



SAW PIPES LIMITED



15th Annual Report 1998-99

BOARD OF DIRECTORS

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

PRINCIPAL EXECUTIVES

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	Vice President (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

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AUDITORS

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

REGISTERED OFFICE

A-1 UPSIDC Indl. Area, Nandgaon Road
 Kosi Kalan, Distt. Mathura (U.P.)-281403

CORPORATE OFFICE

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

WORKS

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

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of SAW Pipes will be held at Registered Office at A-1, UPSIDC Ind. Area, Nandgaon Road, Kosi Kalan, Distt. Matt (U.P.) - 281 403 on Friday, the 24th day of December, 1999 at 11.30 A.M. to transact the follow business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30th June, 1999 and the Profit & Loss Account for the year ended 30th June, 1999 and the Reports of Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Shri Sajjan Jindal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Purshottam Lal, who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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

6. To consider and, if thought fit, to pass with or without modifications, the following resolution :
Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions of any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof in force at the time being in force and as may be enacted from time to time) and subject to the approval of the financial institutions and such other approvals as may be necessary, consent of the Company be and is hereby accorded for pledge of not more than 10001400 equity shares of Jindal Vijayanagar Steel Ltd. (JVSL), 377528 equity shares of Jindal Iron & Steel Co. Ltd. (JISCO) and 871793 equity shares of Jindal Strips Ltd. (JSL) respectively held by the Company in favour of :

01. ICICI Ltd.
02. Industrial Development Bank of India (IDBI)
03. Industrial Finance Corporation of India (IFCI)
04. Industrial Investment Bank of India (IIBI)
05. Life Insurance Corporation of India (LIC)
06. General Insurance Corporation of India (GIC) & its subsidiaries :
 - (a) National Insurance Co. Ltd. (NIC)
 - (b) The New India Assurance Co. Ltd. (NIA)
 - (c) The Oriental Insurance Co. Ltd. (OIC)
 - (d) United India Insurance Co. (UII)
07. Housing Development Finance Corporation Ltd. (HDFC)
08. SBI Home Finance Ltd.
09. State Bank of India (SBI)
10. Times Bank (TB)
11. Unit Trust of India (UTI)
12. Vijaya Bank (VB)
13. Allahabad Bank (AB)
14. State Bank of Mysore (SBM)

SAW Pipes Ltd.
Kalan, Distt. Mathura
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and 871793 equ
of :

15. State Bank of Indore (SBOI)
16. ICICI Bank
17. Punjab National Bank (PNB)
18. Canara Bank (CB)
19. Jammu & Kashmir Bank

and other financial institutions/banks (hereinafter collectively referred to as the "lenders") as security(ies) for loan(s) and other credit facility(ies) sanctioned/ as may be sanctioned for an aggregate amount not exceeding Rs. 5000 crores by the said lenders in favour of JVSL, notwithstanding that such security(ies) together with all other security(ies)/ guarantee(s) given and investment(s)/loan(s) made, by the Company to or in all bodies corporate shall be in excess of the limit prescribed under Section 372A of the Companies Act, 1956.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion deem necessary or desirable and to settle all questions and matters arising out of, and incidental to providing of the aforesaid security(ies)".

7. To consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :-

"Resolved that pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to the approval of the financial institutions and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to subscribe 2,50,00,000 Equity Shares of Rs. 10/- each in the capital of Jindal Vijayanagar Steel Ltd. (JVSL) for cash at par aggregating to an amount not exceeding Rs. 25 crores notwithstanding the fact that such investment together with all other investment(s), loan(s) and guarantee(s)/security(s) made/given / provided by the Company in or to all other bodies corporate shall be in excess of the limits prescribed U/s 372 A of the Companies Act, 1956.

"Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion deem necessary or desirable and to settle all questions and matters arising out of and incidental to the proposed investment."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

"Resolved that pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) as subject to the approval of financial institutions and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for giving any guarantee(s) or providing security(ies) in connection with a loan made by any other person to, or to any other person by, any body corporate from time to time and on such terms and conditions as the Board may deem fit for an aggregate amount of not exceeding Rs. 200 crores during the period of twelve months from the date of this meeting notwithstanding that such guarantee(s)/security(ies) together with all other guarantee(s)/security(ies) given and investment(s)/loan(s) made by the Company in or to all other person(s) or bodies corporate shall be in excess of the limits prescribed under Section 372A of the Companies Act, 1956.

"Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby

authorised to do all such act, deeds, matters and things as the Board may be its absolute discretion, deem necessary or desirable and to settle all questions and matters arising out of and incidental to providing of the aforesaid guarantee(s)/security(ies)."

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

"Resolved that by virtue of the provisions of article 96 of the Articles of Association of the Company and pursuant of the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the alterations and modifications thereof as may be effected from time to time and subject to such approval(s) of authorities as may be necessary, the Company hereby approves the terms of appointment and payment of remuneration to Shri H.S. Chaudhary as Whole-time Director of the Company on the following terms and conditions :-

1. That the appointment shall be for a period of 5 (five) years commencing from 1.11.98 to 31.10.2003.
2. The Whole-time Director shall conduct the day-to-day management of the Company's Plant of Pipe Division at Kosi Kalan subject to the directions, control and supervision of the Board of Directors and the Managing Director and shall also perform such other duties and exercise such powers as shall from time to time be entrusted to him by the Board of Directors.
3. The Company shall pay/provide remuneration and facilities to the Whole-time Director as given hereinafter :
 - I) Salary : Consolidated salary at the rate of Rs. 17500 (Rupees Seventeen Thousand Five Hundred only) per month in the grade of Rs. 17500-2500-30000/-.
 - II) Contribution to Provident Fund : According to Rules of the Company not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
 - III) Medical Benefits : Reimbursement of medical expenses for self and family in accordance with the Rules of the Company.
 - IV) Leave Travel Concession : Actual fares excluding Hotel expenses for self and family as per the Rules of the Company.
 - V) Bonus/Ex-gratia : As paid to other officers of the Company not covered by the Payment of Bonus Act.
 - VI) Gratuity as per Rules of the Company but shall not exceed one & a half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/-.
 - VII) The Whole-time Director so long as the functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
 - VIII) Any other allowance : As per Company Rules applicable to other officers.
 - IX) The Whole-time Director will also be entitled to the following perquisites :
 - a) Unfurnished Residential Accommodation, the monetary value of which shall be evaluated as per Rule 3 of the Income Tax Rules, 1962;
 - b) Personal Accident Insurance Premium not to exceed Rs. 1000/- per annum.

"Further Resolved that the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of appointment and payment of remuneration to Shri H.S.

Chaudhary provided that the remuneration payable to him shall not exceed the maximum limit for payment of Managerial Remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time".

Regd. Office :
A-1, UPSIDC Indl. Area
Nandgaon Road, Kosi Kalan
Distt. Mathura (U.P.) - 281403
Dated : 26th November, 1999

By order of the Board
for **SAW PIPES LTD.,**
ONKAR NATH GUPTA
VICE PRESIDENT &
COMPANY SECRETARY

NOTES :

IN DEFERENCE TO THE GOVT. POLICY, NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.

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 & 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. 6 to 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 22nd Dec., 1999 to 24th Dec., 1999 (both days inclusive).
4. The Dividend, if approved, will be paid to those shareholders whose names appear : (a) As beneficial owners as at the end of the business on 21st December, 1999 as per the list to be furnished by NSDL in respect of shares held in the Electronic Form; and (b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 21st December, 1999.
5. The members are requested to notify promptly any change in their address to the Company.

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

Item No. 6

Members are aware that your Company is one of the promoters for the integrated steel plant project being set-up by Jindal Vijayanagar Steel Ltd. (JVSL) at Torangallu, District : Bellary in the State of Karnataka.

The JVSL project has been appraised by All India Financial Institutions, ICICI Ltd. being lead institution, based on which various loan(s) and other credit facility(ies) have been sanctioned by the financial institution(s)/bank(s) and other for part financing the project cost. In addition, working capital credit facilities have also been sanctioned by the consortium of bankers. The financial institution(s)/bank(s) etc. who have sanctioned loan(s)/credit facility(ies) are detailed in the resolution and collectively referred as the "Lenders". The terms and conditions governing grant of credit facility(ies) as aforesaid by the Lenders, inter alia, provides for pledge of equity shares of JVSL held by the promoters in favour of the Lenders as security for loan(s)/credit facility(ies) sanctioned as aforesaid.

Your Company presently holds 10001400 equity shares of Jindal Vijayanagar Steel Ltd. (JVSL), 377528 equity shares of Jindal Iron & Steel Co. Ltd. (JISCO) and 871793 equity shares in Jindal Strips Ltd. (JSL). Your Company as required by financial institutions proposes to pledge equity shares of JVSL, JISCO and JSL as above in favour of the Lenders as security for various loan(s) credit facility(ies) sanctioned/as may be sanctioned from time to time in favour of JVSL for an aggregate amount not exceeding Rs. 5000 crores.

The Section 372A of the Companies Act, 1956 restricts the aggregate amount of investment(s)/loan(s) made and security(ies) / guarantee(s) given by a Company for an amount not exceeding sixty percent of the paid up share capital and free reserves or hundred percent of free reserves whichever is more, unless previously authorised by a special resolution passed in the General Meeting. As providing of security as aforesaid together with all other security(ies)/guarantee(s) provided and investment(s) / loan(s) made by the Company exceeds the limit laid out under Section 372A of the Companies Act, 1956, your consent is being sought for providing of security as laid out in the resolution.

Shri P.R. Jindal, Chairman, Shri Ratan Jindal, Managing Director and Shri Sajjan Jindal, Director are the Directors on the Board of JVSL and, therefore, they may be deemed to be interested or concerned in the resolution. None of the other Directors of the Company are in any way interested or concerned in the resolution.

Item No. 7

Members are aware that your Company is one of the promoters for the integrated steel plant project being set up by Jindal Vijayanagar Steel Ltd. (JVSL) at Torangallu, District, Bellary in the State of Karnataka.

The cost of the above project has been upwardly revised primarily, (i) to meet the increased margin money for working capital, (ii) to set up cut to length line to supply customised product in response to the requirements of market, (iii) to fund additional interest cost resulting out of delay in commissioning schedules caused due to slippages in delivery of certain critical equipment and (iv) to meet foreign exchange rate fluctuations, etc. In order to meet the additional cost, the promoters are required to contribute proportionately towards revised cost. At present, the Company alongwith its subsidiary holds equity shares in JVSL aggregating to Rs. 60 crores. The proposed investment together with existing investment in JVSL shall increase to Rs. 85 crores.

The section 372A of the Companies Act, 1956 restricts the aggregate amount of investment(s)/loan(s) made and security(ies)/guarantee(s) given by a Company for an amount not exceeding sixty percent of the paid up share capital and free reserves or hundred percent of free reserves whichever is more, unless previously authorised by a special resolution passed in the General Meeting. As the aforesaid investment together with all other investment(s)/loan(s) and security(ies)/guarantee(s) made/provided by the Company exceeds the limit laid out under Section 372A of the Companies Act, 1956 your consent is being sought for making investment as laid out in the resolution.

Shri P.R. Jindal, Chairman, Shri Rattan Jindal, Managing Director and Shri Sajjan Jindal, Director are Directors on the Board of JVSL and, therefore they may be deemed to be interested or concerned in the resolution. None of the other Directors of the Company are any way interested or concerned in the Resolution.

Item No. 8

In order to meet its corporate commitments, the Company may be required to provide guarantee(s)

on behalf of Companies falling within the definition of Companies U/S 372A of the Companies Act, 1956 for obtaining loan(s) from financial institutions, banks for implementation of projects or working capital requirement or any other purpose.

Section 372A of the Companies Act, 1956 provides, inter-alia, that where the aggregate of the loans and investments so far made, the amounts for which guarantee or security so far provided alongwith investment, loan, guarantee or security proposed to be made or given by the Board, exceed sixty percent of paid up share capital and free reserves or one hundred percent of the free reserves, whichever is more of the Company, no investment or loan shall be made or guarantee given or security provided unless previously authorised by a Special Resolution passed in a General Meeting.

However, in case of guarantees confirmation of Board Resolution by the Shareholders can be sought within 12 months or in the next Annual General Meeting that may be held immediately after passing the Board Resolution, whichever is earlier.

In terms of circular No. 8/99 issued by the Deptt. of Company Affairs, shareholders approval may be taken before hand for providing guarantees upto a specified amount on annual basis. Your approval is being sought for giving guarantees of a maximum of Rs. 200 crores as proposed in the Resolution.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent the proposed guarantees are to be provided to the Companies in which they may be holding the office of a Director.

Item No. 9

Subject to the approval of shareholders by way of resolution in General Meeting, the Board of Directors of the Company re-appointed Shri H.S. Chaudhary as Whole-time Director of the Company on expiry of his earlier term on the terms and conditions as set out in the Resolution and an agreement entered into on 5th January, 1999. Shri H.S. Chaudhary has been associated with the Company since beginning and has considerable experience to his credit in managing the affairs of the Company. His appointment as Whole-time Director is in the interest of the Company.

As per the terms of provisions of the Companies Act, 1956 read with Schedule XIII thereto the terms and appointment and remuneration of Shri H.S. Chaudhary as Whole-time Director require the approval of shareholders in General Meeting. Therefore, Directors recommend the Resolution for approval.

The agreement entered into between the Company and Shri H.S. Chaudhary is open for inspection at the Registered Office of the Company during business hours on any working day upto the date of this meeting. None of the Directors except Shri H.S. Chaudhary, himself, is interested or concerned in the Resolution.

This may be treated an abstract of terms of appointment of Whole-time Director under Section 302 of the Companies Act, 1956.

Regd. Office :
A-1, UPSIDC Indl. Area
Nandgaon Road, Kosi Kalan
Distt. Mathura (U.P.) - 208431
Dated : 26th November, 1999

By order of the Board
for **SAW PIPES LTD.,**
ONKAR NATH GUPTA
VICE PRESIDENT &
COMPANY SECRETARY

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the 15th Annual Report and Audited Statement of Accounts of the Company for the year ended 30th June 1999:

FINANCIAL RESULTS

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
Gross Sales & Income from Operations	36,430.83	33,411.22
Profit before Interest and Depreciation	8,495.38	6,028.55
Less:		
- Interest	4,048.51	2,704.95
- Depreciation	1,153.90	1,054.94
Profit before Tax	3,292.97	2,268.66
Provision for Income and Wealth Tax	477.00	200.00
Net Profit After tax	2,815.97	2,068.66
Add: Balance brought forward from previous year	968.30	896.21
Investment allowance reserve (utilized) written back	-	17.57
Previous year's depreciation written back	0.38	-
Previous year taxation adjustment	(2.22)	(513.34)
Total amount available for appropriation	3,782.43	2,469.10
Less: Appropriations:		
(a) Debenture Redemption Reserve	350.00	-
(b) Transfer to General Reserve	1,000.00	1,000.00
(c) Interim Dividend on Preference shares paid	137.04	-
(d) Proposed dividend:		
- on Preference Shares	65.47	65.47
- on Equity Shares	389.80	389.80
(e) Corporate Tax on dividends	63.78	45.53
Balance Carried to Balance Sheet	1,776.34	968.30

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.1000 lacs 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 Rupee 1.00 per share of Rs.10/- each (10%) for the year ended 30th June, 1999 on the Equity Shares of your Company.

The Board of Directors recommends the final dividend on 13.5% Preference Shares. The Company has already paid an interim dividend on these Preference Shares. The Preference dividend has absorbed Rs. 223.41 lacs including dividend tax.

REVIEW OF OPERATIONS

Your Company has weathered the storm of Industrial recession and has come out of it much stronger in respect of its capacity and its quality up-gradation. Your Company's continuous pursuit of widening the market horizon has opened new opportunities for the Company. The Directors of your Company are pleased to inform you that the exports have increased from Rs.112 Crores in the previous year to Rs.160 Crores in the year under review which shows an impressive increase of 43%. This increase has come about due to the major break through in the

Egyptian Market. Your Company has also made a major break-through in Chinese and Syrian markets. The Chinese order is a World Bank aided project and it is the first time that order has been placed on any developing country. It is a matter of great pride for your Company. New product range has also been added to the existing products. One such development is In-house manufacturing of Bends, which has added new dimension to Company's profitability. We are sure that in future your Company shall reap the benefits of its efforts.

of Accounts of the Company

Previous Year
(Rs in Lacs)

33,411.22

6,028.55

2,704.95

1,054.94

2,268.60

200.00

2,068.66

896.21

17.57

(513.34)

2,469.10

1,000.00

65.47

389.80

45.53

968.30

(a) PIPE DIVISION

The Pipe division has shown a significant growth. The production of Submerged Arc Welded Steel Pipes has increased to 94151 MT during the year under report as compared to 37609 MT in the previous year, which shows an increase of 150% over previous year.

(b) NASHIK DIVISION

Seamless Tube Division

The Seamless tube division produced 1372 MT during the year under report as compared to 1958 MT in the previous year. Persistent labour problems coupled by the violent attitude of the labour forced a lockout of the Seamless Division, w.e.f. July 3, 1999. The same will have marginal impact on the current year's operations of the Company. Long term viable solutions are being worked out for the operation of the Seamless division.

Spiral Division

The production of Spiral Pipes was 6541 MT during the year under report as compared to 8325 MT in the previous year.

FOILS DIVISION

Foils division has maintained its progress. The production in this unit was 4805 MT during the year under report as compared to 4829 MT in the previous year.

KANDLA PIPE COATING PROJECT

The Company has commissioned a composite coating project at Kandla, in the state of Gujarat. The project has executed orders worth Rs.1140 lacs during its first year of operation.

EXPANSION PROGRAMME

Your Company is in the process of setting up a 100% Export Oriented Unit with state of art technology for the manufacturing of Longitudinal Welded SAW Pipes by JCO process at Mundra, a Port town in the state of Gujarat. The expansion is at the cost of Rs.41.5 Crores. We are pleased to inform you that the financial closure of the project has been done. The project is expected to be on the mainstream by July-2000. This expansion will provide your Company with an additional capacity of 100,000 M.T per annum. The main plant imported from Australia has already arrived at Mundra and the progress of the project is absolutely as scheduled. Moreover, the strategic location of the project is an added advantage, enabling your Company to price its products most competitively in the Global Market.

FUTURE OUTLOOK

Your Company's business is a project driven, which largely depend on the growth in Oil and Natural Gas sector. Future outlook in the Oil and Natural Gas industry is emerging out of the recession with the firming of the global oil prices, as a result, a number of domestic and international pipeline projects are on the anvil. It is anticipated that most of these projects will crystallize in the near future. This scenario is sure to propel your Company's business in a more profitable era.

LISTING

The shares of your Company are listed at Delhi, Mumbai, Calcutta, Uttar Pradesh and National Stock Exchanges. The Annual Listing Fees for the year ended 1999-2000 has been paid to all the Stock Exchanges.

DEMATERIALIZATION OF SHARES

The equity shares of the Company are eligible for dematerialization and script less trading. About 20 lac shares (about 5 %) have so far been dematerialized.

NOMINATION FACILITY

As per Section 109A(1) recently introduced in the Companies Act, 1956, the Share/Debenture holders may nominate, in the prescribed form, a person to whom his/her Shares/Debentures in the Company shall vest in the event of his/her death to avoid hassles of transmission.

active financial policy we
a need to conserve the
reserve from the amount
interest as the foremost
for the year ended 30th

Company has already
forbed Rs. 223.41 lacs

uch stronger in respect
the market horizon has
to inform you that the
ear under review which
break through in the

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)

Y2K COMPLIANCE STATUS

The Company has initiated a series of prudent and reasonable steps to minimize the risk of exposure to Y2K problem. The Company does not foresee any material incremental expenditure to ensure that its information system is Y2K compliant.

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) Rule, 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 Companies Act, 1956, the Report and the Accounts is being sent to all 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 unclaimed deposits aggregating to Rs. 1,24,000/- at the end of the year.

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 offer themselves for re-appointment.

M/s. Kokil Sanghavi & Shah, Chartered Accountants, Auditors of the Nashik Plant retire at the end of ensuing annual General Meeting and have expressed their inability to offer themselves for re-appointment. M/s. N.C. Aggarwal & Co, Chartered Accountants who are eligible for appointment offer themselves to be appointed as Auditors for Nashik Division.

SUBSIDIARY COMPANY

The Annual accounts of the Subsidiary Company Hexa Securities & Finance Company Ltd., along-with statements pursuant to Section 212(1)(e) of the Companies Act, 1956 is attached with this report. The Reports of Jindal Enterprises LLC (a wholly owned subsidiary abroad) are not attached as the entity is deemed partnership under US Corporate Laws.

DIRECTORS

There were no changes in the Board.

RETIREMENT

Shri Sajjan Jindal and Shri Purshottam Lal, Directors, retire at the Annual General Meeting 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.

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

Place : New Delhi
Date : 30th November, 1999

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ANNE:
PARTI
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(iii)

ANNEXURE 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 CONSERVATIONS MEASURES TAKEN:

- (i) The Plate ultrasonic testing machine has been re-located and thus made it independent of other activities. This has resulted into better flow of material and hence increases in the productivity.
- (ii) Soap solution has been introduced instead of oil for lubricating the plate during forming in the 'U' press.
- (iii) Submerged arc welding speed has been optimized and excess heat inputs have been avoided in order to conserve the energy.
- (iv) Additional pipe conveyor system has been made operative and unnecessary operation of EOT crane has been stopped.
- (v) Additional Power factor correction capacitors have been installed at ID/OD welding transformers for saving of electric power.

b) ADDITIONAL INVESTMENT AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY.

- (i) Coil shearing line has been provided with automatic unwinding of coil at the D-coiler in order to have smooth operation of shearing line.
- (ii) Edge Planning unit has been provided with roller table and automatic plate piling device. Thus Edge Planning of plates can be operative continuously.

c) IMPACT OF ABOVE MEASURES.

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

FORM: "A"

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

1 POWER AND FUEL CONSUMPTION	1998-99	1997-98
(i) Electricity:		
Purchased Units	1,14,96,431	1,37,71,527
Total Amount (Rs.)	5,26,66,195	5,78,22,780
Rate per Unit (Rs.)	4.58	4.20
(ii) Own Generation through D.G. Set:		
Generator Units	53,98,868	39,79,779
Unit per litre of oil	2.71	2.76
Cost per unit (Rs.)	3.87	3.95
2 CONSUMPTION PER UNIT OF PRODUCTION		
Production: Submerged Arc Welded Pipes and Re Rolled Stainless Steel Strips, Electricity for		
(i) Manufacture of Steel Pipes per MT	97.00	172.75
(ii) Pre-rolling of Stainless Steel Strips per MT	621.17	572.74
(iii) Steel Seamless Tubes and Spiral Pipes per MT	604.41	825.46

FORM "B"

Form of disclosure of particulars with respect to Technology Absorption for 1998-99

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 equipment it was possible to achieve consistency in production and quality of finished product and saving of energy.

3. Future Plan of Action.

- (a) Reductions 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.

	Rs in Lacs
(a) Foreign Exchange Earnings	
(i) FOB value of Exports	16070.94
(ii) Interest earnings	1224.99
(iii) Others	8.92
(b) Foreign Exchange Outgo	8676.45

Place : New Delhi
 Date : 30th November, 1999

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, 1999 and the Profit and Loss Account of SAW PIPES LIMITED 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 purposes 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 proper 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 account.
 - (e) In our opinion, the Balance Sheet and Profit and Loss Account comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts, subject of Note No. 4 regarding non provision of amortisation of premium on leasehold land, together read with the notes appearing in Schedule 22, Note 13 regarding provision for taxation, Note No. 16 regarding loans and advances classified as good, Note No. 18 regarding debtors classified as good for recovery and Note No. 21 regarding non provision of gain on fluctuation in rate of exchange as appearing in schedule 22 and having impact on the operating results and year end reserves to the extent stated in the said 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, 1999.
 - (ii) In the case of Profit and Loss Account of the Profit of Company for the year ended on that date.

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

(G.K. AGGARWAL)
Partner

Place : New Delhi
Dated : 28th November, 1999

ANNEXURE TO THE AUDITORS' REPORT

Referred 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, store, 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 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 rate of interest and other terms and conditions of unsecured loans taken by the Company from companies, firms and other parties listed in the register maintained under Section 301 and/or from the Companies as defined Under Section 370(1)(B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- 8) The Company has granted demand loan/inter corporate deposits and advances in the nature of loan to Companies including loans to subsidiaries (as referred in note No. 9 (b) of Schedule 22) as listed in the register maintained U/S 301 and to a Company under the same management as defined U/S 370(1)(B) of the Companies Act, 1956. 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 prima-facie not prejudicial to the interest of the Company except to the extent as stated in Note No. 16 of Schedule 22.
- 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 as stipulated where such stipulation exists, except loan of Rs. 668.69 lacs which has been renewed/rescheduled alongwith interest. Reasonable steps are being taken for recovery of the same.
- 10) In our opinion and according to information and explanation given to us, having regards to the explanation that some of the items purchased are of special nature and suitable alternative source 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) In our opinion and having regard to our comments in paragraph (10) above and according to the information and explanation given to us, where transactions have been made with different parties, the transactions of purchase of goods and materials and sale of goods, material and services made in pursuance of contract or 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 or more in respect of each party have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, material or services where such market prices are available or the prices at which transactions for similar goods or material have been entered with other parties.
- 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 directive issued by the Reserve Bank of India and the provisions of Section 58A of Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from public.
- 14) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, the internal audit in respect of Nashik division was not conducted for the year ended 30th June, 1999.
- 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 activities 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, Customs Duty, Excise Duty and Sales Tax, etc. were outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.
- 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 obligation 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.

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

(G.K. AGGARWAL)
Partner

Place : New Delhi
Dated : 26th November, 1999

BALANCE SHEET
 AS AT 30TH JUNE, 1999

DESCRIPTION	SCHEDULE No.	As at June 30, 1999 (Rs. in Lacs)	As at June 30, 1998 (Rs. in Lacs)
SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
Share Capital	1	5,398.15	5,398.15
Reserves and Surplus	2	24,912.74	22,955.70
		30,310.89	28,353.85
2. LOAN FUNDS			
Secured	3	27,029.05	24,956.49
Unsecured	4	1,081.09	5,124.39
		28,110.14	30,080.88
TOTAL		58,421.03	58,434.73
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	5	30,110.10	29,256.36
Less: Depreciation		5,692.15	4,342.63
Net Block		24,417.95	24,913.73
Capital Work in Progress		1,017.98	473.09
Pre-operative Expenses		127.17	56.17
		25,563.10	25,442.99
2. INVESTMENTS			
	6	6,722.68	6,502.68
3. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	3,815.00	4,080.26
Sundry Debtors	8	7,585.05	15,338.18
Cash and Bank Balances	9	4,565.47	4,248.65
Loans and Advances	10	16,128.50	15,913.39
		32,094.02	39,580.48
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	5,304.33	12,991.74
Provisions	12	1,236.32	747.02
		6,540.65	13,738.76
NET CURRENT ASSETS			
		25,553.37	25,841.72
4. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	13	581.88	647.34
TOTAL		58,421.03	58,434.73
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

Sminu Jindal
 Wholetime Director

G.K. AGGARWAL
 Partner

O.N. Gupta
 Vice President &
 Company Secretary

Abhay Bhargava
 Vice President (Finance)

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
 Director

 Place : New Delhi
 Dated : 26th November, 1999

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1999

As at June 30, 1998 (Rs. in Lacs)	DESCRIPTION	SCHEDULE No.	Year Ended June 30, 1999 (Rs. in Lacs)	Year Ended June 30, 1998 (Rs. in Lacs)
	INCOME			
	Sales and Operational Income	14	36,056.48	32,015.84
5,398.15	Other Income	15	374.35	1,395.38
22,955.70	Increase/(Decrease) in Stock	16	(728.57)	(514.02)
<u>28,353.85</u>			<u>35,702.26</u>	<u>32,897.20</u>
	EXPENDITURE			
	Raw Material Consumed		18,801.11	13,999.77
24,956.49	Excise Duty		1,882.58	819.07
5,124.39	Purchase for Re. Sale		—	5,654.30
30,080.88	Manufacturing Expenses	17	2,006.58	2,290.07
58,434.77	Personnel Expenses	18	1,072.24	940.79
	Selling Expenses	19	1,689.85	1,812.21
	Finance Expenses	20	4,048.51	2,704.95
	Administrative & Other Expenses	21	1,754.52	1,352.44
29,256.36	Depreciation		1,354.90	1,255.94
4,342.63	Less : Transfer to Revaluation Reserve		201.00	201.00
24,913.73			<u>1,153.90</u>	<u>1,054.94</u>
473.09			<u>32,409.29</u>	<u>30,628.54</u>
56.17	Profit before Taxation		<u>3292.97</u>	<u>2,268.66</u>
25,442.99	Less : Provision for :			
6,502.68	- Income Tax		475.00	200.00
4,080.26	- Wealth Tax		2.00	—
15,338.18	Profit After Taxation		<u>2,815.97</u>	<u>2,068.66</u>
4,248.65	Profit Brought Forward		968.30	896.21
15,913.39	Investment Allowance Reserve (Utilised)		—	—
39,580.48	Written Back		—	17.57
12,991.74	Previous year Depreciation written back		0.38	—
747.02	Previous Year Taxation Adjustment		(2.22)	(513.34)
13,738.76	Disposable Profit		<u>3,782.43</u>	<u>2,469.10</u>
25,841.77	APPROPRIATION			
647.34	Interim Dividend on Preference Shares Paid		137.04	—
58,434.73	Corporate Tax on Above		13.70	—
	Proposed Dividend			
	- on Equity Shares		389.80	389.80
	- on Preference Shares (Final)		65.47	65.47
	Corporate Tax on Proposed Dividend		50.08	45.53
	General Reserve		1,000.00	1,000.00
	Debenture Redemption Reserve		350.00	—
	Balance Carried to Balance Sheet		1,776.34	968.30
			<u>3,782.43</u>	<u>2,469.10</u>
	NOTES TO THE ACCOUNTS	22		

As per our report of even date attached

Sminu Jindal
Wholetime Director

J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

For N.C. AGGARWAL & CO.
Chartered Accountants

G.K. AGGARWAL
Partner

Place : New Delhi
Dated : 26th November, 1999

P.R. Jindal
Chairman

O.N. Gupta
Vice President &
Company Secretary

Ratan Jindal
Managing Director

Abhay Bhargava
Vice President (Finance)

Sminu Jindal
Wholetime Director

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

	As at June 30, 1999 (Rs. in Lacs)	As at June 30, 1998 (Rs. in Lacs)
SCHEDULE "1"		
SHARE CAPITAL :		
AUTHORISED		
(i) 5,00,00,000 Equity Shares of Rs. 10/- Each	5,000.00	5,000.00
(ii) 25,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	2,500.00	2,500.00
	7,500.00	7,500.00
ISSUED AND SUBSCRIBED :		
(i) 3,89,81,808 Equity Shares of Rs. 10/- each	3,898.19	3,898.19
(ii) 15,00,000 — 13.5% Redeemable Cumulative Preference Shares of Rs. 100/- each	1,500.00	1,500.00
	3,898.19	3,898.19
PAID UP :		
(i) 3,89,80,158 Equity Shares of Rs. 10/- each Bonus Shares Held in Abeyance	3,898.02 0.09	3,898.02 0.09
	3,898.11	3,898.11
Add : Forfeited Capital	0.04	0.04
	3,898.15	3,898.15
(ii) *15,00,000 — 13.5% Redeemable Cumulative Preference share of Rs. 100/- each	1,500.00	1,500.00
	5,398.15	5,398.15

*13.5% Redeemable Cumulative Preference Shares are redeemable in two equal Instalments after the end of 4th and 5th year from the date of allotment i.e. 5.3.98.

OF THE ABOVE

1. 20,08,000 Equity Shares are allotted as Fully Paid-up pursuant to contract without payment being received in cash.
2. 19,70,936 Equity Shares are allotted Fully Paid-up to the shareholders of Swastik Foils Ltd. as per Scheme of Amalgamation Order dated 3rd August/11th September, 1989 of the Hon'ble High Court of Delhi.
3. 46,43,000 Equity Shares are allotted as Fully Paid-up to the shareholders of Swastik Udyog Ltd. as per Scheme of Amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High Courts of Punjab and Haryana and Delhi.
4. 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.
5. 850 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.
6. 800 Shares of Rs. 10/- (Partly Paid Rs. 5/-) have been forfeited.

NOTES
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As at
June 30, 1998
(Rs. in Lacs)

As at
June 30, 1999
(Rs. in Lacs)

As at
June 30, 1998
(Rs. in Lacs)

SCHEDULE "2"

RESERVES AND SURPLUS :

	(i) Capital Reserve as per Last Account	9.50	9.50
	(ii) General Reserve		
5,000.00	As per last Account	17,243.94	16,243.94
	Add : Transferred during the year	1,000.00	1,000.00
		<u>18,243.94</u>	<u>17,243.94</u>
	(iii) Debenture Redemption Reserve		
	Transferred from Profit and Loss Account	350.00	-
2,500.00	(iii) Investment Allowance Reserve (Utilised) :		
	As per last Account	-	17.57
7,500.00	Less : Transfer to Profit & Loss Account	-	17.57
	(iv) Share Premium Account :		
	As per last Account	558.91	558.91
3,898.19	(v) Revaluation Reserve		
	As per last Account	4,175.05	4,376.05
1,500.00	Less : Amount written off during the year	201.00	201.00
	(vi) Profit and Loss Account	3,974.05	4,175.05
3,898.02		<u>1,776.34</u>	<u>968.30</u>
0.09	TOTAL	<u>24,912.74</u>	<u>22,955.70</u>

SCHEDULE "3"

SECURED LOANS :

	A. Debentures		
	(i) 16% Secured Redeemable Non Convertible		
	Debentures of Rs. 100/- each, privately placed	1,000.00	-
3,898.11	(ii) 15.5% Secured Redeemable Non Convertible		
0.04	Debenturees of Rs. 100/- each, privately placed	1,500.00	-
3,898.15	B. Term Loans		
	(i) Industrial Finance Corpn. of India Ltd.	350.00	550.00
1,500.00	(ii) ICICI Ltd.		
	Rupee Term Loans	13,871.79	5,000.00
	Foreign Currency Loans	-	7,888.49
5,398.15	(iii) Industrial Development Bank of India	-	1,500.00
	(iv) Bank of America	5.05	-
	C. Working Capital Loans from Banks	8,848.23	7,772.56
	D. Deferred Sales Tax	1,453.98	2,245.44
	TOTAL	<u>27,029.05</u>	<u>24,956.49</u>

NOTES :

- A. (i) The Debentures are redeemable in two equal installments at the end of 4th and 5th year from the date of allotment i.e. 19.01.1999.
- (ii) The Debentures are redeemable in twelve equal quarterly installments commencing from 17th June 2002. The above Debentures are secured by parri passu charge by way of english mortgage on the Company's immoveable properties located in the Stated of Maharastra and by way of equitable mortgage of Company's immoveable properties located at Kosi Kalan (U.P.) and Gujarat and hypothecation of moveable properties in favour of Debenture Trustees.
- (i) Secured by way of specific charge in respect of Plant and Machinery of Seamless Tube project at Nasik
- (ii&iii) Secured by way of pari-passu charge by way of mortgage of Company's immoveable properties and hypothecation of moveable assets both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities.
- (iv) Secured by way of hypothecation of vehicle.
- Secured by hypothecation of finished goods, raw-materials, work-in-progress stores and spares, book debts and second charge in respect of other moveable and immoveable assets of the Company. The loan is also guaranteed by Directors including Managing 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 second Pari-passu charge on moveable and immoveable assets of the Company in respect of Kosi Kalan Units in (U.P.)

	As at June 30, 1999 (Rs. in Lacs)	As at June 30, 1998 (Rs. in Lacs)
SCHEDULE "4"		
UNSECURED LOANS :		
(i) Fixed Deposits	726.12	982.51
(ii) Short Term Loans from Financial Institutions	-	1,300.00
(iii) Inter-Corporate Loans	16.99	1,665.28
(iv) Deferred Sales Tax	337.98	176.60
(v) Unsecured Transferable Notes	-	1,000.00
TOTAL	1,081.09	5,124.39

SCHEDULE "5"
FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.7.98	Additions	Ded/ Adj.	Total 30.6.99	Upto 30.6.98	During the year	Ded/ Adj.	Upto 30.6.99	W.D.V. As at 30.6.99	W.D.V. As at 30.6.98
LAND										
Freehold	115.45	8.04	-	123.49	-	-	-	-	123.49	115.45
Lease hold (including site development)	403.96	14.27	-	418.23	-	-	-	-	418.23	403.96
Buildings	3,792.88	129.36	-	3,922.24	427.62	108.37	-	535.99	3,386.25	3,365.26
Plant & Machinery	24,518.51	677.83	1.32	25,195.02	3,800.03	1,215.10	0.28	5,014.85	20,180.17	20,718.48
Vehicles	211.38	33.19	14.59	229.98	59.77	19.79	4.90	74.66	155.32	151.61
Furniture & Fixtures	214.18	8.26	1.30	221.14	55.21	11.64	0.20	66.65	154.49	158.97
Total	29,256.36	870.95	17.21	30,110.10	4,342.63	1,354.90	5.38	5,692.15	24,417.95	24,913.73
Previous Year	26,928.10	2,448.24	119.98	29,256.36	3,091.12	1256.29*	4.78	4,342.83	24,913.73	23,836.98

*Includes Rs. 0.35 lacs carried to capital work in progress

Note : Gross Block includes the following amount on account of revaluation of Saw Pipe Division at A-1, Kolar at Net Current Residual Replacement Value.

i) LAND	(Rs. in lacs)
Freehold	7.38
Leasehold	143.59
ii) Building	548.34
iii) Plant and Machinery	3,927.71

SCHEDULE "6"
INVESTMENTS

Description

A. Investment in Unquoted

- a) Hexa Security
- b) Jindal Enterprises

B. Investment in Quoted

- a) Jindal Strips Ltd
- b) Jindal Iron & Steel
- c) Shalimar Paints
- d) Jindal Vijayanagar

Unquoted

- a) Rohit Tower B
- b) Sona Bheel Textiles
- c) Saw Pipes Udaipur
- d) Jindal Overseas
- e) Daelim E & C

C. Govt. and Tri

- a) Units of Unit Trust of India
- b) National Savings Certificate
- c) Bonds of Himachal Pradesh Forest Corporation
- d) Punjab State Paper Mills
- e) Indira Vikas P

D. Investment in Quoted

- a) Shalimar Paints

Aggregate market value of investments
Aggregate value of investments
Aggregate value of investments

DESCRIPTION

SCHEDULE "7"
INVENTORIES :

- i) Stores and spares
- ii) Loose Tools
- iii) Finished Goods
- iv) Semi-Finished Goods
- v) Raw Materials
- vi) Raw Materials
- vii) Scrap

SCHEDULE "8"
SUNDRY DEBT

(Unsecured, contingent)

- i) Exceeding 12 months
- ii) Others

As at
June 30, 1998
(Rs. in Lacs)

982.51
1,300.00
1,665.28
176.60
1,000.00
5,124.39

SCHEDULE "6"
INVESTMENTS (LONG TERM) (AT COST) NON TRADE:

Description	As at June 30, 1999			As at June 30, 1998		
	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						
a) Hexa Securities and Finance Co. Ltd.	2,55,00,000	10/-	2,550.00	2,55,00,000	10/-	2,550.00
b) Jindal Enterprises LLC (USA)	1,000	1,000\$	361.92	1000	1,000\$	361.92
B. Investment in Equity Shares Other than Trade						
Quoted						
a) Jindal Strips Ltd.	8,71,793	10/-	1,362.24	8,71,793	10/-	1,362.24
b) Jindal Iron & Steel Co. Ltd.	3,77,528	10/-	169.08	3,77,528	10/-	169.08
c) Shalimar Paints Ltd.	3,00,000	10/-	180.00	3,00,000	10/-	180.00
d) Jindal Vijaynagar Steel Ltd.	1,00,01,400	10/-	1,000.08	1,00,01,400	10/-	1,000.08
Unquoted						
a) Rohit Tower Building Ltd.	2,400	100/-	2.40	2,400	100/-	2.40
b) Sona Bheel Tea Ltd.	86,025	10/-	5.90	86,025	10/-	5.90
c) Saw Pipes U.S.A. Inc.	19,35,000	1\$	609.51	19,35,000	1\$	609.51
d) Jindal Overseas Pte.Ltd.(Singapore)	1,53,000	1s\$	31.40	1,53,000	1s\$	31.40
e) Daelim E & C India Pvt. Ltd.	27,00,000	10/-	270.00	9,00,000	10/-	90.00
C. Govt. and Trust Securities						
a) Units of Unit Trust of India	6,600	10/-	0.90	6,600	10/-	0.90
b) National Savings Certificates	—	—	0.15	—	—	0.15
c) Bonds of Himachal Pradesh State Forest Corporation Ltd.	45	1 lac	44.10	45	1 lac	44.10
d) Punjab State Electricity Board	4	10 lacs	40.00	—	—	—
e) Indira Vikas Patra	—	—	5.00	—	—	5.00
D. Investment In Non-Convertible Debentures						
Quoted						
a) Shalimar Paints Ltd.	3,00,000	30/-	90.00	3,00,000	30/-	90.00
TOTAL			6,722.68	6,502.68		
Aggregate market value of quoted investments			873.77	1,237.10		
Aggregate value of quoted investments			2,801.40	2,801.40		
Aggregate value of unquoted investment			3,921.28	3,701.28		

DESCRIPTION	As at June 30, 1999 (Rs. in Lacs)	As at June 30, 1998 (Rs. in Lacs)
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SCHEDULE "7"
INVENTORIES :

i) Stores and Spares	749.26	678.44
ii) Loose Tools	15.54	16.19
iii) Finished Goods	844.59	332.16
iv) Semi-Finished Goods	431.78	1,657.07
v) Raw Material	1,006.54	1,172.72
vi) Raw Material in Transit	760.85	201.53
vii) Scrap	6.44	22.15
TOTAL	<u>3,815.00</u>	<u>4,080.26</u>

SCHEDULE "8"
SUNDRY DEBTORS :
(Unsecured, considered good)

i) Exceeding six months	4,517.66	4,368.57
ii) Others	3,067.39	10,969.61
TOTAL	<u>7,585.05</u>	<u>15,338.18</u>

NET BLOCK	
W.D.V. As at 30.6.99	W.D.V. As at 30.6.98
123.49	115.45
418.23	403.96
3,386.25	3,365.26
20,180.17	20,718.48
155.32	151.61
154.49	158.97
<u>24,417.95</u>	<u>24,913.73</u>
24,913.73	23,836.98

Division at A-1, Kot

DESCRIPTION	As at June 30, 1999 (Rs. in Lacs)	As at June 30, 1998 (Rs. in Lacs)
SCHEDULE "9"		
CASH AND BANK BALANCES:		
i) Cash/Cheques in hand	155.51	25.61
ii) With Scheduled banks.		
- Current Accounts	90.64	81.82
- Fixed Deposits	33.95	33.60
- Margin Money Account	8.15	-
iii) With Non-Scheduled banks*		
- EEFC A/c with Bank of Nova Scotia Atlanta, U.S.A.	4,277.22	4,107.62
TOTAL	<u>4,565.47</u>	<u>4,248.65</u>
*Maximum balance outstanding at any time during the year Rs. 4,277.22 lacs (Previous year Rs. 4107.62) (Schedule 22 para 21).		
SCHEDULE "10"		
LOANS AND ADVANCES :		
i) Advances recoverable in cash or in kind or for value to be received. Considered good	6,463.97	5,098.61
ii) Earnest money and Security deposits	1,045.05	1,108.86
iii) Deposit with Industrial Development Bank of India For surcharge on Income Tax U/S 32AB of Income Tax Act, 1961	0.60	0.60
iv) Advance Taxation	971.64	336.84
v) Balance with Central Excise	16.49	0.22
vi) Inter Corporate Loans	1,283.12	4,338.57
vii) Loan to Subsidiary Company	5,952.12	4,879.36
viii) Prepaid Expenses	395.51	150.33
TOTAL	<u>16,128.50</u>	<u>15,913.39</u>
SCHEDULE "11"		
CURRENT LIABILITIES :		
i) Sundry Creditors	4,026.79	8,704.65
ii) Advance from Customers	131.62	2,629.78
iii) Interest Accrued but not due	320.43	313.31
iv) Other Liabilities	794.03	1,199.86
v) Unpaid Dividend	31.46	144.14
TOTAL	<u>5,304.33</u>	<u>12,991.74</u>
SCHEDULE "12"		
PROVISIONS :		
For Taxation	677.00	200.00
For Proposed Dividends	455.27	455.27
For Income Tax on Proposed Dividends	50.08	45.53
Others	53.97	46.22
TOTAL	<u>1,236.32</u>	<u>747.02</u>
SCHEDULE "13"		
MISCELLANEOUS EXPENDITURE : (to the extent not written off or adjusted)		
i) Preliminary Expenses	8.60	10.88
ii) Shares/Euro Issue Expenses	58.77	58.77
iii) Deferred Revenue Expenses	505.56	559.99
iv) Technical Knowhow	8.95	17.90
TOTAL	<u>581.88</u>	<u>647.34</u>

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SCHEDULE

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i) Sales

ii) Conv

iii) Expo

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- Plant and

- Building

Lease Rent

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Contributor

and other fu

Workmen a

As at June 30, 1998 (Rs. in Lacs)	DESCRIPTION	Year Ended June 30, 1999 (Rs. in Lacs)	Year Ended June 30, 1998 (Rs. in Lacs)
	SCHEDULE "14"		
	SALES AND OPERATIONAL INCOME :		
25.61	i) Sales	32,586.82	28,374.02
81.82	ii) Conversion Charges	3,224.90	3,610.31
33.60	iii) Export Incentives	244.76	31.51
	TOTAL	<u>36,056.48</u>	<u>32,015.84</u>
	SCHEDULE "15"		
	OTHER INCOME		
4,107.62	Dividend on Long Term Investment (TDS of Rs. 0.03 lacs, Previous year Nil)	40.29	44.24
<u>4,248.65</u>	Misc. Receipts	334.06	153.78
Rs. 4107.62)	Profit on Sale of Long Term Investments	-	2.36
	Consultancy Charges	-	1,195.00
	TOTAL	<u>374.35</u>	<u>1,395.38</u>
	SCHEDULE "16"		
	INCREASE/(DECREASE) IN STOCK :		
	OPENING STOCK		
0.60	Finished Goods	332.16	1,297.94
336.84	Work-in-Progress	1,657.07	1,206.70
0.22	Scrap	22.15	20.76
4,338.57		<u>2,011.38</u>	<u>2,525.40</u>
4,879.36	CLOSING STOCK		
150.33	Finished Goods	844.59	332.16
<u>15,913.39</u>	Work-in-progress	431.78	1,657.07
	Scrap	6.44	22.15
	TOTAL	<u>1,282.81</u>	<u>2,011.38</u>
	Increase/(Decrease) in Stock	(728.57)	(514.02)
	SCHEDULE "17"		
	MANUFACTURING EXPENSES :		
8,704.65	Stores and Spares	770.23	944.89
2,629.78	Power and Fuel	911.79	961.59
313.31	Other Manufacturing Expenses	153.13	155.01
1,199.86	Repair and Maintenance :		
144.14	- Plant and Machinery	117.22	161.14
<u>12,991.74</u>	- Building	54.10	8.97
	Lease Rent	0.11	58.47
	TOTAL	<u>2,006.58</u>	<u>2,290.07</u>
	SCHEDULE "18"		
	PERSONNEL EXPENSES :		
200.00	Salary, Wages and other Benefits	821.61	725.65
455.27	Contribution to Provident and other funds	53.07	51.07
45.53	Workmen and Staff Welfare	197.56	164.07
46.22		<u>1,072.24</u>	<u>940.79</u>
<u>747.02</u>	TOTAL		
10.68			
58.77			
559.99			
17.90			
<u>647.34</u>			

DESCRIPTION	Year Ended June 30, 1999 (Rs. in Lacs)	Year Ended June 30, 1998 (Rs. in Lacs)
SCHEDULE "19"		
SELLING EXPENSES :		
Commission on Sales	358.62	34.64
Royalty	34.32	77.39
Advertisement	12.59	28.04
Rebate and Discounts	64.14	63.55
Warranty Claims	66.45	57.41
Forwarding charges (net of recoveries of Rs. 1,819.60 Lacs, Previous year Rs. 265 lacs)	997.43	1,508.58
Other Selling Expenses	156.30	42.60
TOTAL	1,689.85	1,812.21
SCHEDULE "20"		
FINANCE EXPENSES :		
Interest on Fixed Deposits	127.70	132.23
Interest on Debentures	127.44	-
Interest on Term Loans	2,221.94	2,021.20
Interest on Bank Borrowings	1,245.16	1,120.28
Bank and Finance charges	810.61	557.82
Interest to others	1,313.42	479.94
	5,846.27	4,311.45
Less : Interest Received :		
Interest on Bonds and Debentures (TDS Rs. 4.3 Lacs, Previous Year Nil)	21.15	16.87
Other Interest on Loans, Advances and Deposits (TDS Rs. 350.25 Lacs, Previous Year Rs. 240.37 Lacs)	1,776.61	1,589.63
	1,797.76	1,606.50
TOTAL	4,048.51	2,704.95
SCHEDULE "21"		
ADMINISTRATIVE AND OTHER EXPENSES :		
Rent, Rates & Taxes	35.77	21.92
Insurance	146.05	70.93
Postage, Telegrams & Telephones	109.70	114.41
Travelling & Conveyance	102.53	215.68
Vehicle upkeep & Maintenance	54.18	51.13
Director's Meeting Fees	0.57	0.72
Miscellaneous Expenses	247.10	295.86
Liquidated damages	4.78	4.43
Auditor's Remuneration	4.62	3.33
Preliminary/Deferred Revenue Expenses		
Written Off	103.02	273.14
Bad Debts	563.34	-
Loss on sale of Fixed Assets (Net)	4.56	24.77
Previous Years' Adjustment (Net)	16.24	30.64
Sales Tax Paid	-	63.78
Foreign Exchange Fluctuation (Net)	353.11	172.75
Technical Knowhow Fees Written off	8.95	8.95
TOTAL	1,754.52	1,352.44

Year Ended
June 30, 1998
(Rs. in Lacs)

34.64
77.39
28.04
63.55
57.41
1,508.58
42.60
<u>1,812.21</u>
132.23
-
2,021.20
1,120.26
557.82
479.94
<u>4,311.45</u>
16.87
1,589.63
1,606.50
<u>2,704.95</u>
21.92
70.93
114.41
215.68
51.13
0.72
295.86
4.43
3.33
273.14
-
24.77
30.64
63.78
172.75
8.95
<u>1,352.44</u>

SIGNIFICANT ACCOUNTING POLICIES & 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) 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

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.

b) DEPRECIATION

- i) 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.
- ii) 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.

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.
- c) Work in progress is valued at estimated cost.
- d) Scrap is valued at net realisable value.

G) INVESTMENTS

All long-term 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

Foreign currency transactions 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, except in respect of Nasik Division which is provided for on actuarial valuation basis.
- 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 lease 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)
a) Counter Guarantee given to Company's bankers for Guarantee given by them on behalf of the Company	12,394.48	11,085.22
b) Letter of Credit outstanding	2,969.73	7,708.35
c) Claims against the Company not acknowledged as debt (being under dispute)	59.40	13.29
d) Guarantee given to Financial institutions/ body corporate against facility extended to other body corporate for foreign currency loan	7,226.04	6,527.79
e) Counter guarantee given to Bank For credit facilities to Jindal Enterprises LLC (Wholly Owned Subsidiary Abroad).	11,700.00	10,010.00
f) Disputed Excise Duty Rs 2499.80 lacs. However, the same has been remanded for Rs 267.37 lacs by the order dated 20.08.98 of Commissioner of Central Excise, New Delhi. Appeal effect is yet to be received.	267.37	2,467.78
g) Uncalled liability for partly paid up Shares	-	0.04
h) Demand for Income tax. However, the same has been quashed by the CIT Appeals, New Delhi Order dated 23.09.99 and 29.09.99.	252.38	-
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	980.48	1,197.97
4. No provision has been made for the amortisation of premium on leasehold land over the lease-hold period accumulating to Rs.27.20 lacs including Rs 5.85 lacs on account of revaluation Reserve (Previous Year Rs.22.70 lacs including Rs.4.05 lacs on revaluation reserve).		
5. 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.		
6. The company has given an undertaking to financial institutions for loan taken by Jindal Vijaynagar 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.		
7. (a) Based on the information available with the Company, the Sundry Creditors in Schedule "11" includes (a) Rs 48.81 lacs to Small Scale Industrial Undertakings (b) Rs.3977.98 lacs to other creditors. Names of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs 1.00 lac or more and remaining outstanding for more than 30 days are M/S Aurangabad Metal Products, India Waterproofing co., Marul Enterprises, Nagesh Engg. Works, Noopur Industries, S.M. Industries, Sakar Packs Pvt. Ltd., Shah Steel Industries, Shivam Oxygen Pvt. Ltd. Spin-N-Cast, High-tech Engineers and Yatendra Machines Pvt. Ltd..		
(b) Based on the information available with the Company there was no overdue remaining unpaid to small scale and ancillary undertakings on account of principal and/or interest as at the close of the year.		
8. In accordance with accounting policy followed by the company the estimated liability as on 30.06.99 amounting to Rs.105 lacs (previous year Rs.18.31 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.		
9. (a) The Company has (i) unquoted investments of Rs 2550 lacs in Subsidiary Companies where the book value is lower by Rs.1913.56 lacs than the acquisition cost as per the latest available Balance Sheets, (ii) quoted		

and in Profit and Loss
exchange transaction
the contracts, if any, is

way of a note.

scheme with the Life
on actuarial valuation

employees as at the

cial production of the

cept in case of lease

Year Previous Year
(Rs in lacs)

4.48 11,085.22
3.73 7,708.35
3.40 13.29

3.04 6,527.79

3.00 10,010.00

7.37 -2,467.78
0.04

2.38

3.48 1,197.97
the lease-hold period
previous Year Rs.22.70

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agar Steel Ltd.(JVSL)
undertaken by JVSL

Rs 11" includes (a) Rs
Names of the Small
more and remaining
proofing co., Maruti
Pvt. Ltd., Shah Steel
Machines Pvt. Ltd.
unpaid to small scale
year.

30.06.99 amounting
ing in factory has not
ever, the said liability

where the book value
ce Sheets, (ii) quoted

investments in certain companies where at the year end date there has been diminution in the market value by Rs.1926.63 lacs considering the long term strategic investments and future prospects, such diminution, in the opinion of the management, has been considered to be of temporary nature and hence not considered while valuing the long term investments.

(b) The Company has given inter corporate deposits amounting to Rs.5952.12 lacs to the Indian Subsidiary Company. The Subsidiary Company has accumulated losses. Having regard to the long- term involvement, no provision is considered necessary on this account.

10. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which are not likely to be material will be adjusted at the time of confirmation.

11. The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenance of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.

12. 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.

13. The Income tax liability of the Company for the assessment year 1999-2000 has been determined on the basis of profit of the Company for the period 1/4/98 to 31/3/99. However, the Company has made no provision for taxation for the period from 1/4/99 to 30/6/99, as the liability of the same can not be determined.

14. 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 disclosed and determined as required by the Accounting Standard 11 issued 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.

15. Profit for the year includes net of Prior Period Adjustment Rs 16.24 Lacs (debit) (Previous Year -debit Rs.30.64 Lacs).

16. Loans and advances include Rs.604.32 lacs (previous year Rs. 603.25 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 on the same is not provided in the accounts.

17. 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.

18. An amount of Rs.2318.46 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.

19. Addition to plant and machinery/ capital work in progress includes Rs 49.95 lacs on account of foreign exchange fluctuation of loan/ liabilities.

20. Bank guarantee for USD 22 million to Bank of Nova Scotia Atlanta, USA for Jindal Enterprises LLC (Wholly Owned Subsidiary Abroad) has been secured by (a) an EEFC cash margin amounting to USD 11 Million with Bank of Nova Scotia (b) Counter Guarantee by The ICICI Limited aggregating to Rs 31 crores, and (c) first charge on fixed assets of the Company to the extent of Rs 12 crores.

21. Gain on account of fluctuation in rate of exchange for the balance with Non-scheduled Bank lying in EEFC account amounting to Rs.805.56 lacs has not been considered as the same is taken as long- term investments.

22. Since no commission is payable to Managing Director, computation under section 349 read with section 198 of the Companies Act 1956 is not been given.

23. Capital Work in progress includes following pre-operative expenses:

Description	Current Year (Rs in lacs)	Previous Year (Rs in lacs)
Raw Material Consumption	-	6.86
Manufacturing Expenses	-	25.75
Salary, Wages, Bonus and Other Benefits	-	11.94
Traveling and Conveyance	4.35	2.04
Workman and staff welfare	-	3.79
Rent, rate and taxes	-	2.70
Miscellaneous Expenses	-	4.82
Interest and Bank Charges	-	0.70
Depreciation	122.82	0.34
Total	127.17	58.94
Less: Conversion charges received	-	(2.77)
Net Total	127.17	56.17
Add: brought forward from previous year	56.17	-
Less: Capitalised during the year	56.17	-
Balance carried to balance sheet	127.17	56.17

24. Capital work in progress includes advance against capital order Rs.823.71lacs.

25. Due to labour problems, lock out was declared in the Seamless tube division in the Nasik Division of the Company, w.e.f. 03/07/1999.

26. (a) Auditors' Remuneration :

	Current Year (Rs in lacs)	Previous Year (Rs in lacs)
1. Audit Fee	2.39	2.05
2. Tax Audit Fee	0.76	0.50
3. Taxation Matters	0.25	-
4. Certification /others	0.90	0.50
5. Out of pocket expenses	0.32	0.28
Total	4.62	3.33
(b) Directors' Remuneration :		
1. Salary including allowances etc.	6.53	5.23
2. Contribution to P.F. etc.	0.54	0.52
3. Perquisites (as per Income Tax Rules)	0.65	0.99
Total	7.72	6.74

27. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 & 4 OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956.

A) INSTALLED CAPACITY AND PRODUCTION

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	1,50,000	94,151	37,609
b) 1 Bevelling, End finishing	MT	40,000	40,000	-	-
2 Coating	Sq. Mtr.	40,00,000	40,00,000	1,61,649	56,867
c) Chamfering :	MT	50,000	50,000	8	8
ii) Swastik Foils Cold Rolled Division					
Cold Rolled Strips (Thinner Gauge) :	MT	6,000	6,000	4,805	4,829
iii) Seamless Pipes Division					
Carbon Steel Seamless Tubes :	MT	35,000	35,000	1,372	1,958
iv) Spiral Division					
Spiral Pipes	MT	1,00,000	1,00,000	6,541	8,325

Notes :

- The above production of Bevelling, End Finishing & Coating Division does not include job work done for Pipe Division as follows :-
Submerged Arc Welded Pipes
Pipe Division
- The above production does not include CTE coating got done on job work basis 364000 sq. mtrs. (Previous year 722730 sq. mtrs.).
- The above production also includes goods manufactured for outside parties on job work basis as follows :

	Unit	Current Year	Previous Year
i) Submerged Arc. Welded Steel Pipes	MT	6,942	4,871
ii) Cold Rolled Strips : Thinner Gauge	MT	2,186	1,560
- Licensed capacity is not applicable in view of the Company's products having been delicensed as per the Liberalised Licensing Policy announced by the Govt. of India.
- Installed capacity is as certified by the Management.

B) RAW MATERIAL CONSUMPTION

Description	Unit	Current Year		Previous Year	
		Qty.	Rs. (in lacs)	Qty.	Rs. (in lacs)
Steel Plates	MT	86,678	13,534.31	34,215	6,033.45
Semi Finished Pipes	MT	9	2.15	8	2.28
Flux and Electrodes	MT	901	455.98	318	139.99
Cold Rolled Strips	MT	2,421	1,587.43	3,595	2,407.12
Coating Material**			1,045.66		2,629.25
H.R. Coils/Sheets	MT	7,268	990.34	7,700	1,185.27
M.S. Round, Hollows, Billets etc.	MT	1,448	780.32	2,726	1,602.41
Others			404.92		-
TRADING GOODS PURCHASE			18,801.11		13,999.77
S.S. Pipes/tubes/sheets	MT	-	-	6,750	5,652.11
Others			-		2.19
					5,654.30

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

Previous Year
(Rs in lacs)
2.05
0.50

C) QUANTITATIVE INFORMATION OF FINISHED GOODS STOCKS

Description	Unit	Qty.	Opening Stock	Closing Stock As on 30.6.98		Closing Stock	
			As on 1.7.97	And Opening Stock As on 01.07.98		As on 30.6.99	
			Amount	Qty.	Amount	Qty.	Amount
			(Rs. in Lacs)		(Rs. in Lacs)		(Rs. in Lacs)
Finished Goods :							
Submerged Arc Welded Steel Pipes	MT	4,150	1,085.70	376	100.28	3,204	651.53
Spiral Pipes	MT	17	2.64	34	22.27	41	5.98
Cold Rolled Strips :							
Thinner Gauge	MT	246	199.35	251	200.96	186	167.39
Carbon Steel Seamless Tubes	MT	12	10.25	34	8.65	14	19.69
			<u>1,297.94</u>		<u>332.16</u>		<u>844.59</u>

D) SALES

Unit	Current year		Previous Year	
	Qty.	Amount (Rs. in lacs)	Qty.	Amount (Rs. in lacs)
a) Manufactured Goods :-				
Submerged Arc Welded Steel Pipes				
- Pipe Division	MT	84,381	36,512	13,422.26
- Bevelling & Coating Division	MT	-	-	-
- Chamfering Division	MT	8	8	2.28
Colled Rolled Strips (Thinner Gauge)	MT	2,684	3,264	2,701.09
Carbon Steel Steamless Tubes	MT	1,391	1,936	2,289.52
Spiral Pipes	MT	6,534	8,308	1,896.58
Scrap	MT	-	-	357.19
		<u>32,586.82</u>		<u>20,668.92</u>
b) Traded Goods :				
S.S. Pipes/Tubes/Sheets	MT	-	6,750	7,702.23
Others	MT	-	-	2.87
		-	-	<u>7,705.10</u>
Total		<u>32,586.82</u>		<u>28,374.02</u>
c) OTHER OPERATIONAL INCOME				
Conversion Charges		3,224.90		3,610.31
Export incentive		244.76		31.51
		<u>3,469.66</u>		<u>3,641.82</u>
Grand Total (a+b+c)		<u>36,056.48</u>		<u>32,015.84</u>

E) C.I.F. Value of Imports

Raw Materials	8,039.57	5,781.52
Stores and Spares	100.23	126.45
Capital Goods	-	0.50

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

	% age	Current Year (Rs. in lacs)	%age	Previous Year (Rs. in Lacs)
a) Raw Materials				
Imported	47.64	8,956.61	54.10	7,573.17
Indigeneous	52.36	9,844.50	45.90	6,426.60
	<u>100.00</u>	<u>18,801.11</u>	<u>100.00</u>	<u>13,999.77</u>
b) Stores and Spares :				
Imported	9.40	72.43	16.60	156.83
Indigeneous	90.60	697.80	83.40	788.06
	<u>100.00</u>	<u>770.23</u>	<u>100.00</u>	<u>944.89</u>

G) EXPENDITURE IN FOREIGN EXCHANGE

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
i) Travelling	13.90	32.73
ii) Interest and Bank Charges	44.74	174.21
iii) Royalty & Technical Expenses	56.05	106.50
iv) Commission on sales	235.92	-
v) Others	5.32	4.85

H) EARNING IN FOREIGN EXCHANGE

i) F.O.B. value of Exorts	16,070.94	11,191.34
ii) Insurance/other Claim	8.92	19.39
iii) Interest	224.99	110.69

I) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND :

	Current Year		Previous Year 1996-97
	1997-98	1996-97	
a) Financial year to which dividend relates	1997-98	1996-97	1996-97
b) No. of NRI shares holders	18	1	215
c) No. of shares held	97,43,400	60,24,000	17,500
d) Net amount of dividend remitted (Net of Tax)	Rs. 97.43 lacs	Rs. 120.48 lacs	Rs. 35,000

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

I. Registration No. 23979, State Code 20 Balance Sheet 30.06.99			
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	58,42,103	Total Assets	58,42,103
Sources of funds :			
Paid up Capital	5,39,815	Reserves & Surplus	24,91,274
Secured Loans	27,02,905	Unsecured Loans	1,08,109
Application of Funds :			
Net Fixed Assets	25,56,310	Investments	6,72,268
Net Current Assets	25,55,337	Misc. Expenditure	58,188
Accumulated Losses	NIL		
IV Performance of Company (amount in Rs. Thousand)			
Turnover	36,05,648	Total Expenditure	32,40,929
Profit before Tax	3,29,297	Profit After Tax	2,81,597
Earning Per Share-Equity (Rs.)	7.22	Dividend rate	10%
V Generic Name of three Principal products of the Company.			
<u>Product Description</u>		<u>Item Code No.</u>	
Longitudinally Submerged Arc Welded Pipes		730511	
Seamless Tubes/Pipes		730690	
Cold Rolled strips.		7201202	
Spiral Pipes.		730690	

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

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

Sminu Jindal
Wholetime Director

G.K. AGGARWAL
Partner

O.N. Gupta
Vice President &
Company Secretary

Abhay Bhargava
Vice President (Finance)

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

Place : New Delhi
Dated : 26th November, 1999

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 1999

PARTICULARS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
A. CASH INFLOW (OUTFLOW) FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax And Ordinary Activity	3,292.97	2,268.66
Adjustments for		
Add/(Less)		
Depreciation	1,153.90	1,054.94
Misc. Expenses written off during the year	111.97	282.09
Other income	(40.29)	(44.24)
Interest Paid	5,035.66	3,753.63
Provision for leave Encashment and others	7.75	12.05
Bad Debts Written off	563.34	
Interest Received	(1,797.76)	
Operating Profit Before Working Capital Changes	5,03,457	(1,606.50)
	8,327.54	3,451.97
Adjustments for :-		
Inventories	265.26	3,649.34
Sundry Debtors	7,189.79	(640.65)
Other Current Assets	(1563.00)	(3,666.47)
Current Liabilities	(7,581.85)	194.11
Working Capital Loans from Banks	1,075.67	246.25
Cash Generated From Operations	(614.13)	(217.42)
	7,713.41	5,503.21
Interest Paid	5,028.54	3,914.71
Tax Paid	637.02	389.94
Cash Flow Before Extraordinary Items	(5,665.56)	(4,304.65)
Extraordinary Items :	2,047.85	1,198.56
Loss on Sale of Fixed Assets	4.56	24.77
Profit on Sale of Investment		(2.36)
Net Cash From Operating Activities	4.56	22.41
	2,052.41	1,220.97
B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	(220.00)	(861.72)
Capital expenditure	(1,486.83)	(2,412.55)
Sale proceeds of fixed assets	7.64	90.43
Loans & Advances	1,982.69	(3,715.73)
Misc. expenditure	(46.51)	(56.16)
Interest Received	1,797.76	1,320.74
Dividend Received	40.29	44.24
Net Cash Inflow/(Outflow) From Investing Activities	2,075.04	(5,590.75)

Previous Year
(Rs. in lacs)
32.73
174.21
106.50
4.85

11,191.34
19.39
110.69

Previous Year
1996-97
1
215
17,500
Rs. 35,000

NT TO PART IV OF

58,42,103

24,91,274
1,08,109

6,72,268
58,188

32,40,929
2,81,597
10%

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Sminu Jindal
Wholetime Director

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES

Dividend Paid	(704.99)	(645.02)
Dividend Tax Paid	(59.23)	(77.96)
Increase/(Decrease) in Share Capital	0.00	1,500.00
Increase/(Decrease) in Secured Loan	996.89	4,379.60
Increase/(Decrease) in Fixed Deposits	(256.39)	527.52
Increase/(Decrease) in Unsecured Loan	(3,786.91)	2,661.81
Net Cash Inflow/(Outflow) Used In Financing Activities	(3,810.63)	8,345.95
Net Changes In Cash & Cash Equivalent	316.82	3,976.17
Cash and cash equivalent as at 01.07.98 (opening balance)	4,248.65	272.48
Cash and cash equivalent as at 30.06.99 (closing balance)	4,565.47	4,248.65

AUDITORS' REPORT

We have examined the attached Cash Flow Statement of **SAW PIPES LIMITED** for the year ended 30th June, 1999. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of listing agreement with Stock Exchange and is based on and derived from the Balance Sheet of the Company as at 30th June, 1999 and Profit and Loss Account for the year ended on that date of the Company covered by our report to the Members of the Company.

As per our report of even date attached

For N.C. AGGARWAL & CO.
Chartered Accountants

P.R. Jindal
Chairman

Ratan Jindal
Managing Director

Sminu Jindal
Wholetime Director

G.K. AGGARWAL
Partner

O.N. Gupta
Vice President &
Company Secretary

Abhay Bhargava
Vice President (Finance)

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

Place : New Delhi
Dated : 26th November, 1999

P.R. Jindal
Chairman

Place : New Delhi
Date : 26th November,

STATEMENT

- a) Subsidiary C
- b) Holding Corr
- c) Financial Yea
- d) Net aggregat
Company's Pr
within the Cor
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financial y
- (ii) For the St
previous fi
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subsidiary.
- e) Net aggregate
Company's Pr
within the Com
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financial pe
- (ii) For the sub
financial pe
holding corr
- f) As the financial
subsidiary Comp
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Company Sectio
Companies Act,

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

(645.02)	a) Subsidiary Company	:	Hexa Securities & Finance Co. Ltd.
(77.96)	b) Holding Company's interest	:	Holder of 2,55,00,000 Equity Shares of Rs. 10/- each out of the Subscribed capital of 2,55,00,000 Equity Shares of Rs. 10/- each.
1,500.00			
4,379.60	c) Financial Year of the Company Ended on	:	30 th June, 1999
527.52	d) Net aggregate amount of subsidiary Company's Profit (Loss) not dealt within the Company's Account	:	NIL
2,661.81	(i) For the Subsidiary Company's financial year ended 30 th June, 1999.	:	Loss Rs. 9,68,17,693/-
<u>8,345.95</u>	(ii) For the Subsidiary Company's previous financial periods, since it became the holding Company's subsidiary.	:	Loss Rs. 9,41,42,197/-
3,976.17	e) Net aggregate amount of the subsidiary Company's Profit/Loss dealt within the Company's account.		
272.48	(i) For the subsidiary Company's financial period ended 30 th June, 1999.	:	NIL
<u>4,248.65</u>	(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	:	

Sminu Jindal
Wholetime Director

A.J.A. Tauro
Purshottam Lal
Kuldip Bhargava
H.S. Chaudhary
Director

P.R.Jindal
Chairman

Ratan Jindal
Managing Director

Sminu Jindal
Whole Time Director

O.N.Gupta
Vice president &
Company Secretary

Abhay Bhargava
Vice President (Finance)

Place : New Delhi
Date : 26th November, 1999

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 5th Annual Report together with the Audited Statement of Accounts for the year ended 30th June, 1999.

1. FINANCIAL RESULTS & DIVIDEND.

During the year under report, the Company has earned income by way of dividend amounting to Rs. 23.16 lacs. After payment of interest on loan and other expenses, net loss for the year amounted to Rs.968.18 lac as against Rs. 828.21 lac in the previous year.

In view of the net loss during the year, the directors do not recommend declaration of any dividend.

2. DEPOSIT

In terms of NBFC (RBI) Directions 1977, there were no overdue and unclaimed deposits at the close of the year 30th June, 1999.

3. AUDITOR'S REPORT

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

4. AUDITORS

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

5. DIRECTORS

Shri Sandip Sharma Director of the Company retire by rotation and being eligible, offer himself for re-appointment.

6. OTHER INFORMATION

The Report 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 employee is also not applicable.

By the order of the Board
For **HEXA SECURITIES & FINANCE CO. LTD.**

Sandip Sharma
Director

Arvind Kiran Aggarwal
Director

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

Dated : 26th November, 1999

AUDITOR'S REPORT

To,

The Members

We have audited the accounts of the Company for the year ended 30th June, 1999 together with the Audited Statement of Accounts for the year ended 30th June, 1999.

1. We have audited the accounts of the Company for the year ended 30th June, 1999 together with the Audited Statement of Accounts for the year ended 30th June, 1999.

2. In our opinion, the accounts of the Company for the year ended 30th June, 1999 appear to be correct and in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

3. The Balance Sheet and the Statement of Accounts for the year ended 30th June, 1999 are in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

4. In our opinion, the accounts of the Company for the year ended 30th June, 1999 are in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

5. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

6. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

7. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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23. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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27. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

28. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

29. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

30. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

31. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

32. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

33. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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36. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

37. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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39. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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41. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

42. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

43. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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46. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

47. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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49. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

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51. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

52. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

53. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

54. The Audited Statement of Accounts for the year ended 30th June, 1999 is in accordance with the Audited Statement of Accounts for the year ended 30th June, 1999.

AUDITOR'S REPORT

To,

The Member of HEXA SECURITIES & FINANCE COMPANY LTD.

We have audited the attached Balance Sheet of Hexa Securities & Finance Company Ltd. as at 30th June, 1999 together with annexed Profit & Loss Account for the year ended as on the date and report that:-

1. We have obtained all the informations and explanation 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, 1999.
 - b) In the case of Profit & Loss account of 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 & explanations given to us during the course of our Audit, we report on the matters specified in the paragraph (4A) 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 share 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 not taken unsecured loan from companies, firms and other parties listed in the register maintained under Section 301 and/or from the Companies as defined under Section 370(1B).
 - 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 & 370 (1B) of the Companies Act, 1956.
 - iv) In our opinion there are adequate control procedures, commensurate with the size of the Company and nature of its business with regard to the purchase and sale of Share, Bonds, Debentures and other assets.
 - v) The Company being a Non Banking Finance Company (NBFC), Section 58A of the Companies Act, 1956 is not applicable to the Company. In our opinion the Company has complied with the directives issued by the Reserve Bank of India and rules there under for deposit.
 - vi) As regard 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, 1999 for a period of more than six months.
 - ix) No personal expenses have 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, Debenture 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.

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

G.K. AGGARWAL
Partner

Place: New Delhi,
Dated : 26th November, 1999

HEXA SECURITIES & FINANCE COMPANY LIMITED
5TH ANNUAL REPORT 1998-99

BALANCE SHEET
AS AT 30TH JUNE, 1999

DESCRIPTION	SCHEDULE No.	As at June 30, 1999 (Rs.)	As at June 30, 1998 (Rs.)
SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
A. Share Capital	A	255,000,000	255,000,000
B. Inter Corporate Loan		595,212,309	512,028,188
TOTAL		850,212,309	767,028,188
APPLICATION OF FUNDS			
I. Investments			
A) Current Assets, Loans & Advances	B	686,351,612	686,351,612
B) Current Liabilities & Provisions	C D	133,823 27,629,523	48,093 13,989,523
II. Net Current Assets (A-B)		27,495,700	(13,941,430)
III. Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses		396,507	475,809
IV. Profit & Loss Account		190,959,890	94,142,197
TOTAL (I+II+III+IV)		850,212,309	767,028,188

NOTES TO THE ACCOUNTS

As per our report of even date attached

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

G.K. AGGARWAL
Partner

Place : New Delhi
Dated : 26th November, 1999

E

For and on behalf of the
Board of Directors

Sandip Sharma
Director

Arvind Kiran Aggarwal
Director

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As per our r
For **N.C. AGG**
Chartered Ac

G.K. AGGAR
Partner

Place : New
Dated : 26th I

**PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 30TH JUNE, 1999**

As at
 June 30, 1998
 (Rs.)

255,000,000
 512,028,188
767,028,188

686,351,61
 48,093
 13,989,523
(13,941,430)

475,809
 94,142,197
767,028,188

DESCRIPTION	SCHEDULE No.	Year Ended June 30, 1999 (Rs.)	Year Ended June 30, 1998 (Rs.)
I. INCOME			
Interest On Income Tax Refund		—	71,656
Dividend Received		2,315,802	2,315,802
TOTAL (I)		<u>2,315,802</u>	<u>2,387,458</u>
II. EXPENDITURE			
Salary		4,500	11,958
Registration & Filing Fee		240	240
Bank Charges		110	200
Interest On Intercompany Loan		97,361,166	85,102,413
Other Interest		1,676,102	—
Printing & Stationary		—	732
Preliminary Expenses Written Off		79,302	79,302
Auditor's Remuneration		—	—
- Audit Fees		12,075	11,500
- Certificate		—	2,000
TOTAL (II)		<u>99,133,495</u>	<u>85,208,345</u>
Profit (Loss) Before Tax (I-II)		<u>(96,817,693)</u>	<u>(82,820,887)</u>
Less Provision For Taxation		—	—
Profit (Loss) After Tax		<u>(96,817,693)</u>	<u>(82,820,887)</u>
Less : Previous Year's Taxation Adjustment		—	(155,408)
Less Previous Year's Loss Brought Forward		<u>(94,142,197)</u>	<u>(11,165,902)</u>
(Loss) Carried To Balance Sheet		<u>(190,959,890)</u>	<u>(94,142,197)</u>

NOTES TO THE ACCOUNTS

As per our report of even date attached

For N.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 : 26th November, 1999

SCHEDULES FORMING PART OF THE BALANCE SHEET

DESCRIPTION	As at	As at
	June 30, 1999 (Rs.)	June 30, 1998 (Rs.)
SCHEDULE 'A' - SHARE CAPITAL		
AUTHORISED		
2,60,00,000 Equity Shares of Rs. 10/- each	260,000,000	260,000,000
ISSUED SUBSCRIBED & PAID UP		
2,55,00,000 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) NON TRADE

PARTICULARS	FACE VALUE	AS AT 30.06.1999		AS AT 30.06.1998	
		NO. OF SHARES	AMOUNT (Rs.)	NO. OF SHARES	AMOUNT (Rs.)
Jindal Vijaynagar Steel Limited (Rs. 10/- Paid up)	10	50,000,000	500,000,000	50,000,000	500,000,000
Jindal Strips Limited	10	771,934	186,351,612*	771,934	186,351,612
Total			<u>686,351,612</u>		<u>686,351,612</u>
Aggregate Market Value of Quoted Investments			203,668,563		296,075,674
Aggregate Value of Quoted Investments			<u>686,351,612</u>		<u>686,351,612</u>

* Consequent to Scheme of Arrangement between Jindal Strips Ltd. and Jindal Steel & Power Ltd., equity shares of Jindal Strips Ltd. is to be apportioned into equity shares of Jindal Strips Ltd. & Jindal Steel & Power Ltd. in the ratio of 60 : 40.

SCHEDULE 'C'
CURRENT ASSETS, LOAN & ADVANCES

CURRENT ASSETS		
Cash and Stamp in Hand	2,919	3,100
Balance with Scheduled Bank-in Current Account	130,904	44,800
	<u>133,823</u>	<u>48,093</u>

SCHEDULE 'D'
CURRENT LIABILITIES & PROVISIONS

Sundry Creditor	—	500
Audit Fee Payable	21,575	21,500
T.D.S. Payable	—	13,967,523
Interest Accrued but not due	27,607,948	—
	<u>27,629,523</u>	<u>13,989,523</u>

SCHEDULES
NOTES
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SCHEDULE - E

NOTES TO ACCOUNTS

ACCOUNTING POLICIES

1) GENERAL

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

2) 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.

3) INVESTMENTS

Long Term Investment has been stated at cost.

4) PRELIMINARY EXPENSES

Preliminary expenses are written off in ten equal annual installments.

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 became deemed Public Company U/s 43 A of the Companies Act, 1956.

As there is no income liable to Income Tax in Financial Year 1998-99 relevant Assessment year 1999-2000, no provision for taxation has been made.

All investments held by the Company has been shown as long term investment as in the opinion of the management the same is held for long term purposes. 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.

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

The Company has given an undertaking to Financial Institutions for loan taken by Jindal Vijaynagar Steel Limited (JVSL) not to dispose off the investment in JVSL till repayment of loan by JVSL or the project undertaken by JVSL is completed whichever is later.

7. Additional information Pursuant to Part-IV of Schedule VI to the Companies Act, 1956

(Rs. in Thousands)

I. Registration Details

Registration No.
State Code No.
Balance Sheet Date

II. Capital Raised During the Year

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

III. Position of Mobilisation and Deployment of funds

Total Liabilities
Total Assets

IV. Source of Fund

Paid-up Capital
Reserve & Surplus
Secured Loans
Unsecured Loans

V. Application of Funds

Net Fixed Assets
Investment
Net Current Assets
Misc. Expenditure
Accumulated Losses

VI. Performance of Company

Turnover/Income
Total Expenditure
Profit/(Loss)/Before Tax
Profit/(Loss)/After Tax
Earning Per Share in Rs.
Dividend Rate %

VII. Generic Name of Principal Product of Company

(As per Monetary Terms)
Item Code No.
Product description

for N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

G.K. AGGARWAL
Partner

Place : New Delhi
Dated : 26 November, 1999

SANDIP SHARMA
Director

ARVIND KIRAN AGARWAL
Director

SIGNATURE TO SCHEDULE VI

30th June, 1999
District of ...
above named Comp
my/our proxy to ...
pany to be held at
gaon Road, Kosi
ed this ...
Signature _____
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JCE COMPANY LIMITED
5TH ANNUAL REPORT 1998-99

Companies Act, 1956
(Rs. in Thousands)

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30th June, 1999

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8,50,21

2,55,000

5,95,212

6,86,352
(27,496)
396

1,109,60

2,316
99,133
(96,817)
(96,817)

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JRE TO SCHEDULE 'A' TO 'E'

ARVIND KIRAN AGARWA
Director



SAW Pipes Limited

Registered Office : A-1, UPSIDC Indl. Area, Nandgaon Road
Kosi Kalan, Distt. Mathura (U.P.) - 281 403

PROXY FORM

I/We of in the
District of being a member of
The above named Company hereby appoint
of in the district of
or failing him
of in 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 Friday 24th December, 1999 at 11.30 A.M. at A-1, UPSIDC Indl. Area,
Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.)-281 403 and at any adjournment thereof.

Signed this day of

Signature

Address

Re. 1/-
Revenue
Stamp

Folio No.
D.P. ID*
Client ID*

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 11.30 a.m. on 22nd December, 1999.

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 15th Annual General Meeting of the Company at A-1,
UPSIDC Indl. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.) - 281 403 on 24th December,
1999.

Name of the Shareholder

Name of the Proxy/Representative, if any

Signature of the Shareholders/Proxy

Representative

Folio No.
D.P. ID*
Client ID*

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.

* Applicable for investors holding shares in electronic form.

SAW Pipes Limited

Registered Office : A-1, UPSIDC Indl. Area, Nandgaon Road
Kosi Kalan, Distt. Mathura (U.P.) - 281 403

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

BOOK - POST

ANCE SLIP

RETURN TO

If undelivered, please return to :

Share Department

SAW Pipes Limited

28, Najatgarh Road

New Delhi - 110 015

