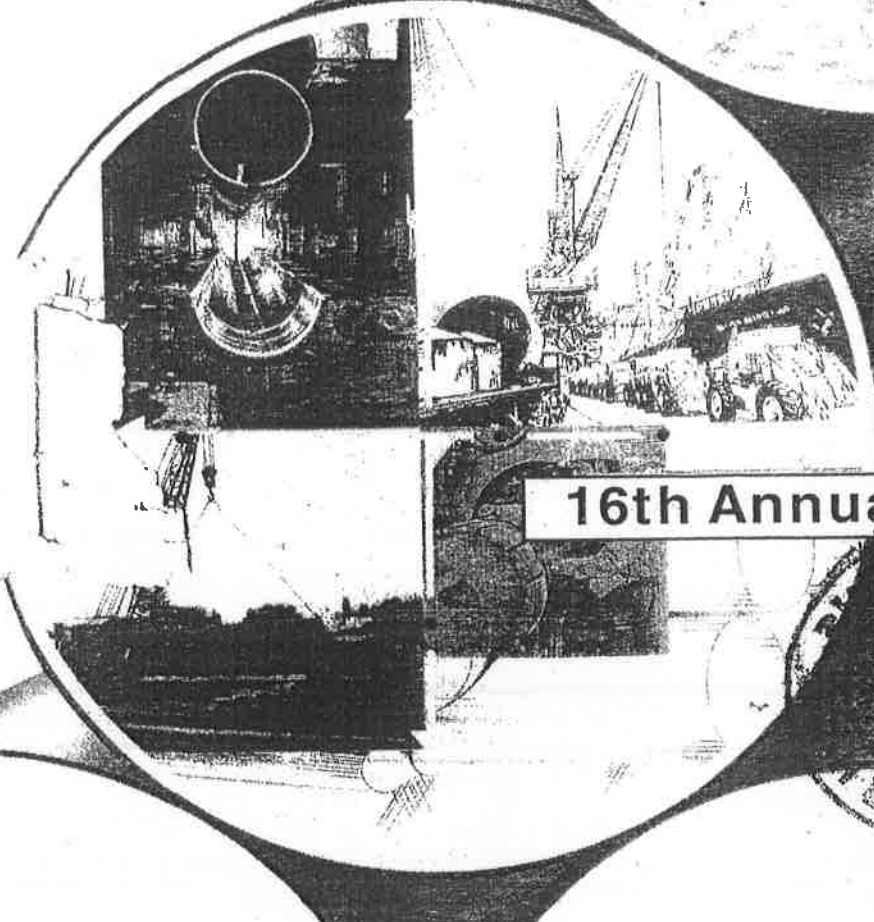
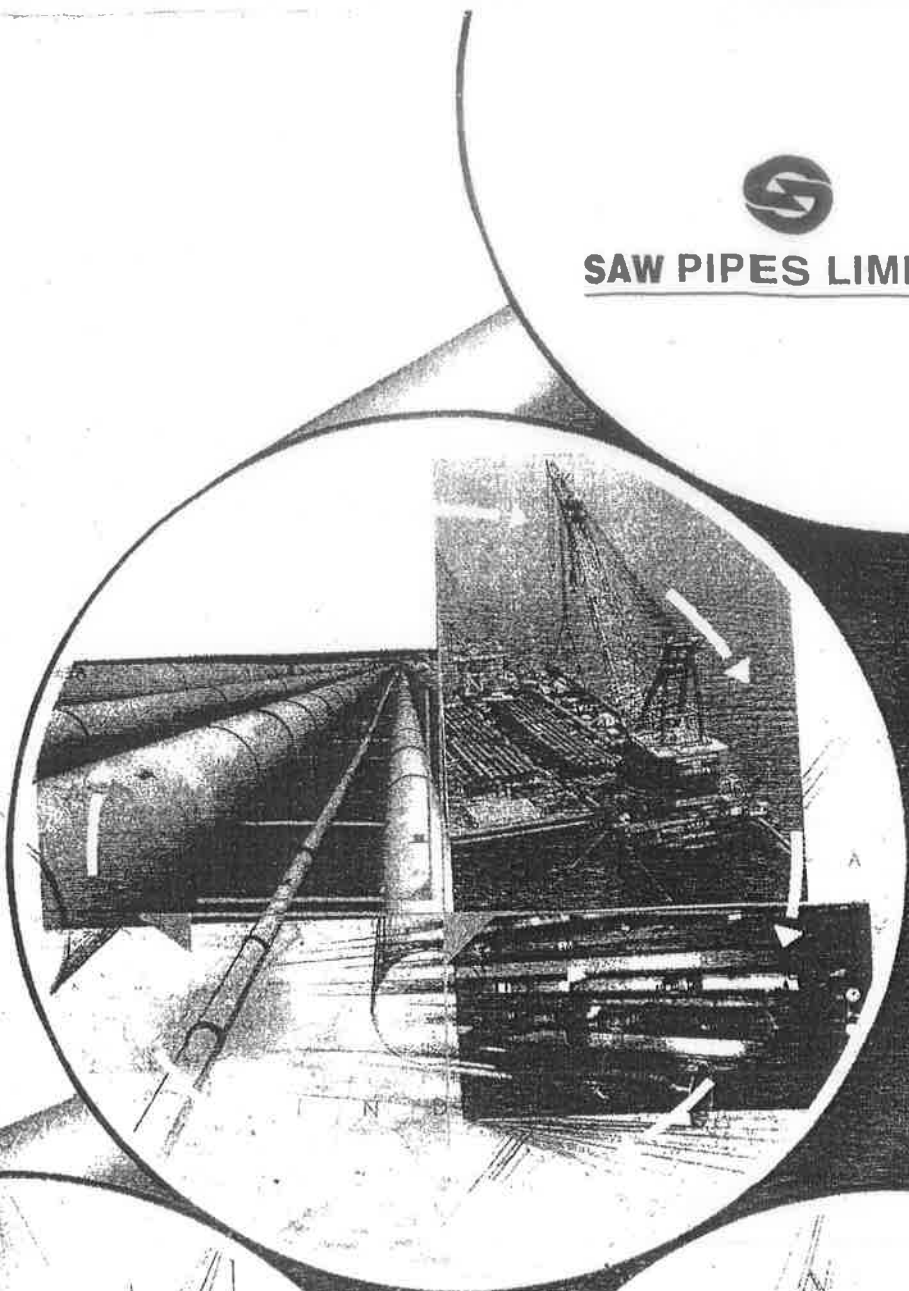




SAW PIPES LIMITED



16th Annual Report 1999-2000

BOARD OF DIRECTORS

P.R. Jindal	Chairman
Ratan Jindal	Managing Director
Sajjan Jindal	
Sminu Jindal	Whole Time Director
A.Q. Siddiqui	Nominee of ICICI Ltd.
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

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

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 Division	A-1, UPSIDC Ind. Area, Kosi Kalan, Distt. Mathura (U.P.)
3LPE Coating Division	Nandgaon bypass Road, Kosi Kalan, Distt. Mathura (U.P.)
Chamfering Division	C-23 & 24 Industrial Area, Kosi Kalan, Distt. Mathura (U.P.)
Seamless Tubes Division	Sinnar Industrial Area
Spiral Pipes Division	Nashik (Maharashtra)
Foil Division	28 & 37 Najafgarh Road New Delhi - 110015
E.O.U. Pipe Division	Mundra, Gujarat
Composite Coating Division	Kandla, Gujarat

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of SAW Pipes Ltd. will be held at Registered Office at A-1, UPSIDC Indl. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.)-281 403 on Saturday, the 30th day of December, 2000 at 11.00 A.M. to transact the following businesses:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2000 and the Profit & Loss Account for the year ended 30th June, 2000 and the Reports of Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Shri T.M. Sen, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Subhash Chandra, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint 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 as an Ordinary Resolution:-

"RESOLVED THAT Shri A.Q. Siddiqi be and is hereby appointed as a Director of the Company liable to retire by rotation."

Regd. Office :
A-1, UPSIDC Indl. Area,
Nandgaon Road, Kosi Kalan,
Distt. Mathura (U.P.)-281403
Dated : 27th November, 2000

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 of the Notice to be transacted at the above meeting is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd Dec., 2000 to 26th Dec., 2000 (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 26th December, 2000 as per the list to be furnished by NSDL and CDSL 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 26th December, 2000.
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

ICICI Ltd. has nominated Shri A.Q. Siddiqi as Director on Board of your Company in terms of financial assistance sanctioned to the Company. Accordingly, Shri Siddiqi was co-opted as an additional director of the Company w.e.f. 27th November, 2000. As per the provisions of Section 260 of the Companies Act, 1956, Shri Siddiqi holds office till the ensuing Annual General Meeting.

Shri Siddiqui is formerly Principal Chief General Manager of Reserve Bank of India and has vast experience. The Board considers his appointment to be in the interest of the Company and accordingly recommends the same.

Necessary notice as required U/s 257 of the Companies Act, 1956 has been received by the Company. No director except Shri Siddiqi is concerned or interested in the resolution.

Regd. Office :
A-1, UPSIDC Indl. Area,
Nandgaon Road, Kosi Kalan,
Distt. Mathura (U.P.)-281403
Dated : 27th November, 2000

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 16th Annual Report and Audited Statement of Accounts of the Company for the year ended 30th June, 2000.

FINANCIAL RESULTS

	Current Year (Rs. in lacs)	Previous year (Rs. in lacs)
Gross Sales & Income from Operations	31,336.16	36,430.83
Profit before Interest and Depreciation	5,816.74	8,495.38
Less :		
— Interest	3,444.03	4,048.51
— Depreciation	1,189.12	1,153.90
Profit before tax	1,183.59	3,292.97
Provision for Income Tax and Wealth Tax	1.50	477.00
Net Profit After tax	1,182.09	2,815.97
Add : Balance brought forward from previous Year	1,776.34	968.30
Previous year's depreciation written back	—	0.38
Previous year taxation adjustment	2.43	(2.22)
Total amount available for appropriation	2,960.86	3,782.43
Less : Appropriations :		
(a) Debenture Redemption Reserve	375.00	350.00
(b) Transfer to General Reserve	—	1,000.00
(c) Interim Dividend on Preference shares paid	137.04	137.04
(d) Proposed dividend :		
— on Preference Shares	65.47	65.47
— on Equity Shares	389.80	389.80
(e) Corporate Tax on dividends	115.23	63.78
Balance carried to Balance Sheet	1,878.32	1,776.34

APPROPRIATIONS AND DIVIDEND

After considering the Company's operations 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. 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, 2000 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. 231.98 lacs including dividend tax.

REVIEW OF OPERATION

(a) PIPE DIVISION

The Operation of the Pipe Division are project driven. There was significant drop in the projects undertaken during the year under review. This was due to deferment/delay of undertaking of the projects. The production of Submerged Arc Welded Steel Pipes has decreased to 59483 MT during the year under report as compared to 94151 MT in the previous year, which shows a decrease of 36.82% over previous year.

(b) NASHIK DIVISION

Seamless Tube division

The Seamless Tube Division is still under lock out. Long term viable solutions are being worked out for the operations of the Seamless Division.

Spiral Division

The production of Spiral Pipes was 9660 MT during the year under report as compared to 6541 MT in the previous year.

FOILS DIVISION

Foils division has maintained its progress. The production in this unit was 5919 MT during the year under report as compared to 4805 MT in the previous year of operation.

EXPANSION PROGRAMME

The 100% Export Oriented Unit being set up at Mundra, a port town in the state of Gujarat has been completed in record time without any over-run. The Unit has commenced trial production. In line with the Company's track record of excellent production, the produce of the trial production worth Rs. 3,48,000/- were exported against a pilot order.

FUTURE OUTLOOK

The changing scenario in the industry is very very positive particularly in India where number of pipe lines are likely to be undertaken in the immediate near future. The Export market is also very bright with promising prospects in the growth of Company's export market.

CORPORATE GOVERNANCE

SEBI has notified a code of corporate governance for the listed companies based on the recommendations of Kumar Mangalam Birla Committee, which are sought to be implemented through the listing agreement with the stock exchanges. Your Company is required to implement the same before 31.03.2002.

Corporate Governance is deeply embedded in the corporate philosophy of SAW Pipes Limited. Your Company follows a policy of transparency in its working, believes in providing best service to the investors and speedy redressal of their grievances, if any, it takes legitimate pride to say that the code of corporate governance is not new to it. It is the endeavour of SAW Pipes Limited to fully implement the recommendations on Corporate Governance well before the schedules of implementation stipulated by SEBI.

LISTING

The shares of your Company are listed at Delhi, Mumbai, Calcutta and Kanpur Stock Exchanges. The Annual Listing Fees for the year ending on 2000-2001 has been paid to all the Stock Exchanges.

DEMATERIALISATION OF SHARES

The shares of your Company are eligible for dematerialisation and script less trading. About 54.29 lac shares (about 13.93%) 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.

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 are given in the statement annexed hereto (Annexure 1).

PERSONNEL

The industrial relations remained cordial through out the year. As required by the provision 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 Director's Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are 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. 2,15,000/- at the end of the year.

INSURANCE

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

AUDITORS' REPORT

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

AUDITORS

M/s. N.C. Aggarwal & Co., Chartered Accountants, Auditors of the Company retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

ICICI Ltd. has nominated Shri A.Q. Siddiqui on the Board of your company. Shri Siddiqui is formerly Principal Chief General Manager of Reserve Bank of India. The Board has co-opted him as an additional director in w.e.f. 27.11.2000.

Shri T.M. Sen and Shri Subhash Chandra, 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 Departments 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 on the contribution made by the employees at all levels to the efficient operation of the Company.

Place : New Delhi
Date : 27th November, 2000

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

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) More numbers of transparent roof sheets for the main shed have been put up for better illumination in the day time.
- (ii) Edge Planner No. 2 has been extended to take 12.5 metre long plates in one stroke. This has resulted into higher production rates from this section.
- (iii) Re-working on the pipes in various section namely ID/OD and expander have been brought down drastically through training and qualified procedures for very section.
- (iv) Handling of pipes by cranes in Welding/Expander has been almost eliminated.

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

- (i) Additional power capacitors have been installed at Forming / Expander sections for saving of electrical power.
- (ii) Conveyor for the Works Inspection bench has been extended to put up and Magnetic Particle Inspection for improving smooth flow of pipes.
- (iii) Edge planning unit No. 2 has been modified to take 12.5 mtrs. long plates.
- (iv) Permanent magnets are to be installed in one of the forming bay and cranes for handling plates automatically.

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 :

POWER AND FUEL CONSUMPTION	1999-2000	1998-1999
(i) Electricity		
Purchased Units	58,11,258	1,14,96,431
Total Amount (Rs.)	3,06,08,549	5,26,66,195
Rate per unit (Rs.)	5.26	4.58
(ii) Own Generation through D.G. Set		
Generator Units	90,27,587	53,98,868
Unit per Litre of oil	3.21	2.71
Cost per unit (Rs.)	3.79	3.87
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	164.82	97.00
(ii) Pre-rolling of Stainless Steel Strips per MT	800.87	621.17
(iii) Steel Seamless Tubes and Spiral Pipes per MT	—	604.41

FORM "B"

Form of disclosure of particulars with respect to Technology Absorption for 1999-2000.

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

3. Future Plan of Action.

(a) Reduction in Process Losses.

(b) Development of New Products.

4. Expenditure of 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 & Outgo.
(a). Foreign Exchange Earnings

(i) FOB Value of Exports

(ii) Interest earnings

(iii) Others

(b) Foreign Exchange Outgo
Rs. in Lacs
5904.99
227.69
7416.53

 Place : New Delhi
 Date : 27th November, 2000

 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, 2000 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 paragraph 4 and 5 of the said order.
- 7) 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) 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 such books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit & Loss Account comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
 - (e) Attention is invited to the following notes of Schedule 22 :
 - (i) Note No. 4 regarding non-provision for lease hold land accumulating to Rs. 31.70 Lacs (including Rs. 7.65 Lacs on account of revaluation reserves, (ii) Note No. 9 regarding non-provision for diminution in value of investments, since in the opinion of the management these are long term strategic investment and such diminution is only temporary in nature (amount unascertained), (iii) Note No. 13, regarding non-provision for taxation for the period from 1.4.2000 to 30.6.2000, amount unascertained.) (iv) Note No. 19 regarding debtors as considered good by the management, (v) Note No. 21 regarding gain on account of change in policy in foreign exchange fluctuation on EEFC account amounting to Rs. 133.75 Lacs.

Without considering item e (ii, iii & v) above, the effect of which could not be determined, had the impact of item e(i) and (v) above been considered, profit after tax for the would have been Rs. 1064.64 lacs (instead of Rs. 1182.09 lacs) and reserves and surplus would have been Rs. 25023.27 lacs (instead of Rs. 25188.72 Lacs), the fixed assets would have been Rs. 26687.53 lacs (instead of Rs. 26719.23 lacs). Loans and advances would have been Rs. 10658.73 lacs (instead of Rs. 11262.86 lacs) & Cash & bank balances would have been Rs. 5532.91 lacs (instead of Rs. 5666.66 lacs).

Subject to above, in our opinion and to the best of our knowledge and according to the explanations given to us, the said statement of account read together with notes thereon 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, 2000.
- (ii) In the case of Profit and Loss Account of the Profit of Company for the year ended on that date.

Place : New Delhi
Dated : 27th November, 2000

for N.C. AGGARWAL & CO.
Chartered Accountants
(G.K. AGGARWAL)
Partner

ANNEXURE TO THE AUDITORS' REPORT

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

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets and also the same have been physically verified by the management at reasonable intervals during the year, except fixed assets at Nashik Division the record for which is under compilation. We have been informed that no serious/material discrepancy has been noticed by the management on such verification.
- 2) The Company has not revalued any of its fixed assets during the year.
- 3) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, 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 is considered fair and proper and in accordance with the normally accepted accounting principals and is on the same basis as followed in previous year except change in basis of valuation as referred in Note No. 8 of Schedule 22.
- 7) The Company has not taken any loans secured or unsecured from companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Section 370(1B) of the Companies Act, 1956 is not applicable w.e.f 31.10.1998.
- 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 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. 17 of Schedule 22. Section 370(1B) of the Companies Act, 1956 is not applicable w.e.f 31.10.1998.
- 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 loans of Rs. 768.76 lacs which has been renewed/rescheduled alongwith interest. Reasonable steps is 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 store, 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 explanations 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 contracts 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 materials 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 there under with regard to the deposits accepted from public.
- 14) In our opinion, the Company has 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, 2000.
- 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) We have broadly reviewed the accounts and records maintained by the Company in respect of manufacture of steel and steel products to which the said rules are made applicable pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether these are accurate and complete.
- 17) Accounting 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, issue 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.

Place : New Delhi
dated : 27th November, 2000

for **N.C. AGGARWAL & CO.**
Chartered Accountants
(G.K. AGGARWAL)
Partner



BALANCE SHEET
AS AT 30TH JUNE, 2000

DESCRIPTION	SCHEDULE No.	As At June 30, 2000 (Rs. in Lacs)	As At June 30, 1999 (Rs. in Lacs)
SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
Share Capital	1	5,398.15	5,398.15
Reserves and Surplus	2	25,188.72	24,912.74
		<u>30,586.87</u>	<u>30,310.89</u>
2. LOAN FUNDS			
Secured	3	22,915.87	27,029.05
Unsecured	4	1,395.88	1,081.00
		<u>24,311.75</u>	<u>28,110.1</u>
TOTAL		<u>54,898.62</u>	<u>58,421.03</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
Gross Block		30,698.68	30,110.10
Less: Depreciation		7,069.74	5,692.15
Net Block		<u>23,628.94</u>	<u>24,417.95</u>
Capital Work in Progress		2,413.82	1,017.98
Pre-operative Expenses		676.47	127.17
		<u>26,719.23</u>	<u>25,563.10</u>
2. INVESTMENTS	6	6,742.68	6,722.68
3. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	4,700.28	3,815.00
Sundry Debtors	8	7,865.67	7,585.05
Cash and Bank Balances	9	5,666.66	4,565.47
Loans and Advances	10	11,262.86	16,128.50
		<u>29,495.47</u>	<u>32,094.02</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	7,838.08	5,304.33
Provisions	12	617.53	1,236.32
		<u>8,455.61</u>	<u>6,540.65</u>
NET CURRENT ASSETS		<u>21,039.86</u>	<u>25,553.37</u>
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	13	396.85	581.88
TOTAL		<u>54,898.62</u>	<u>58,421.03</u>
NOTES TO THE ACCOUNTS	22		

As per our report of even date attached

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

G.K. AGGARWAL
Partner

P.R. Jindal
Chairman

O.N. Gupta
Vice President &
Company Secretary

Ratan Jindal
Managing Director

Abhay Bhargava
Vice President (Finance)

Sminu Jindal
Wholetime Director

Purshottam Lal
A.J.A. Tauro
A.Q. Siddiqi
T.M. Sen
DIRECTORS

Place : New Delhi
Dated : 27th November, 2000



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2000

DESCRIPTION	SCHEDULE No.	Year Ended June 30, 2000 (Rs. in Lacs)	Year Ended June 30, 1999 (Rs. in Lacs)
INCOME			
Sales and Operational Income	14	30,192.82	36,056.48
Other Income	15	1,145.28	374.35
Increase/(Decrease) in Stock	16	(456.16)	(728.57)
		<u>30,881.94</u>	<u>35,702.26</u>
EXPENDITURE			
Raw Material Consumed		16,814.79	18,801.11
Excise Duty		2,007.17	1,882.58
Purchase for Re-Sale		1,004.02	—
Manufacturing Expenses	17	1,845.71	2,006.58
Personnel Expenses	18	882.14	1,072.24
Selling Expenses	19	1,028.66	1,689.85
Finance Expenses	20	3,444.03	4,048.51
Administrative & Other Expenses	21	1,482.71	1,754.52
Depreciation		1,390.12	1,354.90
Less : Transfer to Revaluation Reserve		201.00	201.00
		<u>1,189.12</u>	<u>1,153.90</u>
		<u>29,698.35</u>	<u>32,409.29</u>
Profit before Taxation		1,183.59	3,292.97
Less: Provision for Taxation			
- Income Tax		—	475.00
- Wealth Tax		1.50	2.00
Profit After Taxation		1,182.09	2,815.97
Profit Brought Forward		1,776.34	968.30
Previous year's Depreciation Written Back		—	0.38
Previous year Taxation Adjustment		2.43	(2.22)
Disposable Profit		2,960.86	3,782.43
APPROPRIATIONS			
Interim Dividend on Preference Shares Paid		137.04	137.04
Corporate Tax on Above		15.07	13.70
Proposed Dividend on Equity Shares		389.80	389.80
on Preference Shares (Final)		65.47	65.47
Corporate Tax on proposed Dividends		100.16	50.08
General Reserve		—	1000.00
Debenture Redemption Reserve		375.00	350.00
Balance Carried to Balance Sheet		1,878.32	1776.34
		<u>2,960.86</u>	<u>3,782.43</u>
NOTES TO THE ACCOUNTS	22		

As per our report of even date attached

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

P.R. Jindal
Chairman

Ratan Jindal
Managing Director

Sminu Jindal
Wholetime Director

G.K. AGGARWAL
Partner

O.N. Gupta
Vice President &
Company Secretary

Abhay Bhargava
Vice President (Finance)

Purshottam Lal
A.J.A. Tauro
A.Q. Siddiqi
T.M. Sen
DIRECTORS

Place : New Delhi
Dated : 27th November, 2000

DESCRIPTION	As At June 30, 2000 (Rs. in Lacs)	As At June 30, 1999 (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
	<u>7,500.00</u>	<u>7,500.00</u>
ISSUED AND SUBSCRIBED :		
(i) 3,89,81,808 Equity Shares on Rs. 10/- each	3,898.19	3,898.19
(ii) 15,00,000 13.5% Redeemable Cumulative Preference Shares of Rs. 10/- each	1,500.00	1,500.00
PAID UP		
(i) 3,89,80,158 Equity Shares on Rs. 10/- each Bonus Shares Held in Abeyance	3898.02 0.09	3898.02 0.09
	<u>3898.11</u>	<u>3898.11</u>
Add : Forfeited Capital	0.04	0.04
	<u>3898.15</u>	<u>3898.15</u>
ii) *15,00,000 13.5% Redeemable Cumulative Preference share of Rs. 10/- each	1500.00	1500.00
	<u>5398.15</u>	<u>5398.15</u>

* 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 as 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 Share Holders of Swastik Udyog Ltd. as per Scheme of amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High 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 orders by Govt. authorities, lost share certificates and other disputes.
6. 800 Shares of Rs. 10/- (Party Paid Rs. 5/-) have been forfeited.

DESCRIPTION	As At	
	June 30, 2000 (Rs. in Lacs)	June 30, 1999 (Rs. in Lacs)
SCHEDULE "2"		
RESERVES AND SURPLUS		
(i) Capital Reserve As per Last Account	9.50	9.50
(ii) General Reserve As per last Account	18,243.94	17,243.94
Add : Transferred during the year	—	1,000.00
	<u>18,243.94</u>	<u>18,243.94</u>
(iii) Debenture Redemption Reserve As per last Account	350.00	—
Add : Transferred during the year	375.00	350.00
	<u>725.00</u>	<u>350.00</u>
(iv) Share Premium Account : As per last Account	558.91	558.91
(v) Revaluation Reserve As per last account	3,974.05	4,175.05
Less : Amount written off during the year	201.00	201.00
	<u>3,773.05</u>	<u>3,974.05</u>
(vi) Profit and Loss Account	1,878.32	1,776.34
TOTAL	<u>25,188.72</u>	<u>24,912.74</u>

SCHEDULE "3"
SECURED LOANS :

A. Debentures		
(i) 16% Secured Redeemable Non Convertible Debentures of Rs. 100/- each, privately placed	1,000.00	1,000.00
(ii) 15.5% Secured Redeemable Non Convertible Debenture of Rs. 100/- each, privately placed	1,500.00	1,500.00
B. Term Loan		
(i) Industrial Finance Corpn. of India Ltd.	150.00	350.00
(ii) ICICI Ltd.	14,949.56	13,871.79
(iii) Bank of America	4.02	5.05
C. Working capital Loan from Banks		
Deferred Sales Tax	3,847.30	8,848.23
	1,464.99	1,453.98
TOTAL	<u>22,915.87</u>	<u>27,029.05</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 pari-passu charge by way of english mortgage on the of Company's immoveable properties located in the State of Maharashtra and by way of equitable mortgage of Company's immoveable properties located at Kosi Kalan (UP) and Gujarat and hyothecation of moveable properties in favour of Debenture Trustees.
- B. (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 immovable properties and hypothecation of movable 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.
- C. Secured by hypothecation of finished goods, raw-material, work-in-progress stores and spares, book

debts and second charge in respect of other movable and immovable assets of the Company. The loan is also guaranteed by Directors including Managing Director. Further 172076 Equity Shares of Jindal Strips Limited, 114717 Equity Share of Jindal Steel & Power 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 10932 Equity Shares of Jindal Strips Ltd. and 7228 Equity Shares of Jindal Steel & Power Ltd. held by other Companies have been pledged to Bank as Collateral Security.

- D. Secured by way of second pari-passu charge of movable and immovable assets of the Company in respect of Kosi Kalan Units (U.P.).

DESCRIPTION	As At June 30, 2000 (Rs. in Lacs)	As At June 30, 1999 (Rs. in Lacs)
SCHEDULE "4"		
UNSECURED LOANS :		
(i) Fixed Deposits	894.03	726.12
(ii) Inter-Corporate Loans	20.97	16.99
(iv) Deferred Sales Tax	480.88	337.98
TOTAL	1,395.88	1,081.09

SCHEDULE "5"
FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.7.99	Additions	Deductions Adjust- ments	As at 30.6.2000	Upto 30.6.99	During the year	Deductions Adjust- ments	Upto 30.6.2000	As at 30.6.2000	As at 30.6.99
LAND										
Free Hold	123.49	28.76	—	152.25	—	—	—	—	152.25	123.49
Lease Hold (Including site development)	418.23	28.77	4.45	442.55	—	—	—	—	442.55	418.23
Buildings	3,922.24	149.55	7.33	4,064.46	535.99	120.06	0.14	655.91	3,408.55	3,386.25
Plant & Machinery	25,195.02	399.96	17.87	25,577.11	5,014.85	1,239.23	3.98	6,250.10	19,327.01	20,180.17
Vehicles	229.98	27.40	24.88	232.50	74.66	20.86	9.43	86.09	146.41	155.5
Furniture & Fixtures	221.14	9.07	0.40	229.81	66.65	11.04	0.05	77.64	152.17	154.40
Total	30,110.10	643.51	54.93	30,698.68	5,692.15	1,391.19*	13.60	7,069.74	23,628.94	24,417.05
Previous Year	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

*Includes Rs. 1.07 lacs carried to pre-operative expenses.

Note : Gross Block includes the following amount on account of revaluation of Saw Pipe Division at A-1, Kosi Kalan 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	3927.71

SCHEDULE "6"
INVESTMENTS (LONG TERM) (AT COST) NONTRADE

Description	As at June 30, 2000			As at June 30, 1999		
	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.	25,500,000	10/-	2,550.00	25,500,000	10/-	2,550.00
b) Jindal Enterprises LLC (USA)	1,000	1000\$	361.92	1,000	1000\$	361.92
B. Investment in Equity Shares						
Other than Trade -Quoted						
r) Jindal Strips Ltd.*	523,076	10/-	817.34	871,793	10/-	1,362.24
j) Jindal Steel & Power Ltd.	348,717	10/-	544.90			
c) Jindal Iron & Steel Co. Ltd.	377,528	10/-	169.08	377,528	10/-	169.08
d) Shalimar Paints Ltd.	300,000	10/-	180.00	300,000	10/-	180.00
e) Jindal Vijaynagar Steel Ltd.	10,001,400	10/-	1,000.08	10,001,400	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.	1,935,000	1\$	609.51	1,935,000	1\$	609.51
d) Jindal Overseas Pte. Ltd. (Singapore)	153,000	1s\$	31.40	153,000	1s\$	31.40
e) Daelim E & C India Pvt. Ltd.	2,700,000	10/-	270.00	2,700,000	10/-	270.00
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 Pardesh State Forest Corpoation Ltd.	45	100000/-	44.10	45	100000/-	44.10
d) Punjab State Electricity Board	4	1000000/-	40.00	4	1000000/-	40.00
e) H.P. Road & Other Infrastructure Development Corporation Ltd.** Indira Vikas Patra	1	2000000/-	20.00			5.00
D. Investment in non-convertible debentures						
Quoted						
a) Shalimar Paints Ltd.	300000	30/-	90.00	300,000	30/-	90.00
TOTAL			6,742.68	6,722.68		
Aggregate market value of quoted investments			1,919.83	1,237.10		
Aggregate value of quoted investments			2,801.40	2,801.40		
Aggregate value of unquoted Investment			3,941.28	3,921.28		

* Consequent to Scheme of arrangement between Jindal Strips Ltd. & Jindal Steel & Power Ltd. equity shares of Jindal Strips Ltd. has been apportioned into equity shares of Jindal Strips Ltd. & Jindal Steel & Power Ltd. in the ratio of 60:40.

** The allotment of above bonds was made on 01.09.2000 whereas the payment was made on 27.06.2000.



DESCRIPTION	As at June 30, 2000 (Rs. in Lacs)	As at June 30, 1999 (Rs. in Lacs)
SCHEDULE "7"		
INVENTORIES		
i) Stores and Spares	741.79	749.26
ii) Loose Tools	11.76	15.54
iii) Finished goods	435.99	844.59
iv) Semi-finished Goods	385.02	431.78
v) Raw Material	1,975.56	1,006.54
vi) Raw material in Transit	1,144.11	760.85
vii) Scrap	6.05	6.44
TOTAL	4,700.28	3,815.00
SCHEDULE "8"		
SUNDRY DEBTORS : (Unsecured, considered good)		
i) Exceeding six months	3,152.30	4,517.66
ii) Others	4,713.37	3,067.39
TOTAL	7,865.67	7,585.05
SCHEDULE "9"		
CASH AND BANK BALANCES :		
i) Cash/Cheques inhand	21.71	155.51
ii) With Scheduled banks		
-- Current Accounts	53.51	90.64
-- Fixed Deposits	3.00	33.95
-- EEFC Fixed Deposits	5,568.75	4,277.22
-- Margin Money Account	19.69	8.15
TOTAL	5,666.66	4,565.47
SCHEDULE "10"		
LOANS AND ADVANCES :		
i) Advances recoverable in cash or in kind or for value to be received. Considered good	6,402.82	6,463.00
Others	0.12	—
ii) Earnest Money and Security Deposits	1070.56	1045.05
iii) Deposit with Industrial Development Bank of India For surcharge on Income Tax/ U/s 32AB of Income Tax Act, 1961	0.66	0.60
iv) Prepaid Taxes	548.46	971.64
v) Balance with Central Excise	0.12	16.49
vi) Inter Corporate Loans	1,372.89	1,283.12
vii) Loan to Subsidiary Company	1,578.64	5,952.12
viii) Prepaid Expenses	288.59	395.51
TOTAL	11,262.86	16,128.50

DESCRIPTION	As at June 30, 2000 (Rs. in Lacs)	As at June 30, 1999 (Rs. in Lacs)
SCHEDULE "11"		
CURRENT LIABILITIES :		
i) Sundry Creditors - Raw Material	4,882.04	4,026.79
ii) Sundry Creditors - Others	1,615.46	
iii) Advance from Customers	53.13	131.62
iv) Interest Accrued but not due	391.76	320.43
v) Other Liabilities	855.48	794.03
vi) Unpaid Dividend	40.21	31.46
TOTAL	7,838.08	5,304.33

SCHEDULE "12"		
PROVISIONS :		
For Taxation	1.50	677.00
For Proposed Dividend	455.27	455.27
For Income Tax on Proposed Dividend	100.16	50.08
Others	60.60	53.97
TOTAL	617.53	1,236.32

SCHEDULE "13"		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
i) Preliminary Expenses	6.52	8.60
ii) Shares/Euro Issue Expenses	58.77	58.77
iii) Deferred Revenue Expenses	331.56	805.56
iv) Technical Knowhow	--	8.95
TOTAL	396.85	581.88

DESCRIPTION	Year ended June 30, 2000 (Rs. in Lacs)	Year ended June 30, 1999 (Rs. in Lacs)
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SCHEDULE "14"		
SALES AND OPERATIONAL INCOME		
i) Sales	24,377.04	32,586.82
ii) Conversion Charges	5,139.70	3,224.90
iii) Export Incentives	464.13	244.76
iv) Commission	211.95	--
TOTAL	30,192.82	36,056.48

SCHEDULE "15"		
OTHER INCOME		
Dividend on Long Term Investment (TDS of Rs. nil Previous year Rs. 0.03 Lacs)	64.91	40.29
Misc. Receipts	112.56	334.06
Previous Year's Adjustment (Net)	32.78	--
Foreign Exchange Fluctuation (Net)	935.03	--
TOTAL	1,145.28	374.35



DESCRIPTION	Year ended June 30, 2000 (Rs. in Lacs)	Year ended June 30, 1999 (Rs. in Lacs)
SCHEDULE "16"		
INCREASE/ (DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods	844.59	332.16
Work-in-progress	431.78	1,657.07
Scrap	6.44	22.15
	<u>1,282.81</u>	<u>2,011.38</u>
CLOSING STOCK		
Finished Goods	435.58	844.59
Work-in-progress	385.02	431.78
Scrap	6.05	6.44
	<u>826.65</u>	<u>1,282.81</u>
TOTAL	<u>826.65</u>	<u>1,282.81</u>
Increase/(Decrease) in Stock	<u>(456.16)</u>	<u>(728.57)</u>

SCHEDULE "17"

MANUFACTURING EXPENSES

Stores and Spares	888.83	770.23
Power and Fuel	662.29	911.79
Other Manufacturing expenses	99.65	153.13
Repair and Maintenance :		
--Plant and Machinery	133.49	117.22
-- Building	55.49	54.10
Lease Rent	5.96	0.11
	<u>1,845.71</u>	<u>2,006.58</u>
TOTAL	<u>1,845.71</u>	<u>2,006.58</u>

SCHEDULE "18"

PERSONNEL EXPENSES

Salary, Wages and other Benefits	660.77	821.61
Contribution to Provident and other funds	44.10	53.07
Workmen and Staff Welfare	177.27	197.56
	<u>882.14</u>	<u>1,072.24</u>
TOTAL	<u>882.14</u>	<u>1,072.24</u>

DESCRIPTION	Year ended June 30, 2000 (Rs. in Lacs)	Year ended June 30, 1999 (Rs. in Lacs)
SCHEDULE "19"		
SELLING EXPENSES		
Commission on Sales	222.63	358.62
Royalty	16.60	34.32
Advertisement	7.65	12.59
Rebate and Discounts	33.00	64.14
Warranty Claims	--	66.45
Forwarding charges (net of recoveries of Rs. 1021.85 lacs Previous Yr, Rs. 1819.60 Lacs)	682.51	997.43
Others selling exp.	66.27	156.30
TOTAL	1,028.66	1,689.85
SCHEDULE "20"		
FINANCE EXPENSES:		
Interest on Fixed Deposits	113.49	127.70
Interest on Debentures	397.45	127.44
Interest on Term Loans	2,167.33	2,221.94
Interest on Bank Borrowings	1,300.80	1,245.16
Bank and Finance charges	1,204.14	810.61
Interest to Others	207.28	1,313.42
	5,390.49	5,846.27
Less : Interest Received :		
Interest on Bonds and Debentures (TDS Rs. 5.39 Lacs. Previous Year Rs. 4.30 Lacs)	29.38	21.15
Other Interest on Loans & Advances Deposit (TDS Rs. 409.76 Lacs. Previous Year Rs. 350.25 Lacs)	1,917.08	1,776.61
	1,946.46	1,797.76
TOTAL	3,444.03	4,048.51
SCHEDULE "21"		
ADMINISTRATIVE AND OTHER EXPENSES :		
Rent, Rates & Taxes	22.68	35.77
Insurance	125.37	146.05
Postage, Telegrams & Telephones	74.44	109.70
Travelling & Conveyance	110.45	102.53
Vehicle upkeep & Maintenance	58.57	54.18
Director's Meeting Fees	0.42	0.57
Miscellaneous Expenses	264.26	247.10
Liquidated damages	11.01	4.78
Auditor's Remuneration	4.57	4.62
Preliminary/Deferred Revenue Expenses	176.08	103.02
Written Off		
Bad Debts	619.13	563.34
Loss on sale of Fixed Assets (Net)	6.78	4.56
Previous Year's Adjustment (Net)	--	16.24
Foreign Exchange Fluctuation (Net)	--	353.11
Technical Knowhow Fees Written off	8.95	8.95
TOTAL	1,482.71	1,754.52

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

1. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income & expenditure items having a material bearing on the financial statement are recognised on accrual basis, excepting in respect of insurance claims, Liquidated damages, where the exact quantum cannot be ascertained.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company

B) 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.

C) 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 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 allocated to respective Fixed Assets on completion of project.

D) VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realisable value except scrap which is valued at net realisable value. The cost is computed on Weighted Average Basis. Finished goods and work in progress includes cost of conversion and other overheads incurred in bringing the inventories to their present location and condition.

E) 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.

F) 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 recognized 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 recognized 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 contracts, if any, is reflected in the profit and loss account or capitalised as the case may be.

G) CONTINGENT LIABILITIES

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

H) RETIREMENT BENEFITS

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 Nashik 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.

I) 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 banker for Guarantee given by them on behalf of the Company	12972.71	12394.48
b) Letter of Credit outstanding	6401.32	2969.73
c) Claims against the Company not acknowledged as debt (being under dispute)	59.50	59.40
d) Company's share in respect of a Guarantee given where the Company is a co-guarantor alongwith two other promoters to Financial institutions / body corporate against facility extended to Jindal Vijayanagar Steel Ltd. for foreign currency loan. This Guarantee will cease to exist on ICICI extending its 70% Guarantee to 100% in favour of Consortium Lenders led by RZB, Austria. As per the terms of loan agreement, ICICI guarantee gets extended to 100% on signing Final Acceptance Protocol (FAP) by JVSL and VOEST-ALPINE Industrieanlagenbau GmbH, Linz, Austria (VAI). On successful commissioning of Corex Module 1, JVSL and VAI have signed the FAP on November 17, 1999. The issuance of extended guarantee by ICICI is under process.	2627.85	2408.68
e) Counter Guarantee given to bank for Credit Facility extended to Jindal Enterprises LLC (Wholly Owned Subsidiary abroad)	11192.50	11700.00
f) Disputed Excise Duty	61.52	267.37
g) Demand for Income Tax *Quashed by CIT Appals New Delhi Order dated 23.09.99 and 29.09.99	--	252.38*
h) Liability in respect of Corporate Guarantee (for 100% EOU Unit at Mundra)	733.25	--

3. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances of Rs. 338.84 lacs) Rs. 394.96 lacs (Previous Year Rs. 980.48 lacs) net of advances of Rs. 823.71 lacs.

4. No provision has been made for the amortisation of premium on lease-hold land over the lease-hold period accumulating to Rs. 31.70 lacs including rupees 7.65 lacs on account of Revaluation Reserve (Previous Year Rs. 27.20 lacs including Rs. 5.85 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 information available with the company, the Sundry Creditors include Rs. 71.84 lacs due to small scale and ancillary undertaking and Rs. 6425.66 lacs due to other creditors. Names of Small Scale Industrial undertaking to whom the Company owes a sum exceeding Rs. 1 Lac or more and remaining outstanding for more than 30 days are:
Jindal Systems Pvt. Ltd., Grindwell Engineers, Goswami Machine Tools, Hi-Tech Engineers, Bright Industries, Electronics & Engineering Co., M.V. X-Ray Equipments, Gemco Controls Ltd., Jhankar Industries, Mas Equipments Pvt. Ltd., Aurangabad Metal Products, India Waterproofing Co., Nagesh Engineering Works, Noopur Industries, Shivam Oxygen Ltd. and Spin-n-Cast.
- b) Based on the information available with the company, there were on overdues remaining unpaid to small scale and ancillary undertaking on account of principal and/or interest as at the close of the year.
8. As per the requirement of Accounting Standard-2 'Valuation of Inventories' made mandatory effective from Accounting Year commencing from 1st April, 1999, the Company has :
 - a) Provided liability of Excise Duty on the finished goods lying at factories at the end of the year resulting in increase in the value of the inventories and corresponding increase in liabilities by Rs. 56.16 Lacs. However, this has no impact on profit for the year.
 - b) Change in the mode of determination of cost of finished goods and work in progress by excluding interest and certain overheads. These changes resulted in net decrease in value of inventories and profit by Rs. 38.34 Lacs.
9. (a) The Company has unquoted investments of Rs. 2550 Lacs in Subsidiary Company where the net worth is negative as per the latest available Balance Sheet and certain other unquoted investment (including investment in other subsidiary company) where the fair value (amount unascertained) is lower than the cost (ii) quoted investments in certain companies where at the year end date there has been diminution in the market value (as reflected in Schedule '6'), 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. 1578.65 Lacs to the Indian Subsidiary Company. The 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 and reconciliation. The effect of the same, if any, which are not likely to be material will be adjusted at the time of confirmation/reconciliation.
11. The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenances of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.
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 2000-01 has been determined on the basis of the profit of the Company for the period from 1.4.99 to 31.3.2000. However, the Company has made no provision for taxation for the period from 1.4.2000 to 30.6.2000, as the liability of the same cannot be determined.
14. Capital work in progress includes Advance against capital goods and inventories of capital nature.
15. (a) The amount of foreign exchange fluctuation amounting to Rs. 118.83 lacs (cr) is not shown separately and the same is included under the relevant heads of expenditure and income. However, the same was shown separately in previous years.

- (b) Addition to Plant & machinery / Capital Work in Progress includes Rs. Nil (Previous year Rs. 49.95 Lacs on account of foreign exchange fluctuation of loan/liabilities)
16. Profit for the year includes Prior Period Adjustment "Net" Credit Rs. 32.78 Lacs (Previous Year Rs. 16.24 Lacs Debit)
17. Loans and advances include Rs. 604.13 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 for in the account.
18. 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.
19. An amount of Rs. 2318.46 lacs was retained by the customer. The Company has claimed the amount retained by the customer alongwith interest and other expenses. The matter is referred to arbitration. The claim amount can not be ascertained as the matter is subjudice.
20. Bank Guarantee for USD 25 Million to Standard Chartered Bank, Bahrain for Jindal Enterprises LLC (Wholly Owned Subsidiary abroad) has been secured by (a) EEFC Margin money of USD 12.5 Million with Standard Chartered Bank (b) Counter Guarantee by the ICICI Ltd. Aggregating to Rs. 31 crores.
21. The Company has changed the accounting policy and accounted for gain on account of fluctuation in rate of exchange for the balance with Standard Chartered Bank lying in EEFC account (as shown in Schedule '9') amounting to Rs. 133.75 Lacs, which is in line with the A.S. 14 issued by Institute of Chartered Accountants of India.
22. Since no commission is payable to Managing Director, computation under section 349 read with section 198 of the Companies Act, 1956 is not being given.
23. Due to labour problems, the Seamless Tubes Division of the Company at Nashik is still under lock-out since 3rd July, 1999.
24. Detail of Pre operative expenses Pending allocation on completion of the JCO Mundra project is as under :

DETAILS OF PRE-OPERATIVE EXPENSES

		Current year (Rs. in lacs)	Previous year (Rs. in lacs)
Raw Material Consumption		5.00	
Power & Fuel		17.52	
Store & Spares		8.26	
Salary, Wages & Other Benefits		83.05	
Contribution of PF & other funds		1.07	
Workman & Staff Welfare		5.46	
Rent, Rates & Taxes		0.80	
Insurance Expenses		18.33	
Travelling & Conveyance		13.78	4.35
Carriage Outward		1.83	
Interest Paid		389.63	120.40
Bank Charges		0.94	2.42
Miscellaneous Expenses		19.53	
Depreciation		1.07	
	Total	566.27	127.17
Less :			
Sale of during trial production	3.55		
Closing stock of Finished good	0.41	3.96	
		562.31	127.17
Add : Brought forward from previous year		127.17	56.17
		689.48	183.34
Less : Capitalised during the year		13.01	56.17
Balance carried over		676.47	127.17

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
25 (a) Auditors Remuneration		
1. Audit fees	2.41	2.39
2. Tax Audit fees	0.74	0.76
3. Taxation matters	0.25	0.25
4. Certification/Others	0.64	0.90
5. Out of pocket expenses	0.53	0.32
	4.57	4.62
(b) Director's Remuneration		
1. Salary including allowances etc	8.55	6.53
2. Contribution of PF etc	0.98	0.54
3. Perquisites (as per I. Tax Rules)	0.69	0.65
	10.22	7.72

26. **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) Sumerged Arc Welded Steel Pipes	MT	150000	150000	59483	94451
b) Bevelling & End Finishing	MT	40000	40000	-	-
c) Chamfering :	MT	50000	50000	10	8
ii) Coating Division					
(a) 3 LPE/Epoxy	Sq. Mtr	2500000	2500000	228539	161649
(b) CTE	Sq. Mtr.	1500000	1500000	619515	364000
iii) Swatik Foils Cold Rolled Division					
Cold Rolled Strips (Thiner Gauge) :	MT	6000	6000	5919	4805
iv) Seamless Pipes Division					
Carbon steel seamless tubes :	MT	35000	35000	275	1372
v) Spiral Division					
Spiral Pipes	MT	100000	100000	9660	6541

Notes:

- The above production of Bevelling, End Finishing & Coating Division does not includes job work done for Pipe Division as follows :-

Submerged Arc Welded Pipes	Current Year	Previous Year
Pipe Division	35267 sq. mtrs	1773 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	57
ii) Cold Rolled Strips : Thinner Gauge	MT	4270
- The above production does not include Engineering products being numereous and having different nature, size, cost etc.
- Licensed capacity is not applicable in view of the Company's production having been delicensed as per the Liberalised Licensing Policy announced by the Govt. of India.
- Installed capacity is as certified by the Management.

B) RAW MATERIAL CONSUMPTION

Description	Unit	Current Year		Previous Year	
		Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)
Steel Plates	MT	61590.00	10593.02	86678	13,534.31
Semi Finished Pipes	MT	10.00	1.98	9	2.15
Flux and Electrodes	MT	491.00	366.60	901	455.98
Cold Rolled Strips	MT	1759.00	1357.03	2421	1587.43
Coating Material**			1964.12		1045.66
H.R. Coils/sheets	MT	10179.00	1534.65	7268	990.34
M.S. Round, Hallows, Billets etc	MT	72.00	35.93	1448	780.22
Others			961.46		404.92
	MT		16814.79		18801.11
TRADING GOODS PURCHASE					
H. R. Coils	MT	5,649.00	936.90		
Others			67.12		
		5,649.00	1,004.02		

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

C) QUANTITATIVE INFORMATION OF STOCKS

Description	Opening Stock As on 1.7.98		Closing Stock As on 30.6.99 and Opening Stock As on 01.07.99		Closing Stock As on 30.6.2000	
	Unit	Qty. Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)
Finished Goods :						
Submerged Arc	MT	376 100.28	3204 651.53	857.00	221.13	
Spiral Pipes	MT	34 22.27	41 5.98	40.00	5.68	
Cold Rolled Strips	MT	251 200.96	186 167.39	110.00	111.02	
Carbon	MT	34 8.65	14 19.69	36.00	16.25	
Engineering Products		-	-	-	81.50	
		332.16		844.59	435.58	

D) SALES

DESCRIPTION	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		QTY.	AMOUNT (RS. IN LACS)	QTY.	AMOUNT (RS. IN LACS)
a) Manufactured Goods :-					
Submerged Arc Welded Steel					
- Pipe Division	MT	61783	19098.74	84381	26450.82
- Bevelling & Coating Division	MT	-	-	-	-
- Chamfering Division	MT	-	0.12	8	2.31
Colled Rolled Strips (Thinner Gauge)	MT	1725	1540.28	2684	2179.01
Carbon Steel Seamless Tubes	MT	253	299.67	1391	2149.03
Spiral Pipes	MT	9660	2057.80	6534	1317.70
Engineering Products*			249.26		
Scrap	MT	--	101.80	--	369.35
H.R. Coils	MT	5649	936.90	--	--
Others			92.47		-
			24,377.04		32,586.82

*for captive use

E) C.I.F. Value of Imports

Description	Current Year Amount (Rs. in lacs)	Previous Year Amount (Rs. in Lacs)
Raw Materials	6072.20	8039.57
Stores and Spares	37.55	100.23
Capital Goods	1024.76	--

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

	Current Year		%AGE	Previous Year	
	% AGE	Rs. in lacs		Rs. in Lacs	
a) Raw Materials					
Imported	34.96	5878.92	47.64	8956.61	
Indigenous	65.04	10935.87	52.36	9844.50	
	<u>100.00</u>	<u>16814.79</u>	<u>100.00</u>	<u>18801.11</u>	
b) Stores and Spares :					
Imported	4.24	37.68	9.40	72.43	
Indigenous	95.76	851.15	90.60	697.80	
	<u>100.00</u>	<u>888.83</u>	<u>100.00</u>	<u>770.23</u>	

G) EXPENDITURE IN FOREIGN EXCHANGE

	Current Year Rs. in lacs	Previous Year Rs. in Lacs
i) Travelling	28.69	13.90
ii) Interest and Bank Charges	197.71	44.74
iii) Royalty & Technical Expenses	30.44	56.05
iv) Commission on Sale	11.66	235.92
v) Others	13.52	5.32

H) EARNING IN FOREIGN EXCHANGE

	Current Year Rs. in lacs	Previous Year Rs. in Lacs
i) F.O.B. value of Exports	5904.99	16070.94
ii) Insurance/other Claim	--	8.92
iii) Interest	227.69	224.99

I) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND :

a) Financial year to which dividend relates	1998 - 99	1997-98	1996-97
b) No of NRI shares holders	22.00	18	1
c) No. of shares held	9,743,300	9,743,400	6,024,000
d) Net amount of dividend remitted (Net of Tax)	Rs. 97.43 lacs	Rs. 97.43 lacs	Rs. 129.48 lacs

27. 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 30.06.2000
- 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	5489862	Total Assets	5489862
Sources of Funds :			
Paid up Capital	539815	Reserves & Surplus	2518872
Secured Loans	2291587	Unsecured Loans	139588
Application of Funds :			
Net Fixed Assets	2671923	Investments	674268
Net Current Assets	2103986	Misc. Expenditure	39685
Accumulated Losses	Nil		

IV. Performance of Company (amount in Rs. Thousand)			
Turnover	3019282	Total Expenditure	2969835
Profit before Tax	118359	Profit After Tax	118209
Earning Per Share-Equity (Rs.)	3.03	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

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

29. 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

G.K. AGGARWAL
Partner

Place : New Delhi
Dated : 27th November, 2000

P.R. Jindal
Chairman

O.N. Gupta
Vice President &
Company Secretary

Ratan Jindal
Managing Director

Abhay Bhargava
Vice President (Finance)

Sminu Jindal
Wholetime Director

Purshottam Lal
A.J.A. Tauro
A.Q. Siddiqi
T.M. Sen
DIRECTORS

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2000**

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	1183.59	3,292.97
Adjustments for		
Add/(Less)		
Depreciation	1189.12	1,153.90
Misc. expenses written off during the year	185.03	111.97
Other income (Dividend)	(64.91)	(40.29)
Interest Paid	4186.35	5,035.66
Loss on sale of fixed assets	6.78	4.56
Bad debts written off	619.13	563.34
Interest Received	(1,946.46)	4175.04
	<u>4175.04</u>	<u>(1,797.76)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>5358.63</u>	<u>8,324.35</u>
Adjustments for:-		
Inventories	(885.28)	265.26
Sundry debtors	(899.75)	7,189.79
Other current assets	158.75	(1,563.00)
Current liabilities	2460.30	(7,574.10)
Working Capital loans from banks	(5,000.93)	1,075.67
	<u>(4,166.91)</u>	<u>(606.38)</u>
CASH GENERATED FROM OPERATIONS	1191.72	7,717.97
Tax paid	(251.39)	(637.02)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>940.33</u>	<u>7,080.95</u>
Extra Ordinary items :		
NET CASH FROM OPERATING ACTIVITIES	<u>940.33</u>	<u>7,080.95</u>
B. CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase) / Decrease in Investment	(20.00)	(220.00)
Capital expenditure	(2,197.95)	(1,486.83)
Sale proceeds of fixed assets	34.55	7.64
Loans & Advances	4283.71	1,982.69
Misc. expenditure	--	(46.51)
Interest Received	1946.46	1,797.76
Dividend Received	64.91	40.29
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<u>4111.68</u>	<u>2,075.04</u>



C. CASH INFLOW/(OUTFLOW)FROM FINANCING ACTIVITIES

Dividend paid	(583.56)	(704.99)
Interest Paid	(4,504.65)	(5,028.54)
Dividend Tax Paid	(65.15)	(59.23)
Increase/(Decrease) secured loan	887.75	996.89
Increase/(Decrease) in fixed Deposits	167.91	(256.39)
Increase/(Decrease) in unsecured loan	146.88	(3,786.91)
NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES	(3,950.82)	(8,839.17)
NET CHANGES IN CASH & CASH EQUIVALENT	1101.19	316.82
Cash and cash equivalent as at 01.07.1999 (opening balance)	4565.47	4248.65
Cash and cash equivalent as at 30.06.2000 (Closing balance)	5666.66	4565.47

NOTE :

1. Cash and Cash Equivalent i.e. Cash and Bank Balance includes gain on fluctuation on EEFC Fixed Deposit Account.
2. Increase in secured and unsecured loans are shown net of repayments.
3. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
4. Previous year's figures have been regrouped wherever necessary.

AUDITORS' REPORT

We have examined the attached Cash Flow Statement of **SAW PIPES LIMITED** for the year ended 30th June, 2000. 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, 2000 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)

Purshottam Lal
A.J.A. Tauro
A.Q. Siddiqi
T.M. Sen
DIRECTORS

Place : New Delhi
Dated : 27th November, 2000

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

- a) Subsidiary Company : Hexa Securities & Finance Co. Ltd.
 b) Holding Company's interest : Holder of 2,55,00,000 Equity Shares of Rs.10/- each out of the Subscribed capital of 2,55,00,000 Equity Shares of Rs. 10/- each
- c) Financial year of the Company ended on : 30th June, 2000
- d) Net aggregate amount of subsidiary Company's Profit (Loss) not dealt within the Company's Account.
- i) For the subsidiary Company's financial year ended 30th June, 2000 : Loss Rs. 11,40,83,080/-
- ii) For the subsidiary Company's previous financial periods, since it became the holding Company subsidiary : Loss Rs. 19,09,59,890/-
- e) Net aggregate amount of the subsidiary Company's Profit/Loss dealt within the Company's Account.
- i) For the subsidiary Company's financial period ended 30th June, 2000 : NIL
- ii) For the subsidiary Company's previous financial period since it became the holding Company's subsidiary. : NIL
- f) As the financial year of the above subsidiary Company coincides with the financial year of the holding Company Section 212(5) of the Companies Act, 1956 is not applicable.

O.N. Gupta
 Vice President &
 Company Secretary

P.R. Jindal
 Chairman
Abhay Bhargava
 Vice President (Finance)

Ratan Jindal
 Managing Director
Smitu Jindal
 Whole Time Director

Purshottam Lal
A.J.A. Tauro
A.Q. Siddiqi
T.M. Sen
 DIRECTORS

Place : New Delhi
 Dated : 27th November, 2000

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 6th Annual Report together with the Audited Statement of Accounts for the year ended 30th June, 2000.

1. FINANCIAL RESULTS & DIVIDEND

During the year under report, the Company has earned income by way of dividend amounting to Rs. 32.42 lacs. After payment of interest on loan and other expenses, net loss for the year amounted to Rs. 1140.83 lac as against Rs. 968.18 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, 2000.

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 Order of the Board of Directors
For HEXA SECURITIES & FINANCE CO. LTD.

Sandip Sharma
Director

Arvind Kiran Aggarwal
Director

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

Dated : 27th November, 2000

AUDITORS' REPORT

To,

The Members of HEXA SECURITIES & FINANCE CO. LTD.

We have audited the attached Balance Sheet of Hexa Securities & Finance Company Ltd. as at 30th June, 2000, together with annexed Profit & Loss Account for the year ended as on that 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, 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
5. In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read with the notes thereon appearing in Schedule 'F' 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, 2000.
 - (b) In the case of the Profit & Loss account the loss of the Company for the year ended on that date.
6. As required by the Manufacturing and Other Companies (auditor's Report) Order, 1988 under Section 227 (4-A) of the Companies Act, 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 taken unsecured loan from its holding Company, listed in the register maintained under section 301 and 370 (1B) of the Companies Act, 1956, the rate of interest on which is not prima - facie not prejudicial to the interest of the Company,

HEXA SECURITIES & FINANCE COMPANY LIMITED
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- (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 shares, 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, 2000 for a period of more than six months.
- (ix) No personal expenses have been charged to revenue account
- (x) The Company have 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

Place : New Delhi
Dated : 27th November, 2000

(G. K. AGGARWAL)
PARTNER

BALANCE SHEET

AS AT 30th JUNE, 2000

DESCRIPTION	SCHEDULE	As at 30.06.2000 (Rs.)	As at 30.06.1999 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
A) Share Capital	A	255,000,000	255,000,000
B) Inter Corporate Loan		707,864,851	595,212,309
		<u>962,864,851</u>	<u>850,212,309</u>
APPLICATION OF FUNDS			
I. Investments	B	686,351,612	686,351,612
A) Current Assets; Loans & Advances			
Cash and Bank Balances	C	8,820	133,823
Loans & Advances	D	3,210,174	
		<u>3,218,994</u>	<u>133,823</u>
B) Current Liabilities & Provisions	E	32,065,931	27,629,523
II. Net Current Assets (A-B)		(28,846,937)	(27,495,699)
III. Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses		317,206	396,507
IV. Profit and Loss Account		305,042,970	190,959,890
		<u>962,864,851</u>	<u>850,212,310</u>
NOTES TO ACCOUNTS	F		

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 : 27th November, 2000

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th JUNE, 2000

DESCRIPTION	SCHEDULE	YEAR ENDED	YEAR ENDED
		30.06.2000 (Rs.)	30.06.1999 (Rs.)
I. INCOME			
Dividend Received		3,242,120	2,315,802
	TOTAL (I)	3,242,120	2,315,802
EXPENDITURE			
Salary		-	4,500
Registration & Filing Fee		740	240
Bank Charges		45,110	110
Interest on Intercorporate Loan		117,187,523	97,361,166
Other Interest		-	1,676,102
Printing & Stationary		450	-
Preliminary Expenses Written Off		79,302	79,302
Auditor's Remuneration :			
Audit Fee		12,075	12,075
	TOTAL (II)	117,325,200	99,133,495
Profit (Loss) Before Tax(I-II)		(114,083,080)	(96,817,693)
Less Provision For Taxation		-	-
Profit (Loss) After Tax		(114,083,080)	(96,817,693)
Less : Previous Year's Taxation Adjustment		-	-
Less : Previous Year's Loss Brought Forward		(190,959,890)	(94,142,197)
Loss) Carried to Balance Sheet		(305,042,970)	(190,959,890)

NOTES TO ACCOUNT

F

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 : 27th November, 2000

SCHEDULES FORMING PART OF THE BALANCE SHEET

DESCRIPTION	As at 30.06.2000 (Rs.)	As at 30.06.1999 (Rs.)
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SCHEDULE - A

**SHARE CAPITAL
AUTHORISED**

26000000 Equity Shares Rs. 10/- each 260,000,000 260,000,000

ISSUED, SUBSCRIBED AND PAID UP

25500000 equity Shares of Rs. 10/- each fully paid up. 255,000,000 255,000,000

255,000,000 **255,000,000**

SCHEDULE - B

LONG TERM INVESTMENT IN SHARES (QUOTED) NON TRADE

PARTICULARS	FACE VALUE	AS AT 30.06.2000		AS AT 30.06.1999	
		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	50000000	500,000,000
Jindal Steel & Power Limited	10	308,774	74,540,741	—	—
Jindal Strips Limited	10	463,160	111,810,871	771,934	186,351,612
TOTAL			686,351,612		686,351,612
Aggregate Market Value of Quoted Investment			352,940,892		193,201,124
Aggregate Value of Quoted Investments			686,351,612		686,351,612

* Consequent to Scheme of arrangement between Jindal Strips Ltd. and Jindal Steel & Power Ltd. equity shares of Jindal Strips Ltd. has been apportioned into equity shares of Jindal Strips Ltd. & Jindal Steel & Power Ltd. in the ratio of 60 : 40.

SCHEDULE - C

CASH AND BANK BALANCES

Cash in Hand	6,729	2,919
Balance with Scheduled Bank in Current Account	2,091	130,904
	8,820	133,823

SCHEDULE - D

LOANS AND ADVANCES

Advance recoverable in cash or in kind or for value to be received

Considered good	2,852,640	
Prepaid Expenses	357,534	
	3,210,174	

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 30TH JUNE, 2000.**

**SCHEDULE - E
CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors		
Audit Fee Payable	12,075	21,575
Interest Accrued but not due	32,053,856	27,607,948
	<u>32,065,931</u>	<u>27,629,523</u>

SCHEDULE F

NOTES TO ACCOUNTS

I. ACCOUNTING POLICIES

A) GENERAL

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

C) BASIS OF ACCOUNTING

All Income and expenditure have been accounted for on accrual basis.

C) INVESTMENTS

Long Term Investment has been stated at cost.

D) PRELIMINARY EXPENSES

Preliminary expenses are written off in ten equal annual instalments.

- 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 43A of the Companies Act, 1956.
- As there is no income liable to Income Tax in Financial Year 1999-2000 relevant Assessment year 2000-2001, no provision for taxation has been made.
- All investments held by the Company have been shown as long term investment as in the opinion of the management the same are 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.
- Schedules 'A' to 'F' are annexed to and form an integral part of the Balance Sheet and Profit and Loss Account.
- The Company has given and 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.	62930
State Code No.	.55
Balance Sheet Date	30th June, 2000
II. Capital Raised During the Year	
Public Issue (Issue Through the Prospectus)	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement (Firm Allotment to Holding Company SAW Pipes Limited)	NIL
III. Position of Mobilization and Deployment of funds	
Total Liabilities	9,62,865
Total Assets	9,62,865
IV. Source of Funds	
Paid-up Capital	2,55,00
Reserve & Surplus	--
Secured Loans	--
Unsecured Loans	7,07,865
V. Application of Funds	
Net Fixed Assets	--
Investment	6,86,352
Net Current Assets	(28847)
Misc. Expenditure	317
Accumulated Losses	3,05,043
VI. Performance of Company	
Turnover/Income	3,242
Total Expenditure	1,17,325
Profit/(Loss)/Before Tax	(1,14,083)
Profit/(Loss)/After Tax	(1,14,083)
Earning Per Share in Rs.	--
Dividend Rate %	--
VII. Generic Name of Principal Product of Company	
(As per Monetary Terms)	
Items Code No.	N.A.
Product description	N.A.

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 : 27th November, 2000



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 Saturday, the 30th day of December, 2000 at 11.00 A.M. at A-1, UPSIDC Indl. Area,
andgaon Road, Kosi Kalan, Distt. Mathura (U.P.)-281403 and at any adjournment thereof.

Signed this..... day of

Signature.....

Address.....

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 11.00 a.m. on 28th December, 2000.

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE
ENTERANCE.
I/We hereby record my/our presence at the 16th Annual General Meeting of the Company at A-1, UPSIDC
Indl. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.)-281403 on 30th December, 2000.

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.

