1996
(Rs. in Lacs)

SCHEDULE "7"

INVENTORIES

(i) Stores and Spares	703.90	802.27
(ii) Loose Tools	14.34	23.25
(iii) Finished Goods	1,297.94	6,176.98
(iv) Semi-Finished Goods	1,206.70	812.60
(v) Raw Material	2,018.95	1,135.25
(vi) Raw Material in Transit	2,467.01	2,133.37
(vii) Scrap	20.76	26.82
	<u>7,729.60</u>	<u>11,110.54</u>

SCHEDULE "8"

SUNDRY DEBTORS

(Unsecured considered good)

A) TRADE

(i) Exceeding Six Months	3,426.27	4,027.36
(ii) Others	11,271.26	4,359.85

B) OTHERS (SUBSIDIARY)

	-	1,863.52
	<u>14,697.53</u>	<u>10,250.73</u>

SCHEDULE "9"

CASH AND BANK BALANCES

(i) Cash\Cheques in hand	8.50	29.59
(ii) With Scheduled banks		
Current Accounts	178.48	110.03
Fixed Deposits	85.50	63.14
	<u>272.48</u>	<u>202.76</u>

SCHEDULE "10"

LOANS AND ADVANCES

(i) Advances recoverable in cash or In Kind or for value to be received, Considered Good	1,701.71	1,202.27
(ii) Earnest money and Security deposits	449.40	481.99
(iii) Deposit with IDBI For Surcharge on Income Tax u/s 32AB of Income Tax Act, 1961	0.60	0.60
(iv) Advance Taxation	1,547.24	420.41
(v) Balance with Central Excise	2.50	2.20
(vi) Inter -Corporate Loans	3,563.97	2,688.95
(vii) Loan to Subsidiary Company	1,938.23	-
(viii) Prepaid Expenses	252.18	566.99
(viii) Refund of Terminal Excise Duty		11.81
	<u>9,455.83</u>	<u>5,375.22</u>

SCHEDULE "11"

CURRENT LIABILITIES

(i) Sundry Creditors	6,729.93	4,417.23
(ii) Advance from Customers	2,580.77	2,399.87
(iii) Interest Accrued but not due	474.39	422.10
(iv) Other Liabilities	3,029.48	691.02
(v) Bank Overdraft	0.00	4.58
(vi) Unpaid Dividend	9.53	14.05
	<u>12,824.10</u>	<u>7,948.85</u>

Description	As at June 30, 1997 (Rs. in Lacs)	As at June 30, 1996 (Rs. in Lacs)
SCHEDULE "12"		
PROVISIONS		
(i) For Taxation	1087.00	587.00
(ii) For Proposed Dividend	779.63	1,169.43
(iii) For Income Tax on Proposed Dividend	77.96	-
(iv) Others	34.17	21.07
	<u>1978.76</u>	<u>1,777.50</u>
SCHEDULE "13"		
MISCELLANEOUS EXPENDITURE (to the extent not written off)		
(i) Preliminary Expenses	12.77	14.85
(ii) Share Euro Issue Expenses	58.77	58.77
(iii) Deferred Revenue Expenses	774.88	238.01
(iv) Technical Knowhow	26.85	35.80
	<u>873.27</u>	<u>347.43</u>
Description	Year ended June 30, 1997 (Rs. in Lacs)	Year ended June 30, 1996 (Rs. in Lacs)
SCHEDULE "14"		
SALES AND OPERATIONAL INCOME		
(i) Sales	44,479.30	50,105.60
(ii) Conversion Charges	3,088.64	34.79
(iii) Export Incentives	122.28	-
	<u>47,690.22</u>	<u>50,140.39</u>
SCHEDULE "15"		
OTHER INCOME		
(i) Dividend (TDS of Rs. 16.16 Lacs, Previous year Rs. 15.55 Lacs)	69.02	63.15
(ii) Misc. Receipts	78.67	47.79
(iii) Foreign Exchange Fluctuation	374.53	99.01
(iv) Profit on sale of Fixed Assets (Net)	-	25.94
(v) Profit on Sale of Long Term Investments	-	618.01
(vi) Lease Rent	-	29.16
(vii) Consultancy Charges	-	150.00
	<u>522.22</u>	<u>1,033.06</u>
SCHEDULE "16"		
INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
(i) Finished Goods	6,176.98	3,752.87
(ii) Work-in-progress	812.60	512.38
(iii) Scrap	26.82	17.77
	<u>7,016.40</u>	<u>4,283.02</u>
CLOSING STOCK		
(i) Finished Goods	1,297.94	6,176.98
(ii) Work-in-progress	1,206.70	812.60
(iii) Scrap	20.76	26.82
	<u>2,525.40</u>	<u>7,016.40</u>
Increase / (Decrease) in Stock	(4,491.00)	2,733.38



Description	Year ended June 30, 1997 (Rs. in Lacs)	Year ended June 30, 1996 (Rs. in Lacs)
SCHEDULE "17"		
MANUFACTURING EXPENSES		
	1,770.08	-
(i) Job Charges	1,106.41	825.12
(ii) Stores and Spares	824.40	807.32
(iii) Power and Fuel	65.69	130.60
(iv) Other Manufacturing expenses		
(v) Repair and Maintenance	381.39	275.99
— Plant and Machinery	3.70	4.54
— Building	21.24	17.65
(vi) Lease Rent	<u>4,172.91</u>	<u>2,061.22</u>
SCHEDULE "18"		
PERSONNEL EXPENSES		
	588.74	448.00
(i) Salary, Wages and other benefits	35.08	26.03
(ii) Contribution to Provident and other funds	204.19	170.55
(iii) Workmen and Staff Welfare	<u>828.01</u>	<u>644.58</u>
SCHEDULE "19"		
SELLING EXPENSES		
	8.23	1,309.88
(i) Commission on Sales	73.95	101.34
(ii) Royalty	36.24	39.50
(iii) Advertisement	30.09	27.55
(iv) Rebate and Discounts	3.68	52.38
(v) Warranty Claims	1,455.55	454.28
(vi) Forwarding Charges (net of recoveries of Rs. 962.03 Lacs Previous year Rs. 0.23 Lacs)	45.87	48.47
(vii) Other Selling Expenses	<u>1,653.61</u>	<u>2,033.40</u>
SCHEDULE "20"		
FINANCE EXPENSES		
	21.64	2.58
(i) Interest on Fixed Deposits	2,549.46	2,188.26
(ii) Interest on Term Loans	1,064.76	546.17
(iii) Interest on Bank Borrowings	577.26	554.99
(iv) Bank and Finance Charges	410.14	963.29
(v) Interest to others	<u>4,623.26</u>	<u>4,255.29</u>
Less : Interest Received	13.50	13.55
Interest on Debentures (TDS Rs. 3.18 Lacs Previous Year Rs. 3.35 Lacs)	538.23	15.10
Other Interest on Loans & Advances (TDS Rs. 82.60 Lacs Previous Year Rs. 3.47 Lacs)	<u>551.73</u>	<u>28.65</u>
	<u>4071.53</u>	<u>4226.64</u>
SCHEDULE "21"		
ADMINISTRATIVE AND OTHER EXPENSES		
	21.96	15.18
(i) Rent, Rates & Taxes	80.02	110.42
(ii) Insurance	103.75	80.46
(iii) Postage, Telegram & Telephones	272.39	150.83
(iv) Travelling & Conveyance	44.64	55.04
(v) Vehicle upkeep & Maintenance	0.54	0.53
(vi) Directors' Meeting Fees	275.52	154.10
(vii) Miscellaneous Expenses	47.82	11.49
(viii) Liquidated Damages	3.97	2.80
(ix) Auditor's Remuneration	48.51	6.52
(x) Preliminary/Deferred Revenue Expenses Written Off	0.00	10.67
(xi) Bad Debts written off	1.41	26.45
(xii) Loss on sale of Fixed Assets	21.77	15.22
(xiii) Previous year's Adjustment	0.08	0.40
(xiv) Wealth tax Paid	8.95	9.05
(xv) Technical Knowhow Fees Written off	<u>931.33</u>	<u>649.70</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS.

SCHEDULE "22"

1. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (i) 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.
- (ii) 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.

- (i) **Income**
 - (a) Insurance Claim.
 - (b) Dividend on Investments.
- (ii) **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

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

E) FIXED ASSETS

(i) Valuation of Fixed Assets

Building and Plant & machinery in respect of Pipe Division, at A-1 U.P.S.I.D.C Kosi Kalan, Mathura (U.P.) are stated at revalued amount as a result of their revaluation. Other fixed Assets are stated at cost of acquisition inclusive of all incidental expenses related thereto.

(ii) Depreciation

- (a) 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.
- (b) Depreciation on revalued fixed assets is computed on the assessed residual life of the respective assets and excess over depreciation required to be provided under Schedule XIV of the Companies Act, 1956, has been transferred from Revaluation Reserve Account.

(iii) Expenditure during Construction Period

- (a) 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.
- (b) 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

- (i) Raw Material, Loose Tools, Store and Spares are valued at cost. Cost includes the purchase price, freight inward and incidental expenses and is net of credit under Modvat Scheme.
- (ii) Finished goods are valued at cost or net realisable value.
- (iii) Work in progress is valued at estimated cost.
- (iv) Scrap is valued at net realisable value.

G) INVESTMENTS

- (i) All long term investments are stated at cost which inter-alia included brokerage, commission, stamp duty etc.
- (ii) 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

- (i) Foreign Currency Transaction during the year are recorded at the rate of exchange prevailing at the date of transaction. All exchange differences are dealt with in the Profit & Loss Account except those relating to acquisition of fixed assets.

which are adjusted in the cost of assets. Current assets, loans other than for financing fixed assets and current liabilities in foreign currency, outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognised in the profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognised in profit and loss account over the life of the contract. However, gain or loss on reinstatement on the forward exchange transaction or on cancellation of forward exchange transaction or on cancellation of forward exchange contracts, if any, is reflected in the profit and loss account or capitalised as the case may be.

I) CONTINGENT LIABILITIES

Contingent liabilities are not provided for in the accounts but are separately disclosed by way of a note.

J) RETIREMENT BENEFITS

- (i) 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 Account.
- (ii) Leave encashment is determined on the basis of accumulated leaves to the credit of employees as at the year end.

K) MISCELLANEOUS EXPENDITURE

- (i) Preliminary expenses on share issue are written off over a period of ten years.
- (ii) Euro issue expenses will be written off in ten years after commencement of the commercial production of the project.
- (iii) Deferred Revenue expenses as allocated by the company are written off in five years except in case of leased assets taken by the company which has been written off over the lease period.

2. CONTINGENT LIABILITIES

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
(i) Counter Guarantee given to Company's bankers for Guarantee given by them on behalf of the Company	13,016.50	12,693.99
(ii) Letter of credit outstanding	7,708.35	3,406.06
(iii) Claims against the Company not acknowledged as debt (being under dispute)	-	35.23
(iv) Guarantee given to Financial institutions/body corporate against facility extended to Jindal Vijayanagar Steel Ltd. for foreign currency loan.	511.92	783.10
(v) Disputed electricity demand from DESU for which stay has been granted by Hon'ble High Court of Delhi.	-	4.11
(vi) Show cause notice from excise authorities disputed by the company Demand for Excise Duty	1,764.09	1,218.56
(vii) Uncalled liability for partly paid-up-Shares	500.00	500.00
(viii) Demand for Income Tax	314.59	314.59
(ix) Future liability of lease rent for unexpired period	56.00	74.25
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	122.79	543.01
4. No provision has been made for the amortisation of premium on lease-hold land over the lease-hold period accumulating to Rs. 18.21 lacs including Rs. 2.25 lacs on account of Revaluation Reserve (Previous Year Rs. 13.72 lacs including Rs. 0.45 lacs on revaluation reserve).		
5. 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.		
6. The company has given an undertaking to financial institutions on behalf of a body corporate for meeting deficiencies, if any, so arises in their venture.		
7. The company has given an undertaking to financial institutions for loan taken by Jindal Vijayanagar steel Ltd. (JVSL) not to dispose off the investment in JVSL till the repayment of loan by JVSL or the project undertaken by JVSL is completed, whichever is later.		
8. Based on the information available with the company, there were no overdues remaining unpaid to small scale and ancillary undertakings on account of principal and/or interest as at the close of the year.		
9. Advance recoverable in cash or in kind or for value to be received includes Rs. 0.30 lacs (previous year Rs. nil), maximum amount outstanding at any time during the year Rs. .03 lacs (previous year Rs. nil) being the amount due from officers of the company.		
10. In accordance with accounting policy followed by the Company the estimated liability as on 30.06.97 amounting to Rs. 1.94 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.		

11. Although the market value of quoted investments and the breakup value of the unquoted investments is lower than the cost, keeping in view, the long term nature of such investments and the asset base of the investee companies such decline has been considered to be of a temporary nature and hence not considered while valuing in a the long term investments.
12. Sundry Debtors, Creditors and other Advances are subject to confirmation and reconciliation. The effect of the same, if any, which will not likely to be material will be adjusted at the time of confirmation/reconciliation.
13. 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.
14. 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.
15. Provision for Taxation represents Minimum Alternate Tax under Section 115 JA of Income Tax Act 1961 which is determined on the basis of twelve months i.e. from 1.04.96 to 31.03.97. However, the company has made no provision for the period from 01.04.97 to 30.06.1997.
16. The company has reverted back the basis of valuation of finished goods in respect of Pipe Division on which release notes have been obtained from inspection agencies/customers from "Selling price" to "cost or market value which ever is lower". This change has no impact on profit/loss of the company as there was no such stock during the year.
17. The amount of exchange difference in respect of Sundry Creditors on purchases made on the foreign exchange transactions entered into during the year has not been disclose and determined as required by the Accounting Standard 11 issue by the Institute of Chartered Accountants of India. The same has been included under the relevant heads of income/expenditure. However, this has no impact on the profits of the Company.
18. Profit for the year includes prior period adjustment "Net". as under

	Current Year (Rs. in Lacs)	Pervious Year (Rs. in Lacs)
Expenses relating to earlier years	23.83	15.22
Less : liabilities relating to previous year written back	2.06	-
	<u>21.77</u>	<u>15.22</u>

19. The company has changed the method of accounting in respect of export Incentive which were hitherto followed on cash basis being of indeterminable nature, to accrual basis as a result of which profit for the year is higher by Rs. 87.62 lacs.
20. Loans and advances include Rs. 596.24 lacs due from Jindal Seamless Tubes Ltd. The project of Jindal Seamless Tubes Ltd. is on hold for time being. As a matter of prudence the Interest amounting to Rs. 108.53 lacs is not provided in the accounts.
21. Profit or Loss on sale of Raw Material, Stores and Spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
22. Addition to Plant and Machinery/Capital Work in Progress include Rs. 19.55 lacs on account of foreign exchange fluctuation on account of Loan/Liabilities.
23. An amount of Rs. 2380.44 lacs is referred to arbitration against customers for recovery of amount withheld, which as advised by the company's legal experts and in the opinion of management is good for recovery.

	Current Year (Rs. in Lacs)	Pervious Year (Rs. in Lacs)
24. Auditors' Remuneration		
(i) Audit Fee	1.80	1.58
(ii) Tax Audit Fee	0.35	0.24
(iii) Certification work	0.46	0.14
(iv) Out of pocket expenses	1.36	0.84
	<u>3.97</u>	<u>2.80</u>
25. Directors' Remuneration		
(i) Salaries	6.65	5.48
(ii) Contribution to PF etc.	0.65	0.52
(iii) Perquisites (As per Income Tax Rules)	1.28	0.27
(iv) Commission	4.89	4.09
	<u>13.47</u>	<u>10.36</u>

26. 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.

		(Rs. in lacs)
Net profit as per Profit & Loss Account (before tax)	4313.87	5,245.90
Add : Directors Remuneration	13.47	10.36
Depreciation	996.81	1,000.61
	<u>5324.15</u>	<u>6,256.87</u>
Deduct : Depreciation as per Section 350 of the company Act, 1956	2,222.54	2,488.25
Net Profit	3101.61	3,768.62
Commission @ 1%	<u>31.01</u>	<u>37.69</u>
Maximum commission payable in terms of agreement 100% of salary	4.89	4.09

27. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3&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
A) Saw Pipes Division					
(i) Submerged Arc Welded Steel Pipes	MT	1,50,000	1,50,000	88,363	1,13,991
(ii) (a) Bevelling & End Finishing	MT	40,000	40,000	-	-
(b) Coating	sq.mtr.	40,00,000	40,00,000	86,812	-
(iii) Chamfering	MT	50,000	50,000	23	18,880
B) Swastik Foils Cold Rolled Division					
Cold rolled Strips (Thinner Gauge)	MT	6,000	6,000	3,644	3,470
C) Seamless Pipes Division Nashik					
Carbon Steel Seamless Tubes	MT	35,000	35,000	932	349
D) Spiral Pipes Division					
Spiral Pipes	MT	1,00,000	1,00,000	9,783	1,301

NOTES

1. The above production of Bevelling, End Finishing & Coating Division does not include job work done for Pipes Division and Chamfering Division as follows :-

	Current Year	Previous Year
Submerged Arc Welded Pipes		
Pipe Division	3,68,109 sq. mtrs.	14,95,092 sq.mtrs
Chamfering Division	-	1,99,482 sq. mtrs.
	<u>3,68,109 sq. mtrs.</u>	<u>16,94,574 sq.mtrs.</u>

2. The above production does not include GTE coating got done on job work basis 70716 sq.mtrs. from leased assets.

3. The above production also includes goods manufactured for outside parties on job work basis as follows:

	Unit	Current Year	Previous Year
i) Cold Rolled Strips :			
Thinner Gauge	MT	86	321

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

4. Installed capacity is as certified by the Management.

B) RAW MATERIAL CONSUMPTION

Description	Unit	Current Year		Previous Year		Descr
		Qty.	(Rs. in Lacs)	Qty.	(Rs. in Lacs)	
Steel Plates	MT	90770	15931.25	116255	22172.70	ii)
Semi Finished Pipes	MT	23	6.86	17763	5072.73	
Flux and Electrodes	MT	1105	525.71	805	379.51	
Cold Rolled Strips	MT	3819	2389.14	3309	2130.10	
Coating Material**			726.68		3014.15	iii)
H.R. Coils	MT	11310	1549.47	1620	222.41	
M.S. Round, Hallows, Billets etc.	MT	1392	392.36	1387	196.42	
			21521.47		33188.02	
TRADING GOODS PURCHASE						
Steel Rolled Products	MT		---	149	64.46	
S.S.Pipes/tubes	MT	2562	1865.39	---	---	
Others			13.20	---	91.75	
			1878.59		156.21	

**Quantity of consumption of coating material has not been given since their unit of measurement are different.

C) QUANTITATIVE INFORMATION OF STOCKS

Description	Unit	Opening Stock As on 1.7.95		Closing Stock As on 30.06.96 And opening Stock As on 01.07.96		Closing Stock As on 30.06.97		F)
		Qty.	Amount (Rs. in lacs)	Qty.	Amount (Rs. in lacs)	Qty.	Amount (Rs. in lacs)	
i) Manufacturing								(i)
Submerged Arc Welded Steel Pipes	MT	14641	3513.57	18203	5888.14	4150	1085.70	(ii)
Sprial Pipes		-	-	2	0.39	17	2.64	(ii)
Cold Rolled Strips								
Thinner Gauge	MT	253	207.09	387	288.45	246	199.35	(ii)
Seamless Tubes	MT	-	-	-	-	12	10.25	
			3720.66		6176.98		1297.94	
ii) Trading Goods								
Steel Rolled Products		41	32.21					
			3752.87		6176.98		1297.94	

D) SALES

Description	Unit	Current Year		Previous Year		(G) E
		Qty.	(Rs. in Lacs)	Qty.	(Rs. in Lacs)	
i) Manufactured Goods:-						(
Submerged Arc Welded Steel Pipes						(
- Pipe Division	MT	102436	36134.29	106796	38734.02	(
- Bevelling & Coating Divison						(
- Chamfering Division	MT	3	0.99	22513	8046.52	(
- Colled Rolled Strips (Thinner Gauge)	MT	3699	2946.92	3015	2516.70	(
Carbon steel Seamless Tubes	MT	920	525.93	349	154.75	(
Spiral Pipes	MT	9767	2180.14	1299	300.01	(
Scrap	MT		225.19	664	87.75	(
			42013.46		49839.75	(



Description	Unit	Current Year		Previous Year	
		Qty.	(Rs. in Lacs)	Qty.	(Rs. In Lacs)
ii) Trading Sale					
Steel Rolled Products	MT		-	190	174.10
S.S. Pipes/Tubes	MT	2562	2,449.01		
Others			16.83		91.75
			<u>2,465.84</u>		<u>265.85</u>
iii) Other Operational Income					
Conversion Charges			3,088.64		34.79
Export incentives			122.28		
			<u>3,210.92</u>		<u>34.79</u>
Grand Total (i+ii+iii)			<u>47,690.22</u>		<u>50,140.39</u>

*Includes free replacement of 576 MT given to GAIL.

E) C.I.F. VALUE OF IMPORTS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(i) Raw Materials	14801.79	21707.42
(ii) Stores and Spares	73.71	122.25
(iii) Capital Goods	169.61	189.22

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)
(i) Raw Material	%age		%age
Imported	77.73	16737.44	91.55
Indigeneous	22.27	4784.03	8.45
	100.00	<u>21521.47</u>	100.00
(ii) Stores and Spares			
Imported	7.57	83.70	2.30
Indigeneous	92.43	1022.71	97.70
	100.00	<u>1106.41</u>	100.00
			<u>825.12</u>

(G) EXPENDITURE IN FOREIGN EXCHANGE

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(i) Travelling	129.66	40.90
(ii) Interest and Bank Charges	3.92	14.40
(iii) Royalty & Technical Expenses	80.43	207.11
(iv) Euro Issue Expenses	-	23.47
(v) Job work charges	1775.69	-
(vi) Repair & maintenance	193.73	-
(vii) Carriage Outwards	534.68	-
(viii) Others	2.85	5.79

H) EARNING IN FOREIGN EXCHANGE

	Current Year	Previous Year
(i) F.O.B. Value of Exports	15414.56	2818.40
(ii) Insurance Claim	-	-
(iii) Domestic Sale of Goods against Foreign Currency	4047.01	35242.49
(iv) Interest	6.48	-

I) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	1995-96	1994-95
(i) Financial year to which dividend relates	1995-96	1994-95
(ii) No of NRI shares holders	219	202
(ii) No. of shares held	6898500	8017950
(iv) Net amount of dividend remitted (Net of Tax)	Rs. 166.11 Lacs.	Rs. 99.34 Lacs

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

I. Registration No. 19275 State Code 55 Balance Sheet 30.06.96			
II. Capital raised during the year (amount in Rs. thousand)			
Public Issue	Nil		
Bonus Issue	Nil		
Right Issue	Nil		
Private Placement	Nil		
III. Position of mobilisation and deployment of funds (Amt. in Rs. thousand)			
Total Liabilities	4826602	Total Assets	4826602
Sources of Funds :			
Paid up Capital	389815	Reserves & Surplus	2210217
Secured Loans	2033064	Unsecured Loans	193506
Application of Funds :			
Net Fixed Assets	2440157	Investments	563860
Net Current Assets	1735258	Misc. Expenditure	87327
Accumulated Losses	-		
IV. Performance of Company (amount in Rs. Thousand)			
Turnover	4769022	Total Expenditure	3940757
Profit before Tax	431387	Profit After Tax	381387
Earning Per Share-Weighted	9.78	Dividend rate	20%
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.		
Item Code No.	730690		
Product Description :	Spiral Pipes		

29. Previous years figures have been re-grouped/re-arranged, wherever necessary and practicable.

30. Schedule 1 to 22 are annexed and form integral part of Balance Sheet and Profit & Loss Account.

As per our report of even date attached

For N.C. AGGARWAL & CO.
Chartered Accountants

P.R. Jindal
Chairman

Ratan Jindal
Managing Director

B.R. Mittal
Purshottam Lal

G.K. Aggarwal
Partner

O.N. Gupta
Vice President & Company Secretary

Abhay Bhargava
Vice President (Finance)

A.J.A. Tauro
Directors

Place : New Delhi
Dated : 25th November, 1997

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th JUNE 97

(Pursuant to clause 32 of Listing Agreement with Stock Exchanges)

(Rupees in Lacs)

	CURRENT YEAR	PREVIOUS YEAR	
A. CASH FLOW FROM THE OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	4313.87	5245.90	
Adjustments for :			
Add/(Less) :			
Depreciation	996.81	1000.69	
Misc. expenses written off the year	57.46	15.57	
Other income	(69.02)	(831.16)	
Interest paid	4046.00	3700.30	
Provision for Leave Encashment	13.10	21.07	
Interest Received	(551.73)	4492.62	(28.65)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8806.49	9123.72	
Adjustments for:-			
Inventories	3380.94	2323.49	
Sundry debtors	(4446.80)	(1386.36)	
Other current assets	(9.67)	3486.74	
Current liabilities	4827.48	(12753.05)	
Working capital loan from bank	3797.07	7549.02	2832.72 (5496.46)
CASH GENERATED FROM OPERATIONS	16355.51	3827.26	
Interest Paid	4071.18	3308.58	
Income tax advance	1126.83	(5198.01)	138.13 (3446.71)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	11157.50	180.55	
Extraordinary Items :			
Loss on sale of fixed assets	1.41	26.45	
Profit on sale of fixed assets	0.00	(25.94)	
Consultancy Charges	0.00	1.41	150.00 150.51
NET CASH FROM OPERATING ACTIVITIES	11158.91	331.06	
B. CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES			
(Increase)/Decrease in Investment	(134.10)	1863.52	
Capital expenditure	(1131.83)	(1658.57)	
Sale proceeds of fixed assets	5.04	1381.02	
Loan & Advances	(2813.25)	(999.66)	
Misc. expenditure	(583.30)	(272.94)	
Interest Received	420.87	37.58	
Dividend received	69.02	56.09	
NET CASH USED IN INVESTMENT ACTIVITIES	(4167.55)	407.04	

(Rupees in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1173.95)	(794.04)
Increase/(Decrease) in secured loan	(2785.42)	9225.00
Increase/(Decrease) in fixed deposits	441.18	(10.66)
Increase/(Decrease) in unsecured loan	(3403.45)	(9114.94)
NET CASH USED IN FINANCING ACTIVITIES	<u>(6921.64)</u>	<u>(694.64)</u>
NET CHANGES IN CASH & CASH EQUIVALENT	69.72	43.46
Cash and cash equivalent as at 1.7.96 (opening balance)	202.76	159.30
Cash and cash equivalent as at 30.6.97 (closing balance)	272.48	202.76

For and on behalf of the Board

P.R. Jindal
 Chairman

Ratan Jindal
 Managing Director

B.R. Mittal
 Purshottam Lal

O.N. Gupta
 Vice President &
 Company Secretary

Abhay Bhargava
 Vice President (Finance)

A.J.A. Tauro
 Directors

 Place : New Delhi
 Dated : 25th November, 1997

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Saw Pipes Ltd., derived from the audited financial statements and the books and records maintained by the Company for the years ended 30th June, 1997 and 30th June, 1996 and found the same in agreement therewith.

 For **N.C. AGGARWAL & CO.**
 Chartered Accountants

 Place : New Delhi
 Dated : 25th November, 1997

G.K. AGGARWAL
 Partner



STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

- A) Subsidiary Company : Hexa Securities & Finance Co. Ltd.
B) Holding Company's interest : Holder of 25,500,000 Equity Shares of Rs.10/- each out of the subscribed capital of 25,500,000 Equity Shares of Rs.10/- each
- C) Financial year of the Company ended on : 30th June, 1997
- 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, 1997. : Loss Rs. 78,71,759
- ii) For the subsidiary Company's previous financial periods, since it became the holding Company subsidiary : Loss Rs. 32,94,143
- 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, 1997. : 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.

P.R. Jindal
Chairman

Ratan Jindal
Managing Director

B.R. Mittal
Purshottam Lal

O.N. Gupta
Vice President &
Company Secretary

Abhay Bhargava
Vice President (Finance)

A.J.A. Tauro
Directors

Place : New Delhi
Dated : 25th November, 1997

DIRECTORS' REPORT

Your Directors are pleased to present the 3rd Annual Report together with the Audited Statement of Accounts for the year ended 30th June, 1997.

1. PERFORMANCE

During the year under report Company has undertaken the business of investing in shares and brokerage, after expenses the Company has incurred a net loss of Rs.7871759/- as compared to Profit of Rs.30,909/- previous year. After adjusting previous year's loss of Rs.3,294,143/- the balance of loss carried to balance sheet is Rs. 1,11,65,902/-.

2. DIVIDEND

No dividend is recommended for the current year..

3. SHARE CAPITAL

Upon acquisition of entire paid-up Share Capital of the Company by SAW Pipes Ltd., Company had become the wholly owned subsidiary company.

4. DEPOSITS

In terms of NBFC (RBI) Directions 1977, there were no overdue and unclaimed deposits at the close of the year 30th June, 1997.

5. AUDITORS' REPORT

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

6. AUDITORS

M/s. N.C. Aggarwal & Co., auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

7. DIRECTORS

Sh. Sandip Sharma and Sh. Arvind Kiran Aggarwal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

8. 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 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.

By the order of the Board
For Hexa Securities & Finance Company Ltd.

Sandip Sharma
Director

Arvind Kiran Aggarwal
Director

Registered Office :
28 Najafgarh Road
New Delhi-110015

Dated : 24th November, 1997

AUDITORS' REPORT

To

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

We have audited the attached Balance Sheet of Hexa Securities & Finance Company Ltd., as at 30th June, 1997 together with annexed profit and Loss Account for the year ended on the 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, 1997.
 - 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 except shares pledged. No discrepancy between physical balance and book balance was noticed. The valuation of Shares, Debentures and Bonds is fair and in accordance with normally accepted accounting principles.
 - ii) The Company has taken unsecured loan from its holding Company, listed in the register maintained under section 301 and 370 (1B) of the Companies Act, 1956.
 - iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the register maintained under Section 301 and 370 (1B) of the Companies Act, 1956.
 - iv) In our opinion there are adequate internal control procedures, 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 regards to deposits accepted by the Company except compliance of minimum investment in liquid assets as required under para 12 of NBFC (RBI) Direction 1977.
 - vi) As regards 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, 1997 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 except shares, pledged with banks for credit facility availed by third parties.

For N.C. Aggarwal & Co.
Chartered Accountants

Place : New Delhi
Dated : 24th November, 1997

G. K. Aggarwal
Partner

**BALANCE SHEET
AS AT JUNE 30TH, 1997**

Description	Schedule	As at 30.06.1997 (Rs.)	As at 30.06.1996 (Rs.)
SOURCES OF FUNDS			
1. Shareholders Funds			
Share Capital	A	255,000,000	255,000,000
Inter Corporate Deposit		193,823,298	
TOTAL		<u>448,823,298</u>	<u>255,000,000</u>
2. Application of Funds			
I. Investments	B	436,351,612	436,351,612
A) Current Assets			
Loans & Advances	C	770,801	1,079,277
B) Current Liabilities & Provisions	D	20,128	186,359,445
II) Net Current Assets (A-B)		750,673	(185,280,168)
III) Miscellaneous Expenditure (To the extent not written off)			
A) Preliminary Expenses		555,111	634,413
B) Profit & Loss Account		11,165,902	3,294,143
TOTAL (I+II+III)		<u>448,823,298</u>	<u>255,000,000</u>
NOTES TO THE ACCOUNTS	E		

As per our report of even date attached
For N.C. AGGARWAL & CO.
Chartered Accountants

G.K. Aggarwal
Partner

Place : New Delhi
Dated : 24th November, 1997

For and on behalf of the Board of Directors
Sanjay Sharma
Anand Kiran Aggarwal
Directors

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1997**

Description	Schedule	Year ended 30.06.1997 (Rs.)	Year ended 30.06.1996 (Rs.)
I. INCOME			
Interest (Tax deducted at source nil, previous year Rs. 21,062)		-	134,207
Dividend received Tax deducted at source Rs. 7,19,246, Previous year nil)		3,111,934	-
Brokage		59,835	-
TOTAL (I)		3,171,769	134,207
II. EXPENDITURE			
Salary		63,825	17,103
Brokage		4,140	-
Registration & Filing Fee		1,455	600
Postage and Telegram		931,775	-
Bank Charges		820	65
Interest on Intercorporate loan		9,947,350	-
Other Expenses		-	50
Preliminary Expenses Written off		79,302	79,302
Conveyance		4,861	178
Auditor's Remuneration		10,000	6000
Total II		11,043,528	103,298
Profit (Loss) before tax (I - II)		(7,871,759)	30,909
Less provision for taxation		-	-
Profit (Loss) After Tax		(7,871,759)	30,909
Less previous year loss brought forward		(3,294,143)	(3,325,052)
Profit (Loss) carried to balance sheet		(11,165,902)	(3,294,143)

Notes to Accounts

E

As per our report of even date attached
For N.C. AGGARWAL & CO.
Chartered Accountants

G.K. Aggarwal
Partner

Place : New Delhi
Dated : 24th November, 1997

For and on behalf of the Board of Directors
Sandip Sharma
Arvind Kiran Aggarwal
Directors

SCHEDULE FORMING PART OF THE BALANCE SHEET

Description	As at 30.06.1997 (Rs.)	As at 30.06.1996 (Rs.)
-------------	------------------------------	------------------------------

SCHEDULE A - SHARE CAPITAL

AUTHORISED 26,000,000 Equity Shares of Rs.10/-each	260,000,000	260,000,000
ISSUED SUBSCRIBED & PAID UP 25,500,000 Equity Shares of Rs. 10/- each fully paid up	255,000,000	255,000,000
	<u>255,000,000</u>	<u>255,000,000</u>

**SCHEDULE B
LONG TERM INVESTMENT IN SHARES (QUOTED)**

	Face Value	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
1. Jindal Vijaynagar Steel Limited (Rs.5/- Paid up)	10/-	50,000,000	250,000,000	50,000,000	250,000,000
2. Jindal Ferro Alloys Limited	10/-	-	-	1,300,000	145,600,000
3. Jindal Strips Limited	10/-	771,934	186,351,612	186,934	40,751,612
			<u>436,351,612</u>		<u>436,351,612</u>
Total			68,807,255		286,817,235
Aggregate Market Value of Quoted Investment			436,351,612		436,351,612
Aggregate Value of Quoted Investments			NIL		NIL
Aggregate Value of Unquoted Investments					

*1300000 Equity shares of Jindal Ferro Alloys Ltd., were converted into 585000 equity shares of Jindal Strips Ltd., on Amalgamation of Jindal Ferro Alloys Ltd. into Jindal Strips Limited.

SCHEDULE C

CURRENT ASSETS LOAN & ADVANCES

CURRENT ASSETS

Cash and Stamp in Hand	8,985	5,632
Balance with Nationalised Banks	21,508	15,988
Tax Deducted at Source	740,308	21,062
LOAN & ADVANCES		1,036,595
Intercompany Loan	<u>770,801</u>	<u>1,079,277</u>

SCHEDULE D

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	500	186,352,112
Salary Payable	3,628	1,333
Audit Fee Payable	16,000	6,000
	<u>20,128</u>	<u>186,359,445</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 1997

SCHEDULE - E

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

A) GENERAL

Accounting Policies not specifically referred to are in consonance with generally accepted accounting principles.

B) BASIS OF ACCOUNTING

All income and expenditure have been accounted for on accrual basis except Dividend on Investments which is accounted for on receipt basis.

C) INVESTMENTS

Long Term Investment has been stated at cost.

D) PRELIMINARY EXPENSES

Preliminary expenses are written off in ten equal annual instalments.

2. INVESTMENTS IN LIQUID ASSETS

The Company could not maintain minimum required percentage of liquid assets as required under para 12 of NBFC (RBI) Directions, 1977, steps are being taken for compliance thereof.

3. CONTINGENT LIABILITIES

	30th June, 1997	30th June, 1996
Uncalled liability for shares partly paid-up	Rs. 250,000,000	Rs. 250,000,000

4. The Company was incorporated on 23.11.94 with Registrar of Companies, Delhi & Haryana and upon acquisition of entire paid-up share capital of the Company by SAW Pipes Limited, the company become Deemed Public company u/s 43 A of the Companies Act, 1956.

5. As there is no income liable to Income Tax in Financial Year 1996-97 relevant Assessment Year 1997-98, no provision for taxation has been made.

6. All investment held by the Company has been shown as long term investment in the opinion of the management the same is held for long term purpose. Any fall in the Market Value of long term investment has not been provided since in the opinion of management such fall is temporary in nature.

7. The Company has pledged 770238 equity shares of Jindal Strips Ltd. with GE Capital Services India for loan availed by other body corporates

8. Schedule 'A' to 'E' are annexed to and form an integral part of the Balance Sheet and profit and Loss Account.

9. **Additional information Pursuant to part IV of Schedule VI to the Companies Act, 1956.**

I. Registration Details

Registration No.	62,930
State Code No.	55
Balance Sheet Date	30th June, 1997
	(Rs. in Thousands)

II. Capital Raised during the Year

Public Issue (Issue through the prospectus)	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement (Firm Allotment to Holding Company SAW Pipes Limited)	Nil

III. Position of Mobilisation and Deployment of funds

Total Liabilities	448,823
Total Asset	448,823

IV. Source of Fund

Paid-up	255,000
Reserve & Surplus	

Secured Loans	19,38,23
Unsecured Loans	
V. Application of Funds	
Net Fixed Assets	43,63,52
Investment	750
Net Current Assets	5,55
Misc. Expenditure	1,11,66
Accumulated Losses	
VI. Performance of Company	
Turnover/Income	31,72
Total Expenditure	1,10,44
Profit/(Loss)/Before Tax	(78,72)
Profit/(Loss)/After Tax	(78,72)
Earning Per Share in Rs.	
Dividend Rate %	
VII. Generic Name of Principal product of Company	
(As per Monetary Terms)	N.A.
Item Code No.	N.A.
Product description	

As per our report of even date attached
For N.C. AGGARWAL & CO.
Chartered Accountants

G.K. Aggarwal
Partner

Place : New Delhi
Dated : 24th November, 1997

Signature to Schedule 'A' to 'E'
Sandip Sharma
Arvind Kiran Aggarwal
Directors



SAW PIPES LIMITED

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

PROXY FORM

I/We.....of in the
 District ofbeing a Member/of.....
 the above named Company hereby appoint
 of.....in the district of.....
or failing him.....
 ofin the district of.....
 as my/our proxy to attend and vote for me/us my/our behalf at the Annual General Meeting of the
 Company to be held on 30th December, 1997 at the Auditorium of N.C. Jindal Public School, Road
 No. 73, Punjabi Bagh (West), New Delhi-110026 and at any adjournment thereof.

Signed this _____ day of _____

Signature _____

Address _____

Folio No. _____

Re. 1/-
Revenue
Stamp

N.B. (1) The proxy need not be a member.

(2) The proxy form duly signed and stamped should reach the Company's Regd. Office at
least 48 hours before the time of meeting i.e. before 3.00 p.m. on 28.12.1997.

ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 13th Annual General Meeting of the Company in the
Auditorium of N.C. Jindal Public School, Road No. 73, Punjabi Bagh (West), New Delhi-110026 on
30th December, 1997.

Name of the Shareholder _____

Ledger Folio No. _____

Name of the Proxy/Representative, if any _____

Signature of the Shareholders/Proxy _____

Representative _____

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

SAW PIPES LIMITED

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

NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.



SAW PIPES LIMITED

BOOK - POST

Postage Prepaid in Cash Licence No. :
DEL/AR-2423/28-11-97 to 31-12-97/25000



If undelivered please return to :
Share-Department

SAW Pipes Limited

28 Najafgarh Road,
New Delhi-110015.