



**SAW PIPES LIMITED**

**Annual Report  
2002-2003**



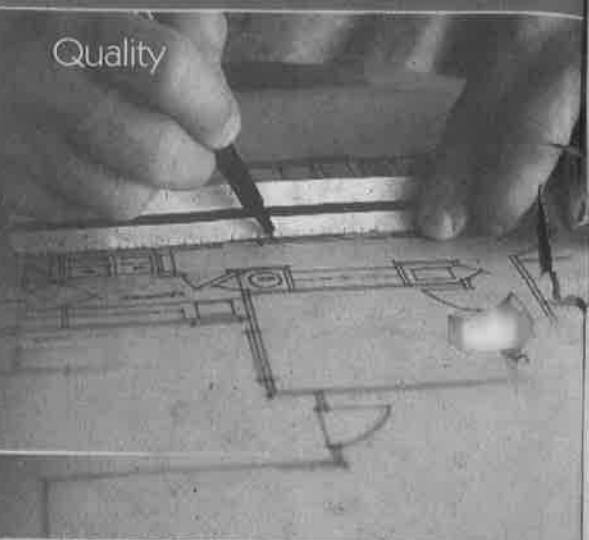
**Driven by the Elements**



SAW PIPES LIMITED



Environment



Quality

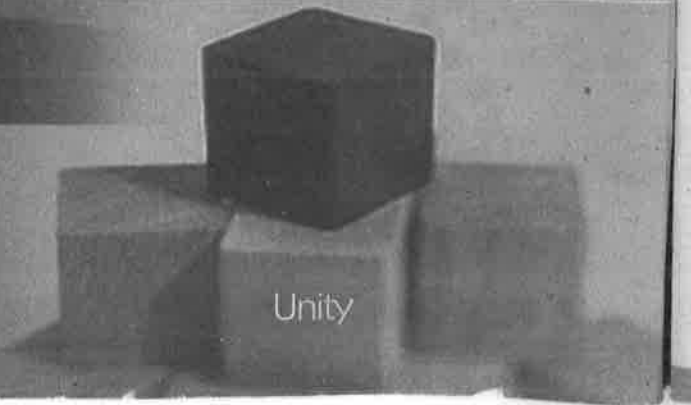


Care



Value

Driven by the Elements

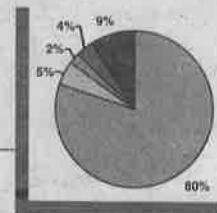


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# Contents

From Chairman's Desk	2
Company's Profile	4
Notice	6
Directors' Report	10
Report on Corporate Governance	14
Management Discussion & Analysis	21
Auditor's Report	23
Financials of the Company	26
Financials of Subsidiary Company	
Hexa Securities & Finance Co. Ltd.	51
Jindal Enterprises LLC	59
Consolidated Financials	68
Key Financial Indicators	87



## Bankers

State Bank of Patiala	ICICI Bank Limited
State Bank of India	UTI Bank Limited
Canara Bank	State Bank of Mysore
Standard Chartered Grindlays Bank	

## Auditors

Statutory Auditors M/s N. C. Aggarwal & Co., Chartered Accountants, New Delhi	Internal Auditors RSM & Co., Chartered Accountants, New Delhi
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## Address

Regd. Office A1-UPSIDC Industrial Area, Nandgaon Road, Kosi Kalan District Mathura - 281403 (U.P.)	Corporate Office Jindal Centre, 12 Bhikaiji Cama Place, New Delhi-110066
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## From the Chairman's Desk



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**Dear Shareholders,**

It is with a sense of satisfaction and achievement that I welcome this opportunity to share with you the continued morale-boosting, positive and consistently good performance of SAW Pipes Limited (SPL).

In continuum of our journey towards rapid, sustained growth and strategic expansion, in tandem with a buoyant, upswing market, we are happy to affirm that we are on course. What started as a tentative thrust into a vast arena, has now crystallized into a clear, definite direction and path. Though the journey had its perils, SPL never lost sight of its objectives, having relentlessly leveraged both on the confidence and the trust you have invested in us, as well as the inherent capabilities of our colleagues and management – our fundamental treasure house that gives meaning and shape to all our endeavours.

We are all aware, the Indian economy as a whole has weathered a two year slowdown and bounced back powerfully. Now India is being perceived as a major player in the unified synergy of the world market. Recent discoveries of Oil & Gas reserves in several parts of the country have given an undeniable impetus to our growth prospects. It is against this backdrop that SPL has sought, identified and translated opportunities into the reassuring reality of growth and success. SPL is excited to participate in the infrastructure creation of the country, particularly in the Hydro-Carbon and water segment which is expected to boom in the near future.


Since its inception in 1984, SPL has pioneered and striven to perfect the art of manufacturing large diameter pipes. The year 2002 –03 has been a good one for SPL, as we have successfully executed some prestigious domestic and international projects. Our multi – location facilities has bolstered SPL's leadership position as a key supplier in all major projects in this part of the Globe. Our coating facilities and hot induction bends manufacturing facility gives us a clear technological edge in the area of large diameter pipes.

In line with our objective of being a "total pipe solution" company, we have modernized the seamless tubes manufacturing facility at Nashik. In its new form the Nashik plant would have a capacity of 1 lakh tones of seamless tubes manufactured from stainless steel, alloy steel and carbon steel. This facility would address the fast growing demand of small diameter seamless tube segment and empower us with a stable cash flow and high margins. SPL is also making large investments to enter the Ductile Iron Pipe segment to address the ever growing requirement of the water transportation infrastructure for developing cities and towns. The new facility which would benefit from the fiscal incentives being offered by the Government would go on stream during the year 2003-04. With these strategic diversifications, SPL plans to harness and build on the synergy emanating from our strengths of our common clientele, a strong balance sheet, focused management and an internationally acknowledged export network.

Even as SPL evolves and propels itself to meet new challenges, we are keen to assure you that our work ethic embracing the elements of Care, Unity, Quality, Values and Concern for the Environment remain as the driving force behind all our endeavours. Besides, SPL is firm on its commitment to perform its obligations as a responsible corporate and social citizen.

It is the faith and conviction evinced in us by our shareholders, financial institutions, government authorities and our employees that have contributed in a large measure to bring us this far. We are confident that empowered by the trust you have invested in us, we will scale greater heights of progress and success.

**Jai Hind!**



**(P.R. Jindal)**

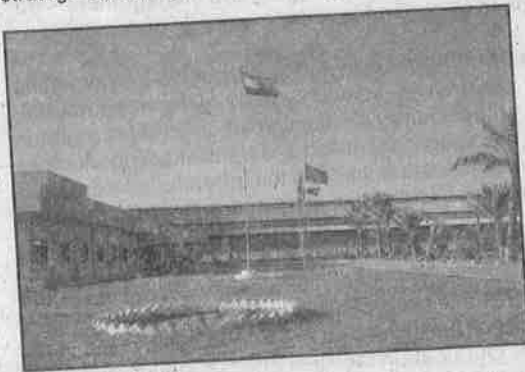


## SAW PIPES LIMITED

## Company Profile

SAW Pipes Limited (SPL), an established market leader in the country for manufacturing and coating of large diameter Submerged Arc Welded line pipes, is a part of the \$3 billion 'Jindal' Group with advanced technological status.

Since its inception in 1984, SPL has pioneered and perfected the art of pipe making using 'U.O.E' and 'J.C.O' technology. Today SPL is a global player in the field of energy transportation with four state-of-the-art facilities in India and through affiliates it also manages the largest pipe mill in the US, supported by an integrated plate mill with a matching capacity to cater to world requirement of high grade API Steel line pipes with global strategic advantages.



### Mundra (Gujarat)

To meet the growing demands of potential export market competitively, this unit was established as a port based 100% E.O.U. Longitudinal SAW pipes manufacturing facility. It is here that SPL has its Helical SAW Pipe Mill as well to cater to the water transportation segment. The Mundra facility is also strategically equipped with an Anti-Corrosion Coating Unit, which is in technical collaboration with Socotherm of Italy to deliver highest international standards.

### Nashik (Maharashtra)

This facility, equipped with both Hot and Cold Section, specializes in the manufacture of stainless / carbon / alloy steel seamless tubes and pipes. It has a range of 0.23" to 8.4 inches in 'OD', 0.7mm to 22mm in wall thickness with an installed capacity of 100,000 MT.

### New Delhi

The division specializes in the manufacture of thin and ultra-thin gauges of Cold Rolled stainless steel precision coils. It has successfully met all stringent requirements for a diverse set of industries including Filter, Optical Fibers, Capillary tubes, Flexible Hoses, Shims, Gaskets, Automobiles, Precision thermo-wares and Utensils.

### US Affiliates (Baytown)

In an effort to consolidate growth and expand global horizons, SAW Pipes USA Inc. where SPL has significant stake, was acquired. This plant is strategically positioned to ensure fast, dependable, all weather access to the burgeoning U.S. and global market. The plant, equipped with a large jetty with a deep draft, is a backward-integrated pipe mill, which provides it with a tactical advantage.

SAW Pipes, over a period of time, has evolved into one of the most preferred and reliable provider of value in all businesses - be it Anti-corrosion coatings - ranging 3LPE/FBE, Polypropylene, CTE and Concrete Weight Coating, Hot Induction Bends and Connector casings.

### The Multi-Location Advantage Kosi-Kalan (U.P.)

Situated 100 kilometers from New Delhi, on the Delhi-Agra Highway, it is strategically situated to optimize all the necessary logistic support to clients in energy transportation segment. The plant uses U.O.E technology at its pipe mill and has a state-of-the-art coating facility of matching capacity.



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LR bends

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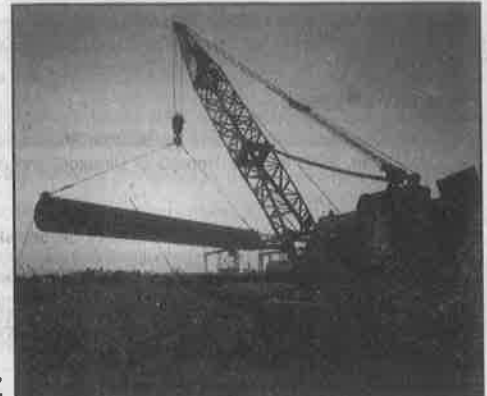
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### Track Record

Line Pipes manufactured	6900 Kilometers
X-70	1000 Kilometers
Nace	900 Kilometers
Anti-corrosion Coatings	10 million sq. meters
LR bends fabricated	2300 pieces
Connector Casings supplied	408 Kilometers



### Clientele

A combination of flawless products, a pro-active marketing force, competitive pricing, our principle and values in conducting business has provided us with a winning formula – where our customers are assured of not just consummate satisfaction but complete "delight". And, we are proud to deliver them this quality – each time-every time. The company has already executed a large number of prestigious orders for pipes of API specifications with additional requirements as needed by the customers. SPL has only recently successfully executed and delivered high quality line pipes of X-70 grade to a very satisfied customer, GAIL. We have executed major projects globally and our clientele includes renowned names like Indian Oil Corporation, Gas Authority of India, Engineers India Limited, Bharat Petroleum, Hindustan Petroleum Corporation Limited, in the domestic sector and Egyptian Natural Gas Co. (GASCO), Bechtel Intec Consortium Shell, Saudi Arabian Oil Co., Enron (USA) in the international arena.

### Quality is Intrinsic to the business

At SPL quality is a "way of life". Every member at SPL strives to comply with the various international quality systems and guidelines. Quality assurance is in-built into each stage of production from raw material purchase to finished goods handling. Each department meticulously adheres to the prescribed tests and inspections. Test results are recorded against unique identification numbers and archived to ensure full traceability of each and every product. The test data is analyzed to further evolve the processes for more stringent quality results. We at SAW Pipes, strive continuously to upgrade technology, workers' skills & knowledge, and to excel in serving our clients both in Total Quality and Commitment. Over a period, the efforts of SPL have taken it to a position where it has been certified from various international agencies like API, ISO, and DNV. Quality at SPL is an ongoing activity, bench marking the efforts for a future par excellence.

### Responsible Corporate Citizen

As a responsible corporate entity SPL shoulders many responsibilities. To work in tandem with the environment without upsetting the ever-fragile eco-system is our philosophy. Strict environment management systems for air, water, and waste treatment in and around the plants ensure stringent procedures and international compliances. The organization attempts to give its workforce a quality life, hazard free working environment, and drive them to a higher standard of living by providing them access to amenities like housing, transportation, medical facilities, schools, and other civic infrastructure.

As part of community service, SPL has adopted many villages surrounding the plants. Active volunteers from the organization undertake regularly literacy drives, organize free health camps, mobile eye-care units and are continuously striving to make these villages independent and progressive.

In our pursuit to maintain the leadership position, we, at SAW Pipes Ltd., strive to learn each day. This continuous learning process helps us in keeping our faith in the Elements – Quality, Unity, Environment, Care, and Value.

For SAW Pipes there can be no difference between 'Quality of Life' and 'Quality of Product / Process' – for us it is "Total Quality" in all our endeavours.



## SAW PIPES LIMITED

## Notice

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of SAW Pipes Ltd. will be held at Registered Office at A-1, UPSIDC Indi. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.) – 281 403 on Saturday, the 29<sup>th</sup> day of November, 2003 at 11.30 a.m. to transact the following businesses :-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30<sup>th</sup> September, 2003 and the Profit & Loss Account for the year ended 30<sup>th</sup> September, 2003 and the Reports of Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Shri P. R. Jindal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A.J.A. Tauro, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s N. C. Aggarwal & Co., Chartered Accountants, retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

### SPECIAL BUSINESS :

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

"Resolved that in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Shri H. S. Chaudhary be and is hereby re-appointed as Whole-time Director for a period of 2 years w.e.f. 1<sup>st</sup> November, 2003 to 31<sup>st</sup> October, 2005 to look after the affairs of Kosi Kalan Plant of the Company or to perform such other duties as may be entrusted by the Board or Managing Director from time to time on the following terms and conditions including remuneration with liberty to the Board of Directors to alter and vary the terms and conditions of the said arrangement and/or remuneration subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 as may be agreed between the Board of Directors and Shri H. S. Chaudhary :-

  - i) Salary : Consolidated salary at the rate of Rs. 27,000/- (Rupees Twenty Seven Thousand Only) per month in the scale of Rs. 27,000-2,000-29,000.
  - 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 Rules of the Company.
  - v) Bonus/Ex-gratia : As paid to other officers of the Company not covered by The Payment of Bonus Act, 1965.
  - vi) Gratuity : As per Rules of the Company but shall not exceed half month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/- or such other ceiling as may be fixed by any Governmental Authorities.
  - vii) The Whole-time Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.
  - viii) Any other allowance : As per Company's 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. 1,000/- per annum.

"Resolved further that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

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

"Resolved that pursuant to provisions of Section 61 and all other applicable provisions, if any, of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of

Directors of the Company or any Committee / person(s) authorized by the Board, consent of the Members of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from The UP Stock Exchange Association Ltd. at Kanpur, The Delhi Stock Exchange Association Ltd. at New Delhi and The Calcutta Stock Exchange Association Ltd. at Kolkata.

"Resolved further that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

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

"Resolved that pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow sum or sums of money, from time to time, at its discretion either from the Company's bank(s) or any other bank(s), financial institution(s) or any other lending institution(s) or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in aggregate Rs. 1000 Crores notwithstanding that the money, to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

"Resolved that pursuant to provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or any of the movable and immoveable properties of the Company both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company for securing any loan(s) or facilities obtained or as may be obtained from any financial institution(s) or banks or person(s) together with interest, costs, charges, expenses and any other moneys payable by the Company within the overall borrowing powers delegated to the Board of Directors from time to time pursuant to Section 293(1) (d) of the Companies Act, 1956."

Regd. Office :  
A-1, UPSIDC Indl. Area  
Distt. Mathura (U.P.)-281 403  
Dated : 31<sup>st</sup> October, 2003

By order of the Board  
for **SAW PIPES LTD.**  
**SUNIL JAIN**  
COMPANY SECRETARY

**NOTES :**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID & EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ABOVE MEETING.**
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under Items No. 6 to 9 of the Notice to be transacted at the above meeting is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> November, 2003 to 29<sup>th</sup> November, 2003 (both days inclusive). This may be treated as a Notice U/s 154 of the Companies Act, 1956.
- 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 25<sup>th</sup> November, 2003 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 25<sup>th</sup> November, 2003.
- The members are requested to notify promptly any change in their address to the Company.
- Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 30<sup>th</sup> June, 1996, which has remained unpaid for a period of 7 years will be transferred to the Investor Education and Protection Fund established by the Central Government on or before 14<sup>th</sup> January, 2004. Shareholders who have not encashed the dividend warrants so far for the financial year ended on 30<sup>th</sup> June, 1996 are requested to make their claim to the Company at Jindal Centre, 12, Bhikaji Cama Place, New Delhi - 110 066 before 7<sup>th</sup> January, 2004. It may also be noted that once the unclaimed dividend is transferred to the fund as above, no claim shall lie in respect thereof.
- Section 109A of the Companies Act, 1956, extends nomination facility to all shareholders.
- The information required under Clause 49 of the Listing Agreement relating to Corporate Governance with respect to Directors retiring by rotation and, being eligible, seeking reappointment is given hereunder.



9. Members are requested to note that pursuant to directions given by SEBI/Stock Exchanges, the Company has appointed M/s RCMC Share Registry (P) Ltd., 1515, (1<sup>st</sup> Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, (Near South Extn.) New Delhi - 110003 as Registrar and Transfer Agent to look after the work related to shares held in physical as well as demat mode.

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

**Item No. 6**

Shri H. S. Chaudhary was appointed as Whole-time Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> November, 1998. His tenure of appointment has expired on 31<sup>st</sup> October, 2003. The Board of Directors in its meeting held on 29<sup>th</sup> July, 2003 reappointed Shri H. S. Chaudhary as Whole-time Director of the Company for a further period of 2 years w.e.f. 1<sup>st</sup> November, 2003 on the terms and conditions as mentioned in the Resolution. Shri H. S. Chaudhary has been associated with the Company since inception 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. He is also 'Occupier' of all factories of the Company in terms of Factories Act, 1948.

As per the terms of provisions of the Companies Act, 1956, read with Schedule XIII thereto, the terms of appointment and remuneration of Shri H. S. Chaudhary as Whole-time Director require the approval of the members in their meeting. Therefore, Directors recommend the resolution for your approval. None of the Directors except Shri H. S. Chaudhary himself is interested or concerned in the Resolution.

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

**Item No. 7**

As members are aware, the Company's Equity Shares are listed on National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE), The UP Stock Exchange Association Ltd. (UPSE), The Delhi Stock Exchange Association Ltd. (DSE) and The Calcutta Stock Exchange Association Ltd. (CSE) in order to provide the shareholders and investors with liquidity of the Company's Equity Shares. The bulk of trading, however, takes place on BSE and NSE.

The trading of Equity Shares of the Company on UPSE, DSE and CSE is negligible and disproportionate to the cost in terms of listing fee payable by the Company to these Stock Exchanges due to expansion of BSE and emergence of NSE and their extensive networking. Further, the compliances, reportings and approvals under the listing agreements get multiplied. The investors or shareholders of the Company do not get any additional benefit by continuing listing of the Equity Shares on said Stock Exchanges.

SEBI has, recently, issued guidelines permitting the companies for voluntary delisting of shares where the companies have multiple listings provided that the shares are listed on one or more Stock Exchanges having nationwide trading terminals.

Considering the above fact, the Board of Directors of the Company at its meeting held on 29<sup>th</sup> July, 2003 decided to seek voluntary delisting of the Company's Equity Shares from UPSE, DSE, CSE. The Company's Equity Shares will continue to be listed on NSE and BSE having nationwide trading terminals thereby giving opportunity to the investors to engage in free trading of the Company's Shares.

The proposed delisting of the Company's Equity Shares from these stock exchanges is not considered to be prejudicial nor to adversely affect the interest of the investors since trading facilities are available on the connectivity of BSE and NSE in most of the cities across the country.

The Directors recommend the Special Resolution for your approval. None of the Directors is concerned or interested in the said Resolution.

**Item No. 8**

Members of the Company at the Annual General Meeting held on 4<sup>th</sup> November, 1993 had authorized the Board of Directors to borrow upto a limit of Rs. 500 Crores from time-to-time as per the requirement of the Company.

The Company's requirement for funds is expected to go up with the acceleration of its activities and it may exceed the present limit of Rs. 500 Crores. The Board considers that the present limit of borrowings of Rs. 500 Crores will need to be enhanced to fund the growth opportunities of the Company. The Board accordingly, recommends the proposal to increase the borrowing limit up to Rs. 1000 Crores.

Pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not except with the consent of the Members in General meeting borrow money(s) where the money(s) to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its reserves, i.e., reserves not set apart for any specific purpose. The Board, therefore, recommends the Resolution for member's approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

**Item No. 9**

As security to the loans as sanctioned by financial institutions / banks, who may be approached by the Company for financial assistance for its growth opportunities in the form of term loan or other facilities from time to time, the Company would be required to give first / subsequent charge on the all movable and immovable properties of the Company both present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter-alia, that Board of Directors shall not, without the consent of the Members in General Meeting, lease or otherwise dispose off the whole or substantially the whole of the undertaking(s) of the Company. The creation of charge on movable / immovable properties / assets of the Company may be deemed to be lease or otherwise disposing off the properties of the Company within the meaning of aforesaid Section of the Companies Act, 1956. It is, therefore, proposed to obtain the members' consent authorising the Board of Directors of the Company to create such mortgage or charge within the limit of borrowing as set out in Resolution No. 8 above. The Directors, therefore, recommend the resolution for the approval of the members.

None of the Directors of the Company are concerned or interested in the above resolution.

Regd. Office :  
A-1, UPSIDC Indl. Area,  
Nandgaon Road, Kosi Kalan  
Distt. Mathura (U.P.) - 281 403  
Dated : 31<sup>st</sup> October, 2003

By order of the Board  
for **SAW PIPES LTD.,**  
**SUNIL JAIN**  
**COMPANY SECRETARY**

The Brief resumes of Directors retiring by rotation are as follows :-

**1) Shri P. R. Jindal**

Shri P. R. Jindal aged 53 years is the Chairman of the Company. He holds the Bachelors' Degree in Arts. He has more than 36 years experience in the Steel Industry. Setting up of SAW Pipes plant was his idea. The first plant of the Company was established in Kosi Kalan (U.P.) in 1984 and since then the Company has made considerable progress by establishing the plants also at Nashik and Mundra. Under his dynamic leadership and guidance, the Company has become one of the major players in Energy Transportation Sector globally and is catering to the prestigious clients all over the world.

Besides Chairman of the Company he is on the Board of Directors of the following Companies, (i) Jindal Vijayanagar Steel Ltd., (ii) Aseem Travels Ltd., (iii) Jindal Seamless Tubes Ltd., (iv) Nalwa Farms (P) Ltd., (v) Jindal Transworld (P) Ltd., (vi) SAW Pipes Inc. USA.

**2) Shri A.J.A. Tauro**

Shri A.J.A. Tauro, aged 75 years, is a B.A. (Economics). He was appointed to the Indian Audit & Accounts Service through the Combined Competitive Examination in 1951. He has held various positions under the Government of India including that of Asstt. Financial Adviser - Indian Supply Mission, London, Secretary to Chairman - Third Finance Commission, etc.

He took pre-matured retirement from civil services to join industrial sector in 1972. He was Finance Director of Indian Petrochemicals Corporation Limited and Chairman & Managing Director of Madras Refineries and Indian Oil Corporation. He has also served on various Committees formed by the Government of India viz. Management Accountancy in Government, Autonomy and Accountability of Oil Companies in Public Sector, Review of Mangalore Refinery Project, etc. He was member of Expert Committee constituted by IDBI and ICICI to review Refinery and Chemicals project proposals. During the period 1997 to 2000, he was Government of India nominee on Arbitration Tribunals for disputes arising out of crude oil production sharing contracts with a consortium of foreign and Indian Companies.

Besides Director of the Company, he is on the Board of Directors of Chambal Fertilizers and Chemicals Ltd. and Suparna Chemicals Ltd. He is also Chairman of Audit Committee of Chambal Fertilizers and Chemicals Ltd.



# SAW PIPES LIMITED

## Directors' Report

To

The Members,

Your Directors are pleased to present the 19th Annual Report and Audited Statement of Accounts of the Company for the year ended 30th September, 2003.

### 1. FINANCIAL RESULTS

#### Particulars

	Current Year Ended 30th Sept., 2003 (12 Months) (Rs. in lacs)	Previous Year Ended 30th Sept., 2002 (15 Months) (Rs. in lacs)
<b>Gross Sales &amp; Income from Operations</b>	<b>80,495.90</b>	<b>75,413.20</b>
Profit before Interest and Depreciation	16,094.63	13,187.00
Less:		
- Interest	3,813.58	6,607.36
- Depreciation	1,842.47	1,741.00
Profit before tax	10,438.58	4,835.49
Provision for Income Tax and Wealth Tax	2,830.89	601.76
<b>Net Profit after tax</b>	<b>7,607.69</b>	<b>4,233.73</b>
Add: Balance brought forward from previous Year	4,994.72	2,554.96
Debenture Redemption Reserve written back		625.00
<b>Total amount available for appropriation</b>	<b>12,602.41</b>	<b>7,413.69</b>
Less: Appropriations:		
(a) Debenture Redemption Reserve	275.00	375.00
(b) Capital Redemption Reserve	750.00	750.00
(c) Transfer to General Reserve	1,000.00	500.00
(d) Interim Dividend on Preference Shares paid	43.00	137.04
(e) Corporate Tax on Interim Preference Dividend		13.98
(f) Proposed Dividend:		58.25
- on Preference Shares	974.48	584.70
- on Equity Shares	124.86	
(g) Corporate Tax on proposed dividend		
<b>Balance carried to Balance Sheet</b>	<b>9,435.07</b>	<b>4,994.72</b>

### 2. REVIEW OF OPERATIONS

During the year the Company achieved a turnover of 80495.90 lacs which marks 33.4% increase over the last year's turnover on an annualized basis. The profit after tax of the Company has been 7607.69 lacs showing a 124.62% improvement over the last year's profit on an annualized basis. During this year, there has been substantial saving in the Financial Charges which have declined from 5285.88 to Rs.3813.58 showing 27.85% decrease on an annualized basis. During the year, the Company has executed some prestigious National & International projects including the GAIL's D. Vijaypur Pipeline (DVPL) which has been completed within the contractual delivery period. During the year, the Company has also completed the modernisation plan of Nashik Plant and the production is scheduled to commence on target for the Seamless Tubes from Nashik Plant.

### 3. DIVIDEND

This year your Directors have recommended a dividend of Rupees 2.50 per share of Rs. 10/- each (25%) for the year ended 30th September, 2003 (Previous year Rs. 1.50 per Share) on the Equity Shares of your Company.

### 4. AWARDS AND RECOGNITION

During the year under review the Company has received following Awards from Engineering Export Promotion Council (EEPC) :-

- Regional Trophy for the highest export for the year 1999-2000
- All India Trophy for the highest export for the year 2000-2001

### 5. ESTABLISHMENT OF C/IDI PIPE PLANT

In line with our objective of being a 'Total Pipe Solution Company', your Company has decided to enter into Ductile/Cast Iron Pipe segment to address the ever growing requirement of water transportation infrastructure for developing cities and towns. Your Company is setting up an integrated plant with blast furnace capacity of 2.5 lacs t/year and a Ductile Iron and Cast Iron Spun Pipe Plant with a combined capacity of 2 lacs t/year in Mundra Gujarat. The Company would be producing Ductile Iron Pipes and Cast Iron Pipes alongwith Pipe fittings and Foundary Grade Pig Iron for the market. The plant would go on stream during the year 2003-04. With this plant, your Company will harness and build on the synergy emanating from strength of our common clientele and over growing demand for these pipes.

### 6. SETTING UP BRANCH OFFICE IN U.S.A.

United States is the largest market for large diameter pipes. As per estimate, more than half of the pipelines in the U.S. either originate or terminate in the Texas Region. Your Company has got a significant stake in SAW Pipes USA Inc., a U.S. based affiliate company which has been the largest pipe manufacturing capacity in U.S. This facility has also a matching

capacity Plate Mill. To address the U.S. market and benefit from the synergies available from the Jindal Affiliates, your Company has opened a branch office in U.S. All necessary approvals, etc. in this regard have been obtained.

**7. MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE**

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your Company is enclosed as a part of the Annual Report. Another report provides information / status on the Corporate Governance.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed by the Board of Directors: -

- (a) that in the preparation of the annual accounts for the financial year ended 30th September, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors had prepared the accounts for the financial year ended 30th September, 2003 on a 'going concern' basis.

**9. DIRECTORS**

Shri P. R. Jindal and Shri A.J.A. Tauro retire by rotation; being eligible, offer themselves for reappointment. During the year under report Shri T. M. Sen resigned from the Directorship of the Company. The Board expresses its gratitude to Shri T. M. Sen for valuable contribution made by him in steering the affairs of the Company during his tenure as a Director.

**10. AUDITORS & THEIR REPORT**

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

**11. COST AUDIT**

Pursuant to Section 233 B of the Companies Act, 1956 and as per the order of the Central Government, the Company carries out audit of Cost Accounts, relating to Steel Tubes and Pipes every year. The Company with the approval of Central Government has appointed Mr. S. N. Balasubramanian, Cost Accountant, to audit the Cost Accounts relating to manufacture of steel tubes and pipes for the F.Y. ended 30th September, 2003.

**12. LISTING**

The Equity Shares of the Company are listed at Stock Exchanges at Delhi, Mumbai, Kolkata and Kanpur. With effect from 29th April, 2003, the Equity Shares were also listed on the National Stock Exchanges of India Ltd., Mumbai Since the trading of the Company's Equity Shares on Stock Exchanges at Delhi, Kolkata and Kanpur is negligible. It is proposed to delist the Company's Equity Shares from these Stock Exchanges. However, the Company's Equity Shares shall remain listed on BSE and NSE which have trading facilities at all the above 3 locations and hence there will not be any inconvenience or hardship to the investors. The proposal in this regard is contained in the accompanying Notice convening the forthcoming Annual General Meeting.

**13. PUBLIC DEPOSITS**

The Company had repaid the deposits matured during the year except unclaimed deposits aggregating Rs. 5.19 lakhs at the end of the year.

**14. PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.**

Information in accordance with the provision of Section 217(1)(e) of 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.

**15. SUBSIDIARY COMPANIES**

The Annual accounts of the Subsidiaries Hexa Securities & Finance Company Ltd. and Jindal Enterprises LLC along with statement pursuant to Section 212(1)(e) of the Companies Act, 1956 are attached with this Report.

**16. 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 this 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.

**17. ACKNOWLEDGEMENT**

The Board of Directors is 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 for the contribution made by the employees at all levels to the efficient operations of the Company. We are deeply grateful for the confidence and faith that you have placed in the Company as its member.

For and on behalf of the Board

Place : New Delhi  
Date : 31<sup>st</sup> October, 2003

P.R.Jindal  
Chairman



**ANNEXURE TO THE DIRECTORS' REPORT**

**ANNEXURE 1**

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

**CONSERVATION OF ENERGY :**

**(a) ENERGY CONSERVATION MEASURES TAKEN :**

- i) Well coordinated synchronization of DG Sets and redistribution of the connected load was carried out for improving the efficiency of power generation.
- ii) SKO ( Superior Kerosene Oil ) was extensively used in place of HSD to generate energy at a lower cost.
- iii) Leakage of hydraulic oil in JCO, C Press and other hydraulic system have been reduced.
- iv) Automation of JCO Expander was carried out which lead to increased productivity and quality.

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

- i) New capacitor bank ( 25 KVAR ) installed on the Expander, Hydro Tester and Press to have the improved power facts thus resulting in less consumption of electricity.
- ii) Weak capacitor replaced with new capacitor at the sub station capacitor bank to have the improved power factor & less consumption of energy.
- iii) More transparent sheets provided on the roof of the plant shed to minimize the need of lights during the day, thus resulting in less consumption of electricity.
- iv) Breakdown on account of mechanical and electrical failures have been contained to very low figures and thus improved the productivity levels. This has resulted in the considerable saving of energy.
- v) Improved the efficiency of air compressors by overhauling loading/unloading volves in the systems. Also introduced the concept of the water and air management to conserve the energy.
- vi) Walking beam and Rotary hearth in place of Electrically (induction) Heating System that reduces the fixed as well as variable cost of electrical energy substantially.
- vii) Modernization of Stretch Reducing Mill by installing digital drive and automation which in turn improves the productivity as well as quality of product. Also in turn we can reduce fixed load of H.T. Motor / Generator.
- viii) Decentralization of air compressor system by installing additional small capacity compressors at different stations and by using them effectively. Also by replacing the pneumatic system by hydraulic system which in turn reduce the energy cost.
- ix) Air ventilation system for piercer mill and assel mill put on AC drive so as to reduce the energy consumption.
- x) An Environmental Management Programme (SPL/EM/EMP/20) was raised to place the 100 watt lamps with low wattage CFL Lamps at all the houses in the colony. Therefore all of them replaced & EMP completed on 15th June, 2003. Hence resulting in saving of electricity ( 85 Watts on each lamp).

**(c) IMPACT OF ABOVE MEASURES :**

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

**FORM 'A'**

Form for disclosure of particulars with respect to Conservation of Energy

**POWER & FUEL CONSUMPTION**

	2002 - 2003	2001-2002
<b>(I) Electricity :</b>		
Purchased Units	1,05,65,893	1,02,88,339
Total Amount ( Rs.)	4,58,10,171	4,47,89,060
Rate Per Unit ( Rs. )	4.34	4.35
<b>(II) Own Generation Through D.G. Set</b>		
Generated Units	1,18,47,272	1,61,88,519
Unit per Litre of Oil	2.95	3.20
Cost Per Unit (Rs.)	5.33	4.97
<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production : Sub Merged Arc Welded Pipes and Re Rolled Stainless Steel Strips, Electricity for		
(i) Manufacturer of Steel Pipes Per MT	70.920	73.50
(iii) Pre Rolling of Stainless Steel Strips Per MT	502.860	646.874

**FORM 'B'**

Form of disclosure of particulars with respect to technology absorption for 2002-2003

1. Specific areas in which Research & Development carried out by the Company.
  - (a) Shifted one of the furnace on LPG instead of HSD/LDO
  - (b) Flooring of plant with Kota stone to avoid soil contamination from oil, grease etc.
  - (c) S. Steel slitted in 3.4 mm in Grade 304
2. Benefits Derived
  - (a) Installed AGN on one of the Mills for consistency in production & quality.
  - (b) Microhardness Testing machine.
3. Future Plan of Action
  - (a) Target has been set to improve the yield by 2%
  - (b) To install limer for plant and street lightings.
  - (c) Possibility of running JCO Press by single motor 200 HP ( Present 2 motors of 200 HP each ) will be explored for reducing power consumption.
4. Expenditure on R & D  
Development & improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities. Expenditure incurred on R&D during the year under report has not been specifically apportioned.
5. Foreign Exchange

	(Rs in Lacs)	
	2002 - 2003	2001-2002
(a) Earnings	17,752.25	57,060.28
(b) Outgo	33,633.20	32,844.41

For and on behalf of the Board

Place : New Delhi  
Date : 31st October, 2003

P.R.Jindal  
Chairman



# Report on Corporate Governance

**(1) COMPANY'S PHILOSOPHY**

The Company's Philosophy on Corporate Governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all its inter-actions with its stakeholders including shareholders, employees, lenders and the Government. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

**(2) BOARD OF DIRECTORS**

**(i) COMPOSITION OF BOARD**

At present the strength of Board of Directors is 8 whose composition is given below:-

Name of Director	Status	No. Of Other Directorships and Committee Memberships/Chairmanship		
		Directorship	Committee Membership	Committee Chairmanships
Shri P.R. Jindal	Promoter – Non Executive	6	-	-
Ms. Sminu Jindal	Promoter - Executive	2	-	-
Shri Purshottam Lal	Independent – Non Executive	-	-	1
Shri A.J.A. Tauro	Independent – Non Executive	2	-	6
Shri Moosa Raza	Independent – Non Executive	8	-	-
Shri M. K. Tandon*	Independent – Non Executive	3	1	-
Shri Kuldip Bhargava	Independent – Non Executive	4	-	-
Shri H. S. Chaudhary	Independent – Executive	-	-	-
Shri T.M. Sen**	Independent – Non Executive	2	-	-

\*Nominee of ICICI Bank Ltd.

\*\*Resigned w.e.f. 22.07.2003.

**(ii) BOARD MEETINGS AND ATTENDANCE RECORD OF EACH DIRECTOR**

4 meetings of the Board of Directors were held during the year ended 30th September, 2003. These were held on 14.11.2002, 25.01.2003, 28.04.2003, and 29.07.2003.

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE LAST AGM
Shri P.R. Jindal	4	No
Ms. Sminu Jindal	2	Yes
Shri Purshottam Lal	3	No
Shri A.J.A. Tauro	4	Yes
Shri Moosa Raza	3	No
Shri M. K. Tandon	4	No
Shri Kuldip Bhargava	3	No
Shri H.S. Chaudhary	-	Yes
Shri T. M. Sen*	2	No

\* Resigned w.e.f. 22.07.2003.

(iii) **DETAILS OF REMUNERATION PAID TO DIRECTORS**

**REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors are paid sitting fees of Rs. 2,500/- for each meeting of the Board, Audit and Shareholders' Grievance Committee or other Committee attended by them:

NAME OF DIRECTOR	SITTING FEES (RS.)
Shri P. R. Jindal	40,000
Shri Purshottam Lal	55,000
Shri A.J.A. Tauro	20,000
Shri Moosa Raza	7,500
Shri M. K. Tandon	17,500
Shri Kuldip Bhargava	15,000
Shri T. M. Sen *	10,000

\* Resigned w.e.f. 22.07.2003.

**REMUNERATION PAID TO EXECUTIVE DIRECTORS**

NAME OF DIRECTOR	POSITION	SALARY (RS.)	COMMISSION (RS.) *
Ms. Smitu Jindal	Managing Director	16,50,444	11,00,000
Shri H.S. Chaudhary	Whole-time Director	6,33,288	NIL

The terms of appointment of above Directors are on contractual basis for a period of 5 years from the respective dates of appointment. The notice period is 6 Calendar Months. In the event of termination of appointment, the Executive Directors will be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956. The Company has not issued any stock option.

\* @ 1% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to a maximum of an amount equivalent to one year salary.

(3) **AUDIT COMMITTEE**

(i) **TERMS OF REFERENCE**

The role and terms of Audit Committee covers the area of Clause 49 of the listing agreement with Stock Exchanges and Section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors of the Company. The minutes of the Audit Committee are taken note by the Board of Directors.

(ii) **COMPOSITION**

The committee met 4 times during the year on 14.11.2002, 25.01.2003, 28.04.2003, and 29.07.03 The attendance of the members of the meetings are as follows: -

NAME OF MEMBER	STATUS	NO. OF MEETINGS ATTENDED
Shri A.J.A. Tauro	Chairman	4
Shri Purshottam Lal	Member.	3
Shri Kuldip Bhargava	Member	3
Shri M K Tandon*	Member	3
Shri T.M. Sen**	Member	2

\* Appointed w.e.f. 25.01.2003

\*\* Resigned w.e.f. 22.07.2003



## Report on Corporate Governance

Shri Sunil Jain, Company Secretary is the Secretary of the Committee. Head of Finance & Accounts Department, Statutory Auditors, Cost Auditors and Internal Auditors attend the meetings of the Audit Committee. The Audit Committee deals with the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, compliance with accountings standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters.

**(4) REMUNERATION COMMITTEE**

The Company has only two Executive Directors on the Board whose appointment and remuneration has been fixed by the Board in terms of resolution passed by the Members. In view of this, no remuneration committee needs to be constituted.

**(5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

**(i) TERMS OF REFERENCE**

To look at redressing of shareholders/investors complaint like transfer of shares, non-receipt of dividend warrants, etc. As there were no serious and major grievance reported so no meeting of this Committee was held.

**(ii) COMPOSITION**

The Shareholders/Investor Grievance Committee: -

NAME OF MEMBER	STATUS
Shri P.R. Jindal	Chairman
Shri A.J.A. Tauro	Member
Shri Purshottam Lal	Member
Mrs. Sminu Jindal	Member

Mr. Sunil Jain, Company Secretary is the Compliance officer of the Company.

The Board has delegated powers of approving transfer of shares to the Executive Directors of the Company to be ratified by the Board later in their meeting.

**(iii) SHAREHOLDERS' COMPLAINT**

NO. OF SHAREHOLDER'S COMPLAINT RECEIVED DURING THE YEAR	NO. OF COMPLAINTS NOT SOLVED	NO. OF PENDING SHARE TRANSFERS
8	Nil	Nil

**(6) GENERAL BODY MEETINGS**

(a) The details of Annual General Meetings held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
16th	Saturday	30.12.2000	11.00 a.m.	Regd. Office
17th	Friday	21.12.2001	11.30 a.m.	- Do -
18th	Saturday	21.12.2002	11.30 a.m.	- Do -

(b) Whether special resolutions were put through postal ballot last year?  
No.

(c) Are Special Resolutions proposed to be put through postal ballot this year?  
No.

**(7) DISCLOSURES**

a. Disclosures on materially significant related party transaction i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Transactions with the selected parties have been disclosed in Schedule No. 22 to the Accounts in the Annual Report.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None.

**(8) MEANS OF COMMUNICATION**

- |  |  |
|--|--|
| (i) Half-yearly report sent to each household of shareholder   | No   |
| (ii) Quarterly results which newspapers normally published   | Business Standard / Hindustan (Hindi)                |
| (iii) Any web site, where displayed  | www.sawpipes.com<br>The results are displayed on it. |
| (iv) Whether it also displays official News releases and presentations made to Institutional investors/ analysis | No   |
| (v) Whether MD&A is a part of annual report  | Yes  |

**(9) GENERAL SHAREHOLDER INFORMATION**

**(a) Annual General Meeting to be held:**

Date, time and venue  
 Date : 29.11.2003  
 Time : 11.30 A.M  
 Venue : A-1, UPSIDC Indl. Area, Nandgaon Road, Kosi Kalan,  
 Distt. Mathura – 281 403

**(b) Financial Calendar 2003-2004:**

- |  |                               |
|--|-------------------------------|
| (i) First Quarterly Results  | : Before end of January, 2004 |
| (ii) Second Quarterly Results                                      | : Before end of April, 2004   |
| (iii) Third Quarterly Results                                      | : Before end of July, 2004    |
| (iv) Audited yearly result for the year ended 30th September, 2004 | : November, 2004              |
| (v) Annual General Meeting in the year, 2004                       | : December, 2004              |

**(c) Dates of Book Closure**

26.11.2003 to 29.11.2003 (4 days inclusive).

**(d) Dividend payment date**

Dividend on Equity Shares when sanctioned will be made payable on or after the 4th day of December, 2003 to those Shareholders whose names stand on the Company's Register of Members on the 25th day of November, 2003 to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

**(e) Listing on Stock Exchanges at:**

The Equity Shares of the Company are listed on the following Stock Exchanges: -

- (i) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- (ii) The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata – 700 001
- (iii) The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002
- (iv) The Uttar Pradesh Stock Exchange Association Ltd., Padam Tower, 14/113, Civil Lines, Kanpur – 208 001
- (v) The National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051\*\*

\*\*Listed with effect from 29.04.2003.

**Note:** (i) Listing fees have been paid to the Stock Exchanges for the year 2003-2004.

- (ii) It has been observed that there was negligible trading of Equity Shares of the Company on the Stock Exchanges at Kanpur, Delhi and Kolkata. At the same time, NSE and BSE have adequate network at all these places providing trading and settlement facilities. In view of this it is proposed to delist Company's Equity Shares from these Stock Exchanges subject to the approval of the Members and Compliance of SEBI's Guidelines in the matter.



**SAW PIPES LIMITED**

## Report on Corporate Governance

**(f) Stock/Company/Security/Common Code:**

**Equity Shares**

The Stock Exchange, Mumbai	-	500378
The Delhi Stock Exchange Association Ltd.	-	19003
The Calcutta Stock Exchange Association Ltd.	-	10029015
The Uttar Pradesh Stock Exchange Association Ltd.	-	500179
The National Stock Exchange of India Ltd.	-	SAWPIPES

**(g) Market Price Data**

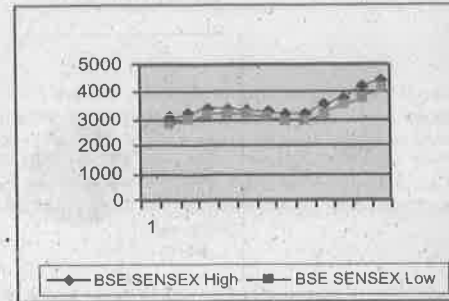
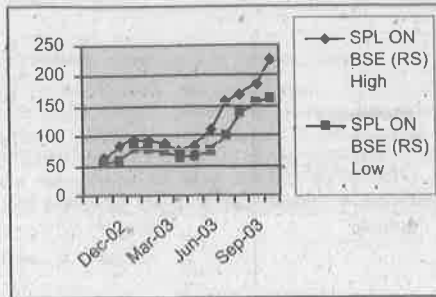
The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Stock Exchange, Mumbai during financial year 2002-2003 are as under:

MONTH	HIGHEST RATE (RS.)	LOWEST RATE (RS.)
October, 2002	63.30	57.00
November, 2002	84.05	59.95
December, 2002	92.75	79.05
January, 2003	91.80	76.25
February, 2003	85.00	74.60
March, 2003	74.45	63.55
April, 2003	80.85	65.85
May, 2003	109.25	74.65
June, 2003	156.45	100.35
July, 2003	167.80	137.35
August, 2003	184.40	154.50
September, 2003	224.80	160.45

**(h) Performance in comparison to broad based indices:**

MARKET PRICE DATA

MONTH	SPL ON BSE (RS)		BSE SENSEX	
	High	Low	High	Low
Oct-02	63.30	57.00	3009.76	2834.41
Nov-02	84.05	59.95	3228.82	2948.04
Dec-02	92.75	79.05	3398.00	3207.36
Jan-03	91.80	76.25	3390.12	3219.88
Feb-03	85.00	74.60	3322.17	3223.41
Mar-03	74.45	63.55	3277.27	3048.72
Apr-03	80.85	65.85	3215.24	2924.03
May-03	109.25	74.65	3180.75	2942.78
Jun-03	156.45	100.35	3607.13	3181.97
Jul-03	167.80	137.35	3792.61	3554.13
Aug-03	184.40	154.50	4244.73	3741.66
Sep-03	224.80	160.45	4453.24	4134.15



**(i) Registrar and Transfer Agents**

RCMC Share Registry P Ltd. 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extn. New Delhi 110 003. Phone: - 24692346,24601017 Fax: - 24692345 e-mail: - rcmc@theoffice.net.

The Share Transfer Requests as well as other correspondence relating to Shares of the Company are also accepted our office at Jindal Centre, 12, Bhikaji Cama Place New Delhi - 110 066.

**(j) Share Transfer System**

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Managing Director/Whole-time Director of the Company have been authorised to approve transfers in addition to the Committee.

**(k) Distribution of Shareholding**

The shareholding distribution of equity shares as of 30<sup>th</sup> September, 2003 is given below: -

Range of Shares	No. Of Shareholders	%	No. Of Shares	%
Upto 5000	15786	87.34	2579539	6.62
5001 TO 10000	1258	6.96	971506	2.49
10001 TO 20000	521	2.88	784036	2.01
20001 TO 30000	132	0.73	343278	0.88
30001 TO 40000	69	0.38	254581	0.65
40001 TO 50000	50	0.28	233582	0.60
50001 TO 100000	99	0.55	729028	1.87
100001 AND ABOVE	159	0.88	33083908	84.88
<b>TOTAL</b>	<b>18074</b>	<b>100.00</b>	<b>38979458</b>	<b>100.00</b>

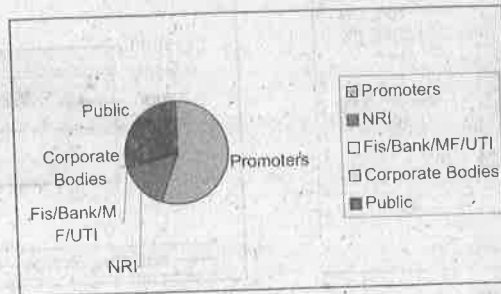
**(l) Shareholding Pattern as on 30<sup>th</sup> September, 2003**

**CATEGORIES OF SHAREHOLDERS (AS ON 30.09.2003)**

The categories of shareholders is shown hereunder:

Category	No of shares	% Of Holding
Promoters	21471258	55.08
NRI	6132550	15.73
FIs/Bank/MF/UTI	15050	0.04
Corporate Bodies	225216	0.58
Public	11135384	28.57
<b>Total</b>	<b>38979458</b>	<b>100.00</b>

## Report on Corporate Governance



**(m) Dematerialisation of equity shares**

Number of shares in physical and demat form as on 30<sup>th</sup> September 2003.

	No. Of shares	Percentage of total shares
Physical segment	23245790	59.63
Demat segment	15733668	40.37
<b>Total</b>	<b>38979458</b>	<b>100.00</b>

**(n) Outstanding GDRs**  
No GDRs issued.

**(o) Plant (Locations)**

The Plants of the Company are located at Kosi Kalan (Mathura, U.P.), Sinnar (Nashik, Maharashtra), New Delhi and Mundra (Kutch, Gujarat)

**(p) Address for correspondence**

**SAW Pipes Ltd.** Jindal Centre, 12, Bhikaiji Cama Place, New Delhi – 110 066  
 Telephone No. : 26188360-74  
 Fax No. : 26170691/51659575  
 E-mail No. : sawpipes@giasd101.vsnl.net.in

### Auditors' Report on Corporate Governance

To the Members of  
**SAW PIPES LIMITED**

We have examined the compliance of conditions of Corporate Governance Procedure implemented by SAW PIPES LTD for the year ended on 30th September, 2003 as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investors' grievances were pending for a period of one month against the Company as per the records maintained Shareholders' / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

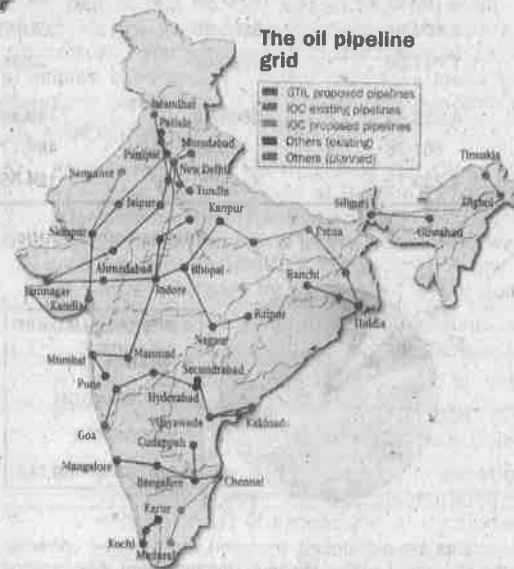
## Management Discussion And Analysis

### Industry structure, development and outlook:

The energy transportation infrastructure sector is fast becoming one of the key elements in providing the vital inputs for the development of the overall economy of a country, particularly, in rapidly developing economy like India which needs critical inputs like power, fertilizer, chemicals and large industrial complexes. The demand for pipeline network becomes vital support system for such developments. For the economies which already have such pipeline network in place, there exists replacement demands for renewing the old facility and sometimes augmenting the capacity. Pipelines continue to be the most effective and preferred mode of transport for hydro-carbon and water as they offer a more stable, eco-friendly and cost effective mode of transport.

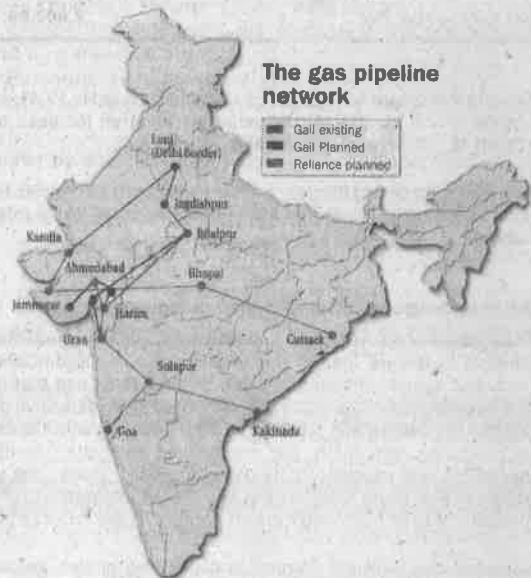
### Opportunities & threats:

The per capita consumption of hydro-carbon in India continues to be low as compared to the developed countries. Also as the country has set for itself ambitious targets for growth and development, the requirement of hydro-carbon and water would continue to rise, consequently, giving to rise the demand for an extensive pipeline network in the country. As per the estimates, there is a plan to set up a 17,000 Km. pipeline network for transportation of oil and gas by the year 2007.



Source : Businessworld Sept.28-30, 2003

The strategic position of India in between the middle east and far east also promises a very encouraging future for the pipeline industry owing to development of oil and gas field in east Africa, re-construction of Iraq and development of other oil and gas fields in the region.



Source : Businessworld Sept.28-30, 2003

### Risk and concern:

As the industry develops and more stringent quality norms are introduced, SPL has to rely more on imported steel plates and coils for the manufacturing of pipes, which exposes the company to foreign exchange, lead time for transportation of the raw material and the macro economic conditions of the countries of import. Also SPL is largely a project driven company and hence exposed to the cyclicalities of demand which is typical in project driven organization.

SPL has addressed the above risks by putting a robust financial management system in place.

### Operational review

The period under review has been significant in terms of the operation of the Company. During the period under review SPL has manufactured 186366 MT of Steel Pipes (Previous period 257635 MT) during the previous fifteen months. Similarly, the production in coating division was 890973 Sq.Mtr (Previous period 1366391 Sq.Mtr). In the cold rolled division the production was 6351 MT (Previous period 6931 MT).



## SAW PIPES LIMITED

# Management Discussion And Analysis

### Financial review

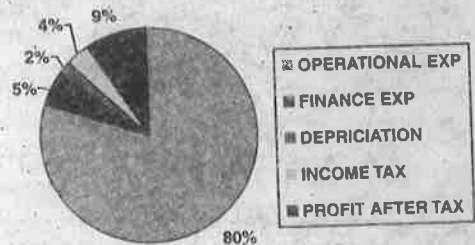
The financials for the period 2002-2003 are for 12 months whereas previous year figures are of 15 months. In order to make a comparison with previous year, previous figures have been annualized in the table given below:-

Particulars	12 months ended on 30th Sept. 2003 (Rs. in Lacs)	15 months ended on 30th Sept. 2002 (Rs. in Lacs)	Annualized figure for the period 2001-2002 (Rs. in Lacs)	% change on annualized basis.
Gross Sales & Income from operations	80,495.90	75,413.20	60,330.56	33.42
Profit before Interest & Depreciation	16,094.63	13,183.85	10547.08	52.6
- Finance Exp.	3,813.58	6,607.36	5285.89	(27.85)
- Depreciation	1,842.47	1,741.00	1392.80	32.29
Profit before tax	10,438.58	4,835.49	3868.39	169.84
Provision for Tax	2,830.89	601.76	480.49	489.17
Net Profit After Tax	7,607.69	4,233.73	3387.90	124.55

### Revenue Distribution

Earning Per Share for the period under review is Rs.19.41 as against Rs.10.32 of previous period showing an increase of 135.10%., on an annualized basis.

SPL's exports during the year under review were Rs. 18550.14 lacs which constitutes 23% (Previous Period 82%) of total turnover.



### Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded and protected against unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The internal control system is supplemented by an extensive programme of internal audits, review by management, documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing statements and maintaining accountability of assets. Company has efficient and effective system of data integration and integrity for its core business. During the year under review to strengthen the internal control system the company had taken steps for introducing an integrated ERP system covering all the units and areas of operations. Different modules of ERP have been tested and are in the process of being rolled out in a phased manner.

Company has an Audit Committee comprising of Non-executive Directors with Shri A.J.A Tauro as the Chairman.

### Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's estimates, projections, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, raw material prices, changes in the Government regulations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

## Auditors' Report

To

### THE MEMBERS OF SAW PIPES LIMITED

We have audited the attached Balance Sheet of SAW PIPES LIMITED as at 30<sup>th</sup> September 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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.
- 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 were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
  - (e) In our opinion, and based on information and explanation given to us, none of the Directors are disqualified as on 30<sup>th</sup> September, 2003 from being appointed as Directors in terms of Clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - (f) Attention is invited to the following notes of Schedule 22:
    - (i) Note No.5(a) regarding non-provision for diminution in value of unquoted investments (amount unascertained)

Subject to above, the effect of which could not be determined, 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 30<sup>th</sup> September, 2003
- (ii) In the case of Profit and Loss Account of Profit of the company for the period ended on that date.
- (iii) In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

G.K. AGGARWAL  
Partner  
For & on behalf of  
N.C. AGGARWAL & CO.  
Chartered Accountants



**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. However, record of fixed assets at Nashik is being updated. 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 operation 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 principles and is on the same basis as followed in previous year.
- 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. In terms of sub-section (6) of Section 370 of the Companies Act 1956 the provision of Section 370 are not applicable to the Company 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 listed in the register maintained U/s 301 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 period are prima-facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956 the provision of Section 370 are not applicable to the Company 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 stipulated where such stipulation exists, *except loan of Rs. 994.32 lacs* which has been renewed/ rescheduled.
- 10) In our opinion and according to information and explanations 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-materials 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, materials and services made in pursuance of contracts or arrangements required to be entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50000/-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 materials. There have been no major items written off during the year.

- 13) In our opinion and according to the information and explanations given to us, the Company has complied with directives 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 internal audit system commensurate with the size and nature of its business.
- 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) 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) In respect of Company's service activities we report that the company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative jobs and authorisation at proper levels and an adequate system of internal control on issue of stores and labour to jobs, commensurate with the size of the Company and the nature of its business.
- 22) As regard to the trading activities of the Company, there are no damaged goods.

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

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

**SAW PIPES LIMITED****Balance Sheet**

DESCRIPTION	SCHEDULE No.	As At Sept. 30, 2003 (Rs. in lacs)	As At Sept. 30, 2002 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	3,897.97	4,647.97
Reserves and Surplus	2	31,923.69	25,877.55
		<u>35,821.66</u>	<u>30,525.52</u>
Deferred Tax Liability (Net) (Note No 21 of Schedule '22')		4,409.02	4,528.00
<b>LOAN FUNDS</b>			
Secured	3	16,733.22	18,479.08
Unsecured	4	4,384.86	4,083.54
		<u>21,118.08</u>	<u>22,562.62</u>
<b>Total</b>		<u>61,348.76</u>	<u>57,616.55</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
Gross Block	5	40,696.69	35,122.49
Less : Depreciation		12,764.91	10,546.55
<b>Net Block</b>		<u>27,931.78</u>	<u>24,575.94</u>
Capital Work in Progress		2,389.53	1,641.58
Pre-operative Expenses		26.78	112.96
		<u>30,348.09</u>	<u>26,330.48</u>
<b>INVESTMENTS</b>	6	5450.24	6,469.18
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	9,646.36	7,864.85
Sundry Debtors	8	19,940.90	13,216.52
Cash and Bank Balances	9	2,432.18	3,934.81
Loans and Advances	10	10,277.38	10,970.00
		<u>42,296.82</u>	<u>35,986.28</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	13,441.39	10,132.35
Provisions	12	3,306.62	1,051.38
		<u>16,748.01</u>	<u>11,183.73</u>
<b>NET CURRENT ASSETS</b>		<u>25,548.81</u>	<u>24,802.75</u>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	13	1.62	14.14
<b>Total</b>		<u>61,348.76</u>	<u>57,616.55</u>
<b>NOTES TO THE ACCOUNTS</b>			
As per our report of even date attached			

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

# Profit and Loss Account

DESCRIPTION	SCHEDULE No.	12 Months Ended Sept. 30, 2003 (Rs. in lacs)		15 Months Ended Sept. 30, 2002 (Rs. in lacs)	
<b>INCOME</b>					
Sales and Operational Income	14	80,495.90		75,413.20	
Less: Excise Duty		<u>11,196.41</u>	69,299.49	<u>736.45</u>	74,676.75
Other Income	15		203.18		317.98
Increase/(Decrease) in Stock	16		<u>216.37</u>		<u>(1,583.07)</u>
			<u>69,719.04</u>		<u>73,411.66</u>
<b>EXPENDITURE</b>					
Material Consumed			39,274.98		45,359.96
Purchase for Re-Sale					2.40
Manufacturing Expenses	17		4,093.25		4,369.83
Payments to and Provisions for Employees	18		1,853.05		1,942.39
Selling Expenses	19		2,141.62		6,927.23
Finance Expenses	20		3,813.58		6,607.36
Administrative & Other Expenses	21		6,261.51		1,626.00
Depreciation		2,261.68		1,994.50	
Less: Transfer to Revaluation Reserve		<u>419.21</u>	1,842.47	<u>253.50</u>	1,741.00
			<u>59,280.46</u>		<u>68,576.17</u>
			<u>10,438.58</u>		<u>4,835.49</u>
Profit before Taxation					
Provision for Income Tax					
- Current Tax		3,039.00		661.00	
- Withdrawn from Deferred Tax Liability		(119.39)		(60.39)	
- Prior Period Tax Adjustment		<u>(90.72)</u>	2,828.89		600.61
Provision for Wealth Tax			<u>2.00</u>		1.15
Profit After Taxation			7,607.69		4,233.73
Profit Brought Forward			4,994.72		2,554.96
Debtore Redemption Reserve Written Back					625.00
<b>Disposable Profit</b>			<u>12,602.41</u>		<u>7,413.69</u>
<b>APPROPRIATIONS</b>					
Interim Dividend on Preference Shares Paid			43.00		137.04
Corporate Tax on Above					13.98
Proposed Dividend :					
- on Equity Shares			974.48		584.70
- on Preference Shares (Final)			124.86		58.25
Corporate Tax on Proposed Dividends			1,000.00		500.00
General Reserve			275.00		375.00
Debtore Redemption Reserve			750.00		750.00
Capital Redemption Reserve			9,435.07		4,994.72
Balance Carried to Balance Sheet			<u>12,802.41</u>		<u>7,413.69</u>
			19.41		10.32
Basic and Diluted Earning per Share (In Rs.) of Rs. 10/- each					

## NOTES TO THE ACCOUNTS

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

**SAW PIPES LIMITED****Schedule**

DESCRIPTION	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept. 30, 2002 (Rs. in lacs)
<b>SCHEDULE "1"</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
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>
<b>ISSUED AND SUBSCRIBED</b>		
i) 3,89,80,108 Equity Shares of Rs. 10/- each	3,898.01	3,898.01
ii) NIL (Previous Year 7,50,000) - 13.5 % Redeemable Cumulative Preference Shares of Rs.100/- each	-	750.00
	<u>3,898.01</u>	<u>4,648.01</u>
<b>PAID UP</b>		
i) 3,89,78,658 Equity Shares of Rs. 10/- each	3,897.86	3,897.86
Add: Bonus Shares Held in Abeyance	0.07	0.07
: Forfeited Capital	0.04	0.04
	<u>3,897.97</u>	<u>3,897.97</u>
ii) NIL(Previous Year 7,50,000) -13.5% Redeemable Cumulative Preference share of Rs.100/- each	-	750.00
	-	750.00
	<u>3,897.97</u>	<u>4,647.97</u>

**OF THE ABOVE**

- 20,08,000 Equity Shares are allotted as Fully Paid-up pursuant to contract without payment being received in cash.
- 19,70,936 Equity Shares are allotted as Fully Paid-up to the shareholders of Swastik Foils Ltd. as per Scheme of Amalgamation Order dated 3rd August/ 11th September 1989 of the Hon'ble High Court of Delhi.
- 46,43,000 Equity Shares are allotted as Fully Paid-up to the Share holders of Swastik Udyog Ltd. as per Scheme of Amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High Courts of Punjab and Haryana and Delhi.
- 2,57,96,172 Equity shares are allotted as fully paid-up bonus shares by capitalising General Reserves of Rs.630.53 lacs and Share Premium of Rs. 1949.09 lacs.
- 650 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.
- 800 Shares of Rs. 10/- ( Partly Paid Rs. 5/-) have been forfeited.

As at  
2002  
(lacs)

00.00

00.00

00.00

98.01

750.00

548.01

897.86

0.07

0.04

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750.00

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847.97

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orders by

**SCHEDULE "2"**  
**RESERVES AND SURPLUS**

	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept.30, 2002 (Rs. in lacs)
(i) Capital Reserve	9.50	9.50
As per Last Account	9.50	9.50
(ii) Capital Redemption Reserve	750.00	-
As per last Account	750.00	750.00
Transferred from Profit and Loss Account	1500.00	750.00
(iii) General Reserve	15,155.32	19,244.12
As per last Account	1,000.00	500.00
Add: Transferred from Profit and Loss Account	-	(4,588.80)
Less : Transferred to Deferred Tax Liability	16,155.32	15,155.32
(iv) Debenture Redemption Reserve	1,100.00	1,350.00
As per last Account	275.00	375.00
Add: Transferred from Profit and Loss Account	-	(625.00)
Less : Transferred to Profit and Loss Account	1,375.00	1,100.00
(v) Share Premium Account	558.91	558.91
As per last Account	3,309.10	3,562.60
(vi) Revaluation Reserve	(419.21)	(253.50)
As per last account	2,889.89	3,309.10
Less : Transferred to Profit & Loss Account	9,435.07	4,994.72
(vii) Profit and Loss Account	31,923.69	25,877.55

**SCHEDULE "3"**  
**SECURED LOANS**

<b>Redeemable Non-Convertible Debentures</b>	4,416.67	5,250.00
<b>Term Loan</b>		
(i) From Banks	6,266.19	1,950.08
(ii) From Financial Institutions	2,519.03	3,447.46
<b>C. Working Capital Loans from Banks</b>	3,441.03	7,698.75
<b>D. Deferred Sales Tax Loan</b>	90.30	132.79
	16,733.22	18,479.08

**NOTES**

- A (1) Debentures referred to in A above are secured by pari-passu charge by way of English mortgage on the company's immoveable properties located in the State of Maharashtra and by way of equitable mortgage of company's other immoveable property and hypothecation of moveable properties in favour of debenture trustees.
- (2) Debentures referred to in A above are privately placed & consist of:
- i) 16 % Debentures of Rs. 100/- each aggregating to Rs. 1000.00 Lacs are redeemable in two equal yearly installments from 19.1.2004.
  - (ii) 15.5 % Debentures of Rs. 100/- each aggregating to Rs.750.00 lacs are redeemable in six equal quarterly instalments from 15.12.2003
  - (iii) 14% Debentures of Rs.100/- each aggregating to Rs.666.67 lacs are redeemable in two equal yearly installments from 22.01.04
  - (iv) 13% Debentures of Rs.100/- each aggregating to Rs.1000 lacs are redeemable on 12.7.2004.
  - (v) 12.9% Debentures of Rs.100/- each aggregating to Rs.1000 lacs are redeemable in two equal yearly installments from 30.04.2004.



**SAW PIPES LIMITED**

**Schedule**

- B. (i) Loans from Banks include Loan of Rs. 96.54 (Previous year Rs. 107.15 lacs) for purchase of vehicles and secured by way of hypothecation of vehicles.  
(ii) Term loans are secured / to be secured by pari-passu charge by way of mortgage of Company's immoveable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities.  
(iii) Loans from Banks include Loan of Rs. 1718.63 lacs (previous year Rs. 1814.06 lacs) for which a Director has given personal guarantee also.
- C. Working Capital loans are 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. 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 Banks 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. Deferred Sales Tax loan is secured by way of second Pari - Passu charge of moveable and immoveable assets of the Company's Kosi Kalan Unit.

**DESCRIPTION**

**SCHEDULE "4"**

**UNSECURED LOANS**

- (i) Fixed Deposits  
(ii) Inter-Corporate Loans  
(iii) Deferred Sales Tax Loan  
(iv) Unsecured Loans from Banks

DESCRIPTION	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept. 30, 2002 (Rs. in lacs)
	1,383.21	333.06
	501.65	490.48
	2,500.00	3,000.00
	<u>4,384.86</u>	<u>4,083.54</u>

**SCHEDULE "5"**

**FIXED ASSETS**

[ Rs. In Lacs ]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.02	Additions	Deduction/ Adjustment	As at 30.09.03	Upto 30.09.02	For the Period	Deduction/ Adjustment	Upto 30.09.03	As at 30.09.03	As at 30.09.02
Land										
Free Hold	182.98	74.13		257.11	41.83	4.50	-	46.33	257.11	182.95
Lease Hold	413.78	6.32		420.10					373.77	371.95
Buildings	4,599.48	485.08		5,084.56	923.52	131.72		1,055.24	4,029.32	3,675.96
Plant & Machinery	29,222.23	4,966.19	29.14	34,159.28	9,354.06	2,069.18	20.61	11,402.63	22,756.65	19,868.17
Vehicles	404.75	57.07	39.75	422.07	121.75	37.47	19.63	139.59	282.48	283.00
Furniture & Fixtures	299.27	60.46	6.16	353.57	105.39	18.81	3.08	121.12	232.45	193.88
<b>TOTAL</b>	<b>35,122.49</b>	<b>5,649.25</b>	<b>75.05</b>	<b>40,696.69</b>	<b>10,546.55</b>	<b>2,261.68</b>	<b>43.32</b>	<b>12,764.91</b>	<b>27,931.78</b>	<b>24,575.94</b>
Previous Year	34,132.92	1,026.53	36.96	35,122.49	8,575.67	1,994.50	23.62	10,546.55	24,575.94	

**NOTE -**

- A) Gross Block includes the following amount on account of revaluation made on 31.3.1996 of Pipe Division at A-1, UPSIDC Indl. Area, Kosi Kalan at Net Current Residual Replacement Value.

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

**SCHEDULE "6"**  
**INVESTMENTS**  
**LONG TERM - NON TRADE ( AT COST ),**

Description	As at Sept. 30, 2003			As at Sept. 30, 2002		
	No. of Shares / Debentures	Face Value	Amount (Rs in lacs)	No. of Shares/ Debentures	Face Value	Amount (Rs in lacs)
<b>A Investment in Equity Shares of Subsidiary Companies</b>						
<b>Unquoted</b>						
a) Hexa Securities & 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
			<u>2,911.92</u>			<u>2,911.92</u>
<b>B Investment in Equity Shares Quoted</b>						
a) Jindal Strips Ltd.	523,076	10/-	817.34	523,076	10/-	817.34
b) Jindal Steel & Power Ltd.	348,717	10/-	544.90	348,717	10/-	544.90
c) Jindal Iron & Steel Co.Ltd.	377,528	10/-	159.08	377,528	10/-	169.08
d) Shalimar paints Ltd	300,000	10/-	180.00	300,000	10/-	180.00
e) Jindal-Vijayanagar Steel Ltd.				10,001,400	10/-	1,000.08
			<u>1,711.32</u>			<u>2,711.40</u>
<b>Unquoted</b>						
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 Pvt.Ltd.*	2,700,000		258.00	2,700,000	10/-	258.00
			<u>907.21</u>			<u>907.21</u>
Less: Provision for Diminution			<u>258.00</u>			<u>258.00</u>
			<u>649.21</u>			<u>649.21</u>
<b>C. Investment in Debentures/Bonds/Units Quoted</b>						
a) Units of Unit Trust of India				6,600	10/-	0.90
						<u>0.90</u>
<b>Unquoted</b>						
a) Himachal Pardesh State Forest Corporation Ltd.	45	40000/-	17.64	45	70000/-	30.60
b) H.P.Road & Other Infrastructure Development Corporation Ltd.	20	100000/-	20.00	20	100000/-	20.00
c) Gujarat State Petronet Limited **	100	100000/-	100.00	100	100000/-	100.00
			<u>137.64</u>			<u>150.60</u>
<b>D. Govt. Securities</b>						
a) National Savings Certificates			0.15			0.15
b) Indira Vikas Patra						5.00
c) Punjab State Electricity Board	4	1000000/-	40.00	4	1000000/-	40.00
			<u>40.15</u>			<u>45.15</u>
<b>TOTAL</b>			<u>5,450.24</u>			<u>6,469.18</u>
Aggregate market value of quoted investments			5,389.45			1,960.81
Aggregate cost of quoted investments			1,711.32			2,712.30
Aggregate value of unquoted investments			3,698.77			3,711.73

Notes \* The Company is under voluntary winding-up.  
\*\* Pledged with Hon'ble High Court, Mumbai.

**SAW PIPES LIMITED**

## Schedule

DESCRIPTION	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept. 30 2002 (Rs. in lacs)
<b>SCHEDULE "7"</b>		
<b>INVENTORIES</b>		
(As taken valued and certified by the management)		
i) Stores and Spares	794.74	1,331.91
ii) Loose Tools	5.34	11.50
iii) Finished goods	1,715.41	874.37
iv) Work in Progress	1,138.01	1,724.68
v) Raw Materials*	5,933.83	3,861.34
vi) Scrap	59.03	61.00
	<u>9,646.36</u>	<u>7,864.80</u>
*Includes Raw Materials in Transit of Rs. 2410.74 lacs (Previous Year Rs. 1620.37 lacs)		
<b>SCHEDULE "8"</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
i) Exceeding six months	4,192.21	3,589.75
ii) Others	15,748.69	9,626.77
	<u>19,940.90</u>	<u>13,216.52</u>
<b>SCHEDULE "9"</b>		
<b>CASH AND BANK BALANCES</b>		
i) Cash / Cheques in hand	8.43	10.20
ii) With Scheduled banks		
—In Current Accounts	193.08	1,470.96
—In Fixed Deposit Accounts	2,230.67	2,453.65
	<u>2,432.18</u>	<u>3,934.81</u>
<b>SCHEDULE "10"</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
i) Advances recoverable in cash or in kind or for value to be received	6,865.92	7,030.62
ii) Earnest money and Security deposits	1,058.59	1,066.42
iii) Balance with Customs and Port Authorities etc.	90.22	0.27
iv) Inter Corporate Loans	994.32	1,302.15
v) Loan to Subsidiary Company	969.79	1,480.15
vi) Prepaid Expenses	298.54	90.45
	<u>10,277.38</u>	<u>10,970.30</u>
<b>SCHEDULE "11"</b>		
<b>CURRENT LIABILITIES</b>		
i) Sundry Creditors - for Materials	9,500.46	7,930.36
- for Services	888.62	1,375.62
ii) Advance from Customers	1,009.14	45.02
iii) Interest Accrued but not due	86.94	192.67
iv) Other Liabilities	1,886.32	529.27
v) Unpaid Dividend*	69.91	59.41
	<u>13,441.39</u>	<u>10,132.35</u>

\* There is no amount due & outstanding to be credited to Investor's Education and Protection fund under section 205C of the Companies Act, 1956

1.81  
1.02  
1.65)  
  
1.91  
1.50  
1.37  
1.68  
1.34  
  
1.65  
  
1.75  
1.77  
1.52  
  
1.20  
  
1.96  
1.65  
1.81  
  
1.62  
1.42  
1.27  
  
1.18  
1.45  
1.30  
  
1.36  
1.62  
1.02  
1.67  
1.27  
1.41  
1.35  
  
05C

DESCRIPTION

**SCHEDULE "12"**  
**PROVISIONS**

For Taxation (Net of Prepaid Taxes)  
For Proposed Dividend & Corporate tax thereon  
Others

As at Sept. 30, 2003 (Rs. in lacs)	As at Sept. 30, 2002 (Rs. in lacs)
2,121.99	343.05
1,099.34	642.95
85.29	65.38
<u>3,306.62</u>	<u>1,051.38</u>

**SCHEDULE "13"**

**MISCELLANEOUS EXPENDITURE**

(to the extent not written off)

- i) Preliminary Expenses
- ii) Deferred Revenue Expenses

0.05	2.00
1.57	12.14
<u>1.62</u>	<u>14.14</u>

**SCHEDULE "14"**

**SALES AND OPERATIONAL INCOME**

- i) Sales
- ii) Conversion Charges
- iii) Government incentives/grants

12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
62,719.88	69,975.19
11,281.68	3,688.59
6,494.34	1,749.42
<u>80,495.90</u>	<u>75,413.20</u>

**SCHEDULE "15"**

**OTHER INCOME**

Dividend on Long Term Investments  
(TDS Rs. 0.79 lacs, Previous Year Rs.3.29 lacs)  
Miscellaneous Receipts  
Foreign Exchange Fluctuation (Net)

93.82	87.36
29.84	106.45
79.42	124.17
<u>203.18</u>	<u>317.98</u>

**SAW PIPES LIMITED**

**Schedule**

DESCRIPTION	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept.30, 2002 (Rs. in lacs)
<b>SCHEDULE "16"</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
OPENING STOCK	874.37	3,084.73
Finished Goods	1,724.68	1,048.13
Work-in-progress	61.05	110.31
Scrap	2,660.10	4,243.11
CLOSING STOCK	1,679.43*	874.37
Finished Goods	1,138.01	1,724.68
Work-in-progress	59.03	61.05
Scrap	2,876.47	2660.10
	216.37	(1,583.07)
Increase/(Decrease) in Stock		
* excludes value of production during pre-operative period amounting to Rs. 35.98 lacs		
<b>SCHEDULE "17"</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores and Spares	1,111.91	1,382.73
Power and Fuel	1120.00	1,252.46
Other Manufacturing expenses	1,533.35	1,269.65
Repair and Maintenance:	253.28	283.28
—Plant and Machinery	74.71	181.71
—Building & others	4,093.25	4,369.83
<b>SCHEDULE "18"</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and other Benefits	1,545.93	1,660.32
Contribution to Provident and other funds	107.23	78.51
Workmen and Staff Welfare	199.89	203.56
	1,853.05	1942.39
<b>SCHEDULE "19"</b>		
<b>SELLING EXPENSES</b>		
Commission on Sales	206.96	635.50
Advertisement	42.26	13.87
Forwarding charges**	1,636.70	6,052.98
Other Selling Expenses	255.70	224.88
	2,141.62	6,927.23

\*\* net of recoveries of Rs. 155.02 lacs (Prev. Year Rs. 309.42 Lacs)

DESCRIPTION	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
<b>SCHEDULE "20"</b>		
<b>FINANCE EXPENSES</b>		
Interest on Fixed Deposits	65.34	79.24
Interest on Debentures	758.56	989.91
Interest on Term Loans	1,025.83	2,422.35
Interest on Bank Borrowings	1,259.63	2,431.19
Bank and Finance charges	1,439.39	1,783.20
Interest to Others	51.37	227.42
	<u>4,600.12</u>	<u>7,933.31</u>
Less: Interest Received:		
Interest on Bonds and Debentures	27.36	38.34
(TDS Rs. 5.76 Lacs, Previous Year Rs. 9.60 Lacs)		
Other Interest on Loans, Advances and Deposit	759.18	1,287.61
(TDS Rs. 134.50 Lacs, Previous Year Rs. 237.10 Lacs)		
	<u>786.54</u>	<u>1,325.95</u>
	<u>3,813.58</u>	<u>6,607.36</u>
<b>SCHEDULE "21"</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent, Rates & Taxes	58.78	67.22
Insurance	146.97	169.57
Postage, Telegrams & Telephones	104.81	132.53
Travelling & Conveyance	218.54	234.42
Vehicle upkeep & Maintenance	72.94	89.93
Directors' Meeting Fees	1.63	1.45
Miscellaneous Expenses	455.93	301.41
Auditor's Remuneration	9.40	7.76
Provision / Deferred Revenue Expenses W/off	12.52	156.93
Bad Debts / Liquidated damages	5,118.79	142.92
Loss on Sale of Fixed Assets( Net)	17.42	8.34
Previous Year's Adjustment (Net)	43.78	55.52
Provision for Diminution in value of Investment		258.00
	<u>6,261.51</u>	<u>1,626.00</u>

**SCHEDULE '22'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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 statements are recognized on accrual basis, except in respect of insurance claims, Liquidated damages, where the exact quantum cannot be ascertained.

**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) Revenue in respect of Service/ Works Contracts is recognized based on the Work performed and Invoiced as per the terms of specific Contracts.
- d) Manufacturing facilities of the company at Mundra are eligible for certain incentives/grants as per the policy of State & Central Government. These are recognized in books after due consideration of certainty of utilization/ receipt of such incentive/grant.

**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 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 Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, as amended up to date.
- ii) Depreciation on revalued fixed assets is computed on the assessed residual life of the respective assets and excess depreciation on account of revaluation 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 adjusted in the carrying amount of respective Fixed Assets on completion of project.

**D) VALUATION OF INVENTORIES**

Inventories are valued at the lower of cost and net realizable value except scrap, which is valued at net realizable 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**

Long-term investments are stated at cost which inter-alia includes brokerage, commission, stamp duty etc. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit and Loss account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investments. 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 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 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**

- i) Liabilities in respect of gratuity to the employees are covered under the group gratuity scheme with the Life Insurance Corporation of India.
- ii) Liabilities in respect of accumulated leaves to the credit of employees are determined on the basis of their current salaries.

**I) MISCELLANEOUS EXPENDITURE**

- i) Preliminary & Share issue expenses are amortised over a period of ten years.
- ii) Deferred Revenue Expenses are amortised over a period of five years except in the case of leased assets where the same are amortised over the lease period.

**J) TAXATION**

Provision for tax consists of current tax and deferred tax. Current tax provision is computed for current income based on the tax liability after considering allowances and exemptions.

Deferred tax resulting from timing differences between book profits and tax profits is accounted for, at the current rate of tax, to the extent that the timing differences that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is reasonable certainty of realizations supported by convincing evidence.

**2. CONTINGENT LIABILITIES**

	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept 30, 2002 (Rs. in lacs)
a) Guarantees provided by banks	15,282.97	14,951.52
b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	7,997.26	5,611.54
c) Claims against the Company not acknowledged as debt.(being under dispute)	231.68	154.14
d) Guarantee given to Financial institutions/ body corporate against facility extended to other body corporate.	-	2,123.81
e) Guarantees given to Bank for credit facilities to Jindal Enterprises LLC (Wholly Owned Subsidiary Abroad).	7,808.86	12,337.50
f) Liability in respect of Corporate Guarantee (for 100% EOU Unit at Mundra)	2,229.58	794.16
g) Bank Guarantee given to Custom Authority for export obligation for export under EPCG scheme	399.73	399.73
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1128.56	213.20

- 4. (a) Based on the information available with the Company, the Sundry Creditors in Schedule "11" includes (a) Rs 36.58 lacs to Small Scale Industrial Undertakings (b) Rs. 10352.50 lacs to other creditors. There is no amount outstanding to SSI suppliers which is due for more than 30 days beyond the credit period. The amount outstanding to SSI suppliers as at 30th september 2003 is with in the credit period and names are as follows :-

Ajanta Footcare, Ambica Engg Company, Bharat Chain & Lifting Tackles, Bright Industries, Chadha Industries, Everest Transmission, Flexibles (India), GE Industries, Grindwell Engg., Hi-Tech Engg. , Jain Metal Foundary, Jindal Systems(P) Ltd., Kanwal Industrial Corp., Oil Seeds (P) Ltd., Parakh Rubber House, Pee Kay Industries,



Pioneer Industrial Equipment, Shakti Brushes & Electrical Syndicate, Osc Engg. P Ltd., Vintex Rubber Industries, Air Fridge Industries, Erich Magnetics, Gangu Ram, Gemco Controls Ltd., Jhankar Industries, Mass Equipment Pvt Ltd., ACE-Fit Engg. & Mfg., Ammar Engg., D.B. Engg.Co., D.P.Engineers, Pragati Udyog, Shree Engineering Services, Shree Vaibhavlaxmi Industries, Wezmann Engineering, A.N. Engineering Works, Alumkal Graphix, Atul Carbide Tools, Classic Engg. Works, Devang Engg. Company, International Trade Solutions, Key Industries, Konark Engineers, M.M. Packaging Inds., Maruti Timbers, Mayuresh Enterprises, Nagesh Engg. Works, Neuestan Inds., Powerflex Indus., Praj Engineers, Pramod Engg., S.M. Industries, Saico Engg. & Fabricators, Sakar Packs Pvt Ltd., Sarswati Manufacturing Wroks, Shree Products, Shree Saptashring Packing Ind., Shree Siddheshwar Printing Press, Shri Ganpati Saw Mill, Sigma Engg. Corporation, Spin -N- Cast, Standard Rubber Products, Star Engineering Works, Technoman-Pune, Vishal Industries.

5. (a) The Company has unquoted investments of Rs 361.92 Lacs in one Subsidiary Company where the net worth is negative as per the latest available Balance Sheet and certain other unquoted investments where the fair market value (amount unascertained) is lower than the cost, 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 no provision for the same is considered necessary.
- (b) An amount of Rs. 969.79 Lacs is outstanding from Indian subsidiary company, which has accumulated losses. Having regard to the long- term involvement, no provision is considered necessary on this account.
6. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.
7. One of the Company's unit is entitled to sell goods at concessional rate of excise duty based on FOB value of exports. For such sales unit is also eligible to procure duty free inputs. As per the Accounting Policy of the Company such DTA sale entitlement is being recognized as operational income in the year of accrual. It is thereafter considered as raw-material cost in the year of utilization of such entitlement. In line with this policy during the year, Company has recognized operational income and Raw Material Consumption of Rs.4950.20 lacs and Rs.5370.17 lacs respectively.
8. 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.
9. In the opinion of the Management, 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.
10. Capital work in progress includes advance against capital goods and inventories of capital nature.
11. The amount of foreign exchange fluctuation amounting to Rs.248.46 lacs (Credit ) (Previous Year Rs. 183.75 lacs - Credit) is included under the relevant heads of expenditure and income.
12. Profit for the year includes Prior Period Adjustment Rs 90.46 Lacs (Debit) and Rs. 46.68 Lacs (Credit) (Previous Year - 73.02 lacs (Debit)Rs 17.50 lacs(Credit)
13. Profit or Loss on sale of raw materials, stores and spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
14. Unsecured loan from banks are Secured by the personal guarantee of the Director.
15. **Related Parties Transactions**

**A List of Related Parties & Relationship (As identified by the Management)**

**a) Parties where control exists**

- |   |                                   |   |              |
|---|-----------------------------------|---|--------------|
| 1 | Hexa Securities & Finance Co. Ltd | } | Subsidiaries |
| 2 | Jindal Enterprises LLC.           |   |              |

**b) Joint Venture**

- |                           |               |
|---------------------------|---------------|
| Daelim.E&C India Pvt. Ltd | Joint Venture |
|---------------------------|---------------|

**c) Key Management Personnel**

- |   |                |                         |
|---|----------------|-------------------------|
| 1 | Sminu Jindal   | Managing Director       |
| 2 | H.S. Chaudhary | Whole Time Director     |
| 3 | Neeraj Kumar   | Director -Finance & CFO |
| 4 | H.S. Bedi      | Director -Technical     |
| 5 | A.J. Vora      | President - Operations  |
| 6 | O.P.Sharma     | President -Marketing    |
| 7 | Sunil Trehan   | President - Marketing   |

<b>B Transactions</b>				
<b>Description</b>	<b>Subsidiaries</b>	<b>Joint Venture</b>	<b>(Rs in Lacs)</b>	
			<b>Key Management Personnel</b>	<b>Total</b>
Sale of Fixed Assets				
Interest Paid			0.78	0.78
Provision for diminution in the value of Investment			0.20	0.20
			0.15	0.15
Remuneration Paid		258.00		258.00
			91.96	91.96
<b>Outstanding Balance as on 30.09.2003</b>			71.02	71.02
Loans & Advances Given	969.79			969.79
	1,480.19	2.86		1,483.05
Financial Guarantees	7,808.88			7,808.88
	12,337.50			12,337.50
Others			0.87	0.87
			0.50	0.50

Note : FIGURES IN ITALIC FOR PREVIOUS YEAR

16. Details of Loan & Advances in the nature of loans to subsidiaries and associates etc. (In terms of Clause 32 of the Listing Agreement)

Name of the Company	Amount outstanding as at Sept. 30, 2003 (Rs. in lacs)	Maximum amount outstanding during the year (Rs. in lacs)
<b>LOANS TO SUBSIDIARIES</b>		
Hexa Securities & Finance Co. Ltd.	969.79	1,480.23
<b>LOANS &amp; ADVANCES WHERE THERE IS NO REPAYMENT SCHEDULE</b>		
Nalwa Investement Ltd.	25.15	1,000.00
Jindal Equipments Leasing & Consultancy Services Ltd.	1.27	75.00
Stainless Investments Ltd.	967.90	967.90
	<b>12 Months Ended Sept. 30, 2003 (Rs. in lacs)</b>	<b>15 Months Ended Sept. 30, 2002 (Rs. in lacs)</b>
17. a) Auditors' Remuneration		
1 Audit Fee	3.78	3.15
2 Tax Audit Fee	1.08	1.05
3 Taxation Matters	0.50	0.50
4 Certification /others	3.10	1.63
5 Out of pocket expenses	0.94	1.43
Total	<u>9.40</u>	<u>7.76</u>
(b) Directors' Remuneration		
1 Salary including allowances etc.	19.28	21.11
2 Commission	11.00	12.05
3 Contribution to P.F. etc.	1.71	1.57
4 Perquisites (as per Income Tax Rules)	1.85	3.66
Total	<u>33.84</u>	<u>38.39</u>

**SAW PIPES LIMITED**

## Schedule

## 18. Segment Information :-

## (A) PRIMARY BUSINESS SEGMENT

(Rs. in lacs)

Particulars	Steel Pipe	Other	Unallocable	Total
<b>1 Segment Revenue</b>				
-External Turnover	<b>78,533.62</b>	<b>1,962.28</b>	-	<b>80,495.90</b>
	<i>72,745.41</i>	<i>2,667.79</i>	-	<i>75,413.20</i>
Less: Excise Duty	<b>11,196.41</b>	-	-	<b>11,196.41</b>
	<i>736.45</i>	-	-	<i>736.45</i>
<b>Net Turnover</b>	<b>67,337.21</b>	<b>1,962.28</b>	-	<b>69,299.49</b>
	<i>72,008.96</i>	<i>2,667.79</i>	-	<i>74,676.75</i>
<b>2 Segment Result Before Interest, Extra ordinary Items and Taxes</b>				
	<b>14,627.42</b>	<b>257.63</b>	<b>(632.89)</b>	<b>14,252.16</b>
	<i>11,916.97</i>	<i>457.59</i>	<i>(931.71)</i>	<i>11,442.85</i>
Less: Finance Expenses(Net)	-	-	<b>3,813.58</b>	<b>3,813.58</b>
	-	-	<i>6,607.36</i>	<i>6,607.36</i>
Profit before Extra Ordinary Items and Taxes	<b>14,627.42</b>	<b>257.63</b>	<b>(4,446.47)</b>	<b>10,438.58</b>
	<i>11,916.97</i>	<i>457.59</i>	<i>(7,539.07)</i>	<i>4,835.49</i>
Extra Ordinary Items	-	-	-	-
Profit before Taxes	<b>14,627.42</b>	<b>257.63</b>	<b>(4,446.47)</b>	<b>10,438.58</b>
	<i>11,916.97</i>	<i>457.59</i>	<i>(7,539.07)</i>	<i>4,835.49</i>
Provision for Taxes	-	-	<b>2,830.89</b>	<b>2,830.89</b>
	-	-	<i>601.76</i>	<i>601.76</i>
<b>Net Profit after Tax</b>	<b>14,627.42</b>	<b>257.63</b>	<b>(7,277.36)</b>	<b>7,607.69</b>
	<i>11,916.97</i>	<i>457.59</i>	<i>(8,140.83)</i>	<i>4,233.73</i>
<b>3 Other Information</b>				
Segment Assets	<b>60,620.89</b>	<b>758.06</b>	<b>11,265.96</b>	<b>72,644.91</b>
	<i>49,701.21</i>	<i>905.76</i>	<i>11,709.99</i>	<i>62,316.96</i>
Segment Liabilities	<b>12,853.22</b>	<b>65.85</b>	<b>3,828.94</b>	<b>16,748.01</b>
	<i>9,118.49</i>	<i>257.52</i>	<i>1,807.72</i>	<i>11,183.73</i>
Capital Expenditure	<b>6,371.63</b>	<b>58.78</b>	<b>(119.39)</b>	<b>6,311.02</b>
	<i>1,821.57</i>	<i>81.76</i>	<i>74.19</i>	<i>1,977.52</i>
Depreciation	<b>1,748.65</b>	<b>54.86</b>	<b>38.96</b>	<b>1,842.47</b>
	<i>1,639.15</i>	<i>61.12</i>	<i>40.73</i>	<i>1,741.00</i>
Non Cash Expenses other than depreciation	<b>5,076.85</b>	<b>6.13</b>	<b>13.50</b>	<b>5,096.48</b>
	-	-	<i>566.19</i>	<i>566.19</i>

Note : Figures in italics are for previous year.

**B) SECONDARY BUSINESS SEGMENT**

(Rs. In Lacs)

Particulars	Domestic	Export	Total
1 Gross Revenue	<b>61,945.76</b>	<b>18,550.14</b>	<b>80,495.90</b>
	<i>13,839.40</i>	<i>61,573.80</i>	<i>75,413.20</i>
Less: Excise Duty	<b>11,196.41</b>	-	<b>11,196.41</b>
	<i>736.45</i>	-	<i>736.45</i>
Net Revenue	<b>50,749.35</b>	<b>18,550.14</b>	<b>69,229.49</b>
	<i>13,102.95</i>	<i>61,573.80</i>	<i>74,676.75</i>
2 Segment Assets*	<b>72,644.91</b>	-	<b>72,644.91</b>
	<i>62,316.96</i>	-	<i>62,316.96</i>
3 Capital Expenditure*	<b>6,332.40</b>	-	<b>6,332.40</b>
	<i>1,977.52</i>	-	<i>1,977.52</i>

\*The Company's operating facilities are located in India

**NOTE:**

- Figures in italics are for previous year.
- Segments have been identified in line with Accounting Standard on Segment Reporting ( AS-17 ) taking into account the organisational structure, nature of products and differential risk and returns of these segments. The Primary operations of the Company relate to manufacture of Steel Pipes. Other Business Segment comprises of mainly manufacture of Cold Rolled Strips.
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The income and expenses, which does not directly relate to the business segment, are shown as unallocated corporate cost. Segment Assets and Liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.
- Total Unallocable Assets exclude :

	As at Sept. 30, 2003 (Rs. in lacs)	As at Sept. 30, 2002 (Rs. in lacs)
Investments	<b>5450.24</b>	6469.18
Miscellaneous Expenditure	<b>1.62</b>	14.14
	<b>5451.86</b>	<b>6483.32</b>
Total Unallocable Liabilities exclude :		
Secured Loans	<b>16733.22</b>	18479.08
Unsecured Loans	<b>4384.86</b>	4083.54
Deferred Tax Liability (Net)	<b>4409.02</b>	4528.41
	<b>25527.10</b>	<b>27091.03</b>

- Detail of Pre operative expenses Pending allocation on completion of the Mundra project is as under:

	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
Detail of Pre-operative Expenses		
Raw Material Consumption	<b>53.36</b>	-
Power & Fuel	<b>23.20</b>	31.01
Salaries, Wages & other benefits	<b>102.25</b>	80.58
Contribution to Provident & other funds	<b>4.43</b>	5.50
Workman & Staff Welfare	<b>4.02</b>	5.41
Insurance Expenses	-	0.59
Travelling & Conveyance	<b>7.20</b>	0.91
Interest and Bank charges	<b>50.04</b>	0.08
Miscellaneous Expenses	<b>7.27</b>	0.38
	<b>251.77</b>	124.46
Less: Closing Stock of Finished good	<b>35.98</b>	-
	<b>215.79</b>	124.46
Add: Preoperative expenses brought forward	<b>112.96</b>	9.54
	<b>328.75</b>	134.00
Less: Capitalised during the year	<b>301.97</b>	21.04
Preoperative Expenses Carried Over	<b>26.78</b>	112.96



**20. COMPUTATION OF NET PROFIT UNDER SECTION 349 READ WITH SECTION 198 OF THE COMPANIES ACT, 1956.**

	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
Profit before Tax	10438.58	4835.49
Add : Managerial Remuneration	33.84	38.39
Director Sitting Fees	1.63	1.45
Profit for the calculation of managerial remuneration	10474.05	4875.33
Commission @ 1 % to Whole Time Directors	104.74	48.75
Maximum Commission payable restricted to 100 % of salary as approved by shareholders	11.00	12.05
Commission paid	11.00	12.05

**21. Deferred Tax Liability (Net)**

PARTICULARS	Deferred Tax Liability/ Assets as at 01.10.2002 (Rs in lacs)	Current Year Charge / ( Credit) (Rs in lacs)	Deferred Tax Liability/ Assets as at 30.09.2003 (Rs in lacs)
	A) Deferred Tax Liability		
Difference between book and tax depreciation	4590.07	88.85	4678.92
<b>Total Deferred Tax Liability</b>	<u>4590.07</u>	<u>88.85</u>	<u>4678.92</u>
B) Deferred Tax Assets			
1. Disallowance under Income Tax Act	7.48	152.36	159.84
2. Provision for Diminution in Investments	54.18		54.18
3. Long Term Capital Loss		55.88	55.88
<b>Total Deferred Tax Assets</b>	<u>61.66</u>	<u>208.24</u>	<u>269.9</u>
<b>Deferred Tax Liability ( Net ) ( A-B)</b>	<u>4528.41</u>	<u>(119.39)</u>	<u>4409.02</u>

**22. Earning per share (EPS) computed in accordance with Accounting Standard 20 'Earning Per Share'**

	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
<b>Basic and Diluted</b>		
Profit after tax	7607.69	4238.73
Less: Preference dividend including tax thereon	43.00	209.27
Profit attributable to Equity Shareholders	7564.69	4024.46
No-of Shares Issued and paid up	38979308	38979308
<b>Basic and Diluted EPS (Rs.)</b>	19.41	10.32
(For Equity Shares of face value of Rs. 10/- each)		

**23. 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 Period
(a) Steel Pipes	MT	485000	385000	186366	257635
(b) Anti-Corrosion Coating on Pipes	Sq.Mtr	7000000	4000000	890973	1366391
(c) Cold Rolled Strips ( Thinner Gauge)	MT	6000	6000	6351	6931
(d) Beveling and End Finishing	MT	40000	40000		
(e) Chemfering	MT	50000	50000		

**NOTES**

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

	Unit	Current Year	Previous Year
i) Steel Pipes	MT	16646	135
ii) Cold Rolled Strips (Thinner Gauge)	MT	5061	5108

- The above production of Anti Corrosion of Pipes includes the coating done for Steel Pipes
- 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.
- The above production of pipe also include trial production of 514MT
- Installed capacity is as certified by the management.

**B) RAW MATERIAL CONSUMPTION**

Description	Unit	12 Months Ended Sept. 30, 2003		15 Months Ended Sept. 30, 2002	
		Qty	Amount (Rs.in lacs)	Qty	Amount (Rs.in lacs)
Steel Plates	MT	167286	28327.68	224773	34032.28
M. R. Coils/sheets	MT	1961	175.96	41174	5277.85
Flux and Electrods	MT	1266	425.75	1914	818.24
Cold Rolled Strips	MT	1349	903.92	1913	1110.55
Coating Materials*			3026.71		3072.11
Value of DTA sale entitlement utilised			5370.17		
Others			1044.79		1048.93
			<u>39,274.98</u>		<u>45,359.96</u>

\*Quantity of consumption of coating materials has not been given since their unit of measurement is different.

**SAW PIPES LIMITED****Schedule****C) QUANTITATIVE INFORMATION OF FINISHED GOODS STOCKS**

Description	Unit	Opening Stock as at 01-07-2001		Closing Stock as at 30-09-2002		Closing Stock as at 30-09-2003	
		Qty.	Amount (Rs.in lacs)	Qty.	Amount (Rs.in lacs)	Qty.	Amount (Rs.in lacs)
Finished Goods:							
Steel Pipes	MT	14968	2931.73	6337	846.47	6968	1667.37
Cold Rolled Strips Thinner Gauge	MT	198	153.00	32	27.90	56	48.04
			<u>3084.73</u>		<u>874.37</u>		<u>1715.41</u>

Out of closing stock as at 30.09.2002 of steel pipes, 21 MT has been sold as scrap during the year.

**D) SALES**

Description	Unit	12 Months Ended Sept. 30, 2003		15 Months Ended Sept. 30, 2002	
		Qty	Amount (Rs.in lacs)	Qty	Amount (Rs.in lacs)
Manufactured goods					
Steel Pipes	MT	169068	61090.29	266131	68232.45
Cold Rolled Strips (Thinner Gauge)	MT	1266	1009.13	1989	1504.89
Engineering Product			45.61		48.69
Scrap			574.85		189.16
			<u>62,719.88</u>		<u>69,975.19</u>

**E) C.I.F.Value of Imports**

Description	12 Months Ended	15 Months Ended
	Sept. 30, 2003 (Rs. In Lacs)	Sept. 30, 2002 (Rs. In Lacs)
Raw Materials		
Stores & Spares	30548.69	30216.15
Capital Goods	122.81	104.55
Others	1,882.87	673.32
		117.53

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

Description	12 Months Ended Sept. 30, 2003		15 Months Ended Sept. 30, 2002	
	% age	(Rs.in lacs)	%age	(Rs.in lacs)
a) Raw Material *				
Imported	86.35%	29275.93	71.35%	82365.13
Indigeneous	13.65%	4628.88	28.65%	12994.83
	100.00%	33,904.81	100.00%	45,359.96
* excluding value of DTA sale entitlement utilised.				
b) Stores & Spares				
Imported	9.61%	106.87	5.97%	82.51
Indigeneous	90.39%	1005.04	94.03%	1300.22
	100.00%	1,111.91	100.00%	1,382.73

G) EXPENDITURE IN FOREIGN EXCHANGE

Description	12 Months Ended Sept. 30, 2003 (Rs. In Lacs)	15 Months Ended Sept. 30, 2002 (Rs. In Lacs)
i) Travelling	128.82	63.29
ii) Interest & Bank Charges	236.08	590.53
iii) Commission on Sale	57.07	459.47
iv) Job Work charges	609.44	536.12
v) Advertisement	4.13	2.28
vi) Others	43.29	81.17

H) EARNING IN FOREIGN EXCHANGE.

F.O.B. Value of Exports	17752.25	57060.28
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**SAW PIPES LIMITED**

Schedule

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

Description	12 Months Ended Sept. 30, 2003 (Rs. In Lacs)	15 Months Ended Sept. 30, 2002 (Rs. In Lacs)
a) Financial year to which dividend relates	2001-2002	2000-2001
b) No. of NRI shares holders	11	21
c) No. of shares held	6039700	9741800
d) Net amount of dividend remitted (net of Tax)	52.59 lacs	97.42 lacs

- 24. Figures of the current year of the Profit and Loss Account are not comparable with the previous period figures, since the current year figures are for twelve months whereas previous period figures were for fifteen months.
- 25. Previous years figures have been regrouped/re-arranged wherever necessary and practical.
- 26. Schedule 1 to 22 are annexed and form integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SMINU JINDAL**  
Managing Director

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

**SUNIL JAIN**  
Company Secretary

**NEERAJ KUMAR**  
Director, (Finance) & CFO

## Balance Sheet Abstract

### BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I	Registration no	23979	State Code 20	Balance Sheet	30.09.2003
II	Capital raised during the year	(Amount in Rs.thousands)			
	Public issue	Nil			
	Bonus Issue	Nil			
	Rights Issue	Nil			
	Private placement	Nil			
III	Position of mobilisation and deployment of funds (Amount in Rs. In thousands)				
	Total liabilities	6,134,876	Total assets	6,134,876	
	Sources of Funds:				
	Paid up Capital	389,797	Reserves and Surplus	3,192,369	
	Deferred Tax Liability	440,902	Un-secured loans	438,486	
	Secured loan	1,673,322	Investments	545,024	
	Application of funds:				
	Net fixed assets	3,034,809	Misc.Expenditure	162	
	Net current assets	2,554,881			
	Accumulated losses	NIL			
IV	Performance of the company( Amount in Rs.in thousand)				
	Gross Turnover	8049590	Total expenditure	5928046	
	Net Turnover	6929949	Profit after tax	760769	
	Profit before tax	1043858			
	Earning per share (Rs)- Equity	19.41			
	Dividend rate	25%			
V	Generic name of three principal products of the Company				
	Product description			Item Code No	
	i) Steel Pipe			7304.90/ 7305.90	
	ii) Cold Rolled Strip			7219.20/ 7220.20	

**SAW PIPES LIMITED****Cash Flow Statement**

<b>PARTICULARS</b>	<b>12 Months Ended Sept. 30, 2003 (Rs. in lacs)</b>	<b>15 Months Ended Sept. 30, 2003 (Rs. in lacs)</b>
<b>A. CASH INFLOW(OUTFLOW) FROM THE OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY	10438.58	4835.49
Adjustments for		
Add/(Less)		
Depreciation	1,842.47	1741.00
Misc. expenses written off during the year	12.52	156.93
Other income (Dividend)	(93.82)	(87.36)
Interest Paid	3,160.73	6150.11
Loss on sale of fixed assets	17.42	8.34
Provision for diminution in value of investment		258.00
Interest Received	<u>(786.54)</u>	<u>(1,325.95)</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4152.78</b>	<b>6901.07</b>
Adjustments for:-		
Inventories	(1,781.51)	4,401.37
Sundry debtors	(6,724.38)	(5,825.01)
Other current assets	112.37	(1,015.42)
Current liabilities	<u>3,424.18</u>	<u>(2,399.68)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>9622.02</b>	<b>6,897.82</b>
Tax Paid	<u>(1,171.34)</u>	<u>(286.52)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>8,450.68</b>	<b>6,611.30</b>
<b>B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES</b>		
(Increase)/Decrease in Investment	1,018.94	26.50
Capital expenditure	(6,311.02)	(1,977.52)
Sale proceeds of fixed assets	14.31	5.00
Loan & Advances	818.43	242.22
Interest Received	508.09	1,493.85
Dividend Received	134.39	46.79
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(3816.86)</b>	<b>(164.16)</b>

**PARTICULARS**

**12 Months Ended  
Sept. 30,2003  
(Rs. in lacs)**

**15 Months Ended  
Sept. 30,2003  
(Rs. in lacs)**

**C. CASH INFLOW/(OUTFLOW) FROM  
FINANCING ACTIVITIES**

Dividend paid	(675.45)	(589.60)
Interest paid	(3,266.46)	(6,257.60)
Dividend Tax Paid		(80.42)
Working Capital loans from banks	(4,257.72)	1,505.81
Increase/(Decrease) in secured loan	2,511.86	(4,940.59)
Increase/(Decrease) in fixed deposits	1,050.15	(566.35)
Increase/(Decrease) in unsecured loan	(748.83)	2,677.64
Redemption of Preference Share	(750.00)	(750.00)
<b>NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES</b>	<b>(6,136.45)</b>	<b>(8,981.11)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENT</b>	<b>(1502.63)</b>	<b>(2533.97)</b>
Cash and cash equivalent as at 01.10-2002 (opening balance)	3934.81	6,468.78
Cash and cash equivalent as at 30.09.2003 (closing balance)	2432.18	3,934.81

**NOTE:**

- Increase/(decrease) in secured and unsecured loans are shown net of repayments.
- Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
- Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors



# SECTION 212 REPORT

**Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company**

a) Subsidiary Company	Hexa Securities & Finance Co. Ltd.	Jindal Enterprises L.L.C
b) Holding Company's interest	Holds 100% of 2,55,00,000 equity shares of Rs.10/- each	Holds 100% of 1000 equity shares of US \$1000 each
c) Financial Year of the Company ended on	30th September,2003	30 <sup>th</sup> June, 2003
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 Sept, 2003	Profit Rs.163.45 lacs	Profit US\$ 90092
(ii) For the Subsidiary Company's previous financial periods, since it became the holding Company's Subsidiary	Loss Rs. 3,023.26 Lacs	Loss US\$ 6529676
(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 Sept,2003	NIL	NIL
(ii) For the subsidiary Company's previous financial period since it became the holding Company's subsidiary	NIL	NIL
(f) Holding Company's interest as at 30.09 2003 incorporating changes since close of financial year/period of Subsidiary Company in pursuance of Section 212(5) of the Companies Act, 1956:	NA	No change

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

## Director's Report

Your Directors are pleased to present the 9<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 30<sup>th</sup> September, 2003.

### 1. FINANCIAL RESULTS & DIVIDEND

During the year under report, the Company has earned income amounting to Rs. 163.45 lakhs. However, due to accumulated losses of earlier years, the Directors do not recommend any dividend.

### 2. AUDITOR'S REPORT

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

### AUDITORS

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

### 4. DIRECTORS

Shri Arvind Kiran Agarwal, Director of the Company retire by rotation and being eligible, offer himself for re-appointment.

### 5. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed :-

- that in the preparation of the annual accounts for the financial year ended 30<sup>th</sup> September, 2003 the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
- that the Directors had taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors had prepared the accounts for the financial year ended 30<sup>th</sup> September, 2003 on a 'Going Concern' basis.

### 6. AUDIT COMMITTEE

Your Company has an Audit Committee comprising of the following Directors :

- (i) Shri Sandip Sharma, (ii) Shri Arvind Kiran Agarwal and (iii) Shri Raj Kamal Aggarwal

### 7. OTHER INFORMATION

There are no activities of the Company which required to be reported U/s 217(1)(e) of the Companies Act, 1956 regarding conservation of energy, technology absorption etc. The Company did not earn any foreign exchange nor spent during the year under review. There is no employee in the Company whose particulars are required to be disclosed U/s 217(2A) of the Companies Act, 1956.

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

Sandip Sharma  
Arvind Kiran Agarwal  
Directors

Place : New Delhi  
Date : 31<sup>st</sup> October, 2003

## 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 30<sup>th</sup> September 2003 together with annexed Profit & Loss Account for the period ended as on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

- (A) As required by the Manufacturing & other companies (Auditors Report) Order 1988 issued by the Companies 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 as far as applicable to the Company.
- (B) Further to our comments in the Annexure referred to Paragraph (A), we also report that :-
- a) We have obtained all the informations and explanations & which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - b) 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.
  - c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.
  - d) 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
  - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 30<sup>th</sup> September 2003 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) 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 'G' gives 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 the State of Affairs of the Company as at 30<sup>th</sup> September, 2003.
    - ii) In the case of Profit & Loss account of the Profit of the Company for the period ended on that date.

Place: New Delhi.  
Dated: 31<sup>ST</sup>, October,2003

**AMOD AGRAWAL**  
Partner  
For and on behalf of  
**for AMOD AGRAWAL & CO.**  
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT

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

- i) The shares, Debenture and Bonds in hand were physically verified by the management at the end of the year, which is considered to be at a reasonable period except shares pledged. No discrepancy between physical balance and book balance was noticed. The valuation of shares, Debentures and Bonds is fair and in accordance with normally accepted accounting principles.
- ii) The Company has taken unsecured loan from its holding Company, listed in the register maintained under section 301 of the Act and/or a company under the same management as defined under section 370 (1B). In terms of sub section (6) of section 370 of the Companies Act 1956 the provision of section 370 are not applicable to the company w.e.f. 31.10.1998.
- 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 of the Act and/or a company under the same management as defined under section 370 (1B). In terms of sub section (6) of section 370 of the Companies Act, 1956 the provision of section 370 are not applicable to the Company w.e.f. 31.10.1998.
- iv) The Company has given interest bearing demand loans to other parties (outstanding Rs.11.35 lacs as at 30<sup>th</sup> September, 2003) who are not paying the interest amount.
- v) 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.
- vi) 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.
- vii) In our opinion the company has internal audit system commensurate with the size and nature of its business.
- viii) The Company is not covered under the Provident Fund Act.
- ix) No undisputed amount\* is payable in respect of income tax, custom duty and excise duty were outstanding as at 30<sup>th</sup> September, 2003 for a period of more than six months from the date they become payable.
- x) No personal expense has been charged to revenue account.
- xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xii) The company has maintained proper records of transactions and contracts 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.

**AMOD AGRAWAL**  
Partner

For and on behalf of  
**for AMOD AGRAWAL & CO.**  
Chartered Accountants

Place: New Delhi.  
Dated: 31<sup>st</sup>, October, 2003

**HEXA SECURITIES & FINANCE CO. LTD.**

**Balance Sheet**

DESCRIPTION	SCHEDULE	AS AT	AS AT
		30.09.2003 (Rs.)	30.09.2002 (Rs.)
<b>SOURCES OF FUNDS</b>			
Share Capital	A	255,000,000	255,000,000
Loan from Holding Company		96,979,316	148,018,990
Inter-Corporate Loans		564,817,992	700,000,000
<b>TOTAL</b>		<b>916,797,307</b>	<b>1,103,018,990</b>
<b>APPLICATION OF FUNDS</b>			
Investments	B	594,666,612	731,401,612
Current Assets, Loans & Advances			
Sundry Debtors	C	2,916,330	
Cash and Bank Balances	D	3,603,473	4,489
Loans and Advances	E	33,307,941	70,381,355
		39,827,744	70,385,844
Less : Current Liabilities & Provisions	F	3,737,290	1,233,312
Net Current Assets (A-B)		36,090,454	69,152,532
Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses		59,478	138,778
Profit & Loss Account		265,980,765	302,326,068
<b>TOTAL</b>		<b>916,797,307</b>	<b>1,103,018,990</b>
Notes to the Accounts	G		

As per our Report of even date attached

**AMOD AGRAWAL**  
Partner  
For and on behalf of  
**for AMOD AGRAWAL & CO.**  
Chartered Accountants

**Sandeep Sharma**  
**Arvind Kiran Aggarwal**  
Directors

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

## Profit and Loss Account

DESCRIPTION	SCHEDULE	12 MONTHS ENDED 30.09.2003 (Rs.)	15 MONTHS ENDED 30.09.2002 (Rs.)
<b>I. INCOME</b>			
Dividend Received		7,060,735	7,416,321
Profit/loss on sale of securities		14,560,759	
Interest on loan		7,009,458	
Liability no longer required, written back		945,000	
<b>TOTAL (I)</b>		<b>29,565,952</b>	<b>7,416,321</b>
<b>II. EXPENDITURE</b>			
Miscellaneous Expenses		1,068	23,029
Registration & Filing Fees		8,000	12,000
Legal & Professional Expenses		29,875	47,500
Bank Interest & Finance Charges		63,327	611,766
Interest on Inter-Corporate Loan		11,664,657	
Preliminary Expenses Written Off		79,302	99,127
Audit Fee		12,420	12,075
<b>TOTAL (II)</b>		<b>11,858,649</b>	<b>805,497</b>
Profit / (Loss) Before Tax (I-II)		17,707,303	6,610,824
Less: Provision For Income Tax		1,362,000	253,000
Profit/(Loss) After Tax		16,345,303	6,357,824
Less: Previous Year's Loss Brought Forward		(302,326,068)	(308,683,892)
<b>(Loss) Carried To Balance Sheet</b>		<b>(285,980,765)</b>	<b>(302,326,068)</b>
Notes to the Accounts	G		

As per our Report of even date attached

**AMOD AGRAWAL**  
Partner

For and on behalf of  
**AMOD AGRAWAL & CO.**  
Chartered Accountants

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**Sandeep Sharma**  
**Arvind Kiran Aggarwal**  
Directors

ASAT  
30.09.2002  
(Rs.)

0,000

0,000

INT  
(Rs.)

100

141

171

112

00

00

10

12

7

2

**DESCRIPTION**

**SCHEDULE - E**

**LOANS AND ADVANCES**

(Unsecured, Considered Good)

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

Dividend Receivable

Inter Corporate Loans

**TOTAL**

**SCHEDULE - F**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

Provisions For Taxation (Net of Prepaid Taxes)

**SCHEDULE G**

**NOTES TO ACCOUNTS**

**1. ACCOUNTING POLICIES**

**a) GENERAL**

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

**b) BASIS OF ACCOUNTING**

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

**c) INVESTMENTS**

Long Term Investments have been stated at cost.

**d) PRELIMINARY EXPENSES**

Preliminary expenses are written off in ten equal annual installments.

2. 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.

3. The Company has given interest bearing demand loans to other parties (outstanding Rs.11.35 lacs as on 30<sup>th</sup> September, 2003) who are not paying the interest amount. However, necessary steps are taken to recover the interest. As a matter of abundant caution no provision for interest has been made.

4. Schedules 'A' to 'G' are annexed to and form an integral part of the Balance Sheet and Profit and Loss Account.

5. 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.

As per our Report of even date attached

Signatures to Schedule 'A' to 'G'

**AMOD AGRAWAL**

Partner

For and on behalf of  
**for AMOD AGRAWAL & CO.**  
Chartered Accountants

Place : New Delhi

Dated : 31<sup>st</sup> October, 2003

ASAT  
30.09.2003  
(Rs.)

ASAT  
30.09.2002  
(Rs.)

1,347,237

38,422,080

31,960,704

28,366,693

33,307,941

70,381,355

3,733,437

980,312

3,853

253,000

3,737,290

1,233,312

**HEXA SECURITIES & FINANCE CO. LTD.****Balance Sheet Abstract****BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

I	Registration no	62930	State Code No. 55
	Balance Sheet Date	30th Sept., 2003	
II	Capital raised during the year	(Amount in Rs.thousands)	
	Public issue	Nil	
	Bonus Issue	Nil	
	Rights Issue	Nil	
	Private placement	Nil	
III	Position of mobilisation and deployment of funds	(Amount in Rs. In thousands)	
	Total liabilities	916797	Total assets 916797
	<b>Sources of Funds:</b>		
	Paid up Capital	255,000	Reserves and Surplus
	Secured loan		Un-secured loans 661797
	<b>Application of funds:</b>		
	Net fixed assets		Investments 594667
	Net current assets	36090	Misc.Expenditure 59
	Accumulated losses	285981	
IV	Performance of the company( Amount Rs.in thousand)		
	Gross Turnover	29566	Total expenditure 11859
	Net Turnover	29566	
	Profit before tax	17707	Profit after tax 16345
	Earning per share (Rs)- Equity	0.64	Dividend rate Nil
V	Generic Names of three principal products of the Company		
	Product description	NA	Item Code No NA

ct  
**Auditors' Report**

**Jindal Enterprises, LLC**

d.b.a. Jindal Stainless Corporation  
Baytown, Texas

We have audited the accompanying balance sheets of Jindal Enterprises, LLC, d. b.a Jindal Stainless Corporation as of June 30, 2003 and 2002, and the related statements of income, changes in members equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

797  
We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

797  
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jindal Enterprises, LLC., d.b.a. Jindal Stainless Corporation as of June 30, 2003 and 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Null-Lairson P.C. CPA's

September 29, 2003

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Houston, Texas

**JINDAL ENTERPRISES, LLC.**

**Balance Sheet**

	<b>2003</b>		<b>2002</b>	
	<b>US \$</b>	<b>Rs. In Lacs</b>	<b>US \$</b>	<b>Rs. in Lacs</b>
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	145,217	67.42	469,471	229.29
Accounts Receivable:				
Trade	235,253	109.22	342,891	167.47
Allowance for doubtful accounts	(33,127)	(15.38)	-	-
Receivables from and advances to related parties	58,388	27.11	44,396	21.68
Interest receivable from related companies	402,564	186.89	314,400	153.55
Other receivables	20,481	9.51	23,401	11.43
Inventories	9,802	4.55	977,549	477.43
Prepaid expenses and other	111,000	51.53	39,502	19.29
Total current assets	949,578	440.84	2,211,610	1,080.15
Property and equipemnt	6,902,479	3,204.48	6,800,787	3,321.50
Accumulated depreciation	(510,156)	(236.84)	(283,366)	(138.40)
Total property and equipment	6,392,323	2,967.64	6,517,421	3,183.11
<b>Other Assets</b>				
Notes receivable - U.S Denro Steels, Inc	20,865,184	9,686.66	20,861,880	10,188.94
Notes receivable from related company	1,300,000	603.53	2,200,000	1,074.48
Total other assets	22,165,184	10,290.19	23,061,880	11,263.42
Total assets	29,507,085	13,698.66	31,790,911	15,526.68
<b>Liabilities and Member's Equity</b>				
<b>Current Laibilities</b>				
Accounts payable	1,846,668	857.32	1,480,451	723.05
Accrued liabilities and other accruals	159,919	74.24	138,636	67.71
Interest payable others	-	-	12,500	6.11
Interest payable to realted party	706,975	328.21	533,750	260.68
Customer deposits	-	-	305,043	148.98
Payable to and advances from related parties	414,075	192.23	808,725	394.98
payables to U.S Denro Steels, Inc	754,937	350.48	975,806	476.58
Current portion of long-term debt	9,700,000	4,503.23	16,000,000	7,814.40
Total current liabilities	13,582,574	6,305.71	20,254,911	9,892.50
<b>Long-term Debt, net of current portions:</b>				
Notes payable to financial institutions	12,600,000	5,849.55	9,000,000	4,395.60
Long term advances from U.S Denro Steels, Inc	2,164,095	1,004.68	2,165,676	1,057.72
Notes payable to related parties	6,600,000	3,064.05	5,900,000	2,881.56
Total long-term debt	21,364,095	9,918.28	17,065,676	8,334.88
Total liabilities	34,946,669	16,223.99	37,320,587	18,227.37
<b>Member's Equity</b>				
Stated Capital	1,000,000	464.25	1,000,000	488.40
Retained Deficit	(6,439,584)	(2,989.58)	(6,529,676)	(3,189.09)
Total member's equity	(5,439,584)	(2,525.33)	(5,529,676)	(2,700.69)
Total liabilities and member's equity	29,507,085	13,698.66	31,790,911	15,526.68

See Notes to Financial Statements.

## Statement of Income

	2003		2002	
	US \$	Rs. in Lacs	US \$	Rs. in Lacs
Net Sales	2,513,677	1,166.97	1,524,915	744.77
Cost of Sales	2,446,056	1,135.58	1,758,509	858.86
Gross Profit	67,621	31.39	(233,594)	(114.09)
Selling, General, and Administrative Expenses	248,896	115.55	284,656	139.03
Total Selling, General and Administrative Expenses	248,896	115.55	284,656	139.03
Operating Income	(181,275)	(84.16)	(518,250)	(253.11)
Other Income (Expenses):				
Interest income	1,105,975	513.45	1,043,259	509.53
Miscellaneous income	32,160	14.93	-	-
Interest expenses	(866,768)	(402.40)	(985,430)	(481.28)
Total Other Income (Expenses) / net	271,367	125.98	57,829	28.24
Net Income/(loss) before Equity interest in subsidiary	90,092	41.82	(460,421)	(224.87)
Gain on sale of U.S. Denro Steels, Inc. stock	-	-	2,200,000	1,074.48
Income Before income Taxes	90,092	41.82	1,739,579	849.61
Income Tax expenses (Note 6)	-	-	-	-
Net Income	90,092	41.82	1,739,579	849.61

### Statement of Changes in Member's Equity

For the Year Ended June 30, 2003 and 2002

	Member's stated Capital		Retained Earnings		Total Member's Equity	
	US \$	Rs. in Lacs	US \$	Rs. in Lacs	US \$	Rs. in Lacs
Balance - June 30, 2001	1000000	464.25	(8,269,255)	(3,839.00)	(7,269,255)	(3,374.75)
Net Income / (Loss)			1,739,579	807.60	1,739,579	807.60
Balance - June 30, 2002	1000000	464.25	(6,529,676)	(3,031.40)	(5,529,676)	(2,567.15)
Net Income / (Loss)			90,092	41.83	90,092	41.83
Balance at June 30, 2003	1,000,000	464.25	(6,439,584)	(2,989.58)	(5,439,584)	(2,525.33)

See Notes to Financial Statements.

**JINDAL ENTERPRISES, LLC.**
**Statements of Cash Flow**

	2003		2003	
	US \$	Rs. in Lacs	US \$	Rs. in Lacs
<b>Cash Flows From Operating Activities:</b>				
Net income	90,092	41.83	1,739,579	849.61
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	226,790	105.29	226,693	110.72
Allowance for doubtful accounts	33,127	15.38		
Changes in operating assets and liabilities:				
Accounts receivable:				
Trade	107,638	49.97	(342,891)	(167.47)
Related parties	(102,156)	(47.43)	1,149,690	561.51
Notes receivables	900,000	417.83	(2,200,000)	(1,074.48)
Inventories	967,747	449.28	863,226	421.60
Prepaid expenses and other	(67,764)	(31.46)	(26,282)	(12.84)
Increase in accounts payable	366,217	170.02	(270,798)	(132.26)
Increase in accrued liabilities	21,283	9.88	102,941	50.28
Increase in accounts payable to affiliate	(1,043,875)	(484.62)	(1,228,052)	(599.78)
Increase in deposits	(305,043)	(141.62)	64,601	31.55
Increase in interest payable	(12,500)	(5.80)	166,250	81.20
Net cash provided (used) by operating activities	1,181,556	548.54	244,957	119.64
<b>Cash Flows From Investing Activities:</b>				
Capital expenditures	(105,810)	(49.12)	(814)	(0.40)
Net cash used in investing activities	(105,810)	(49.12)	(814)	(0.40)
<b>Cash Flows From Financing Activities:</b>				
Net proceeds from loans from financial institutions	15,000,000	6,963.75		
Proceeds from borrowings related parties	1,600,000	742.80		
Payments on notes payable to financial institutions	(17,700,000)	(8,217.23)		
Payments on advances/notes payable to related parties	(300,000)	(139.28)		
Net cash used in investing activities	(1,400,000)	(649.95)		
Net increase (decrease) in cash and cash equivalents	(324,254)	(150.53)	244,143	119.24
Cash and cash equivalents at beginning of year	469,471	217.95	225,328	110.05
Cash and cash equivalents at end of year	145,217	67.42	469,471	229.29
<b>Supplemental Cash Flow Information:</b>				
Interest paid	674,561	313.15	814,430	397.77
Noncash transaction - Sale of common stock U.S. Denro Steels, Inc. Stock sold in exchange for promissory note from related party 2,200,000 \$			2,200,000	1,074.48
See notes to financial statements.				

See Notes to Financial Statements.

## Notes to Financial Statements

### Note 1 - Organization

#### Organization and Operations

Jindal Enterprises, LLC., d.b.a. Jindal Stainless Corporation ("the Company") is a Texas Limited Liability Company which was organized in October 1997. The Company is a single member LLC which is 100 percent owned by SAW Pipes Limited of India. The Company as of June 30, 2003 and 2002 owned 49 percent of U.S. Denro Steels, Inc. d.b.a. Jindal United Steel Corporation (US Denro Steels, Inc.). The Company operates a stainless steel processing facility and U.S. Denro Steels, Inc. operates a steel plate manufacturing facility located in Baytown, Texas. While the Company manufactures steel plate for use by various industries, a significant amount of sales of U.S. Denro Steels, Inc. are made to an affiliated pipe mill located adjacent to the Company's facilities. The affiliated pipe mill owns 29 percent of US Denro Steels, Inc.

The Company engages in business activities which involve various risks, and future success is dependent upon a number of factors which include, among others, generating sufficient revenues, the market demand and price for the Company's products, the price of raw materials and obtaining the necessary funds. The Company is dependent upon support from its parent Company and related group Companies for continuing operations.

During fiscal year 2002, the Company sold 22 percent of its interest in US Denro Steels, Inc., to a related Company.

### Note 2 - Summary of Significant Accounting Policies

The financial statements are prepared under accounting principals generally accepted in the United States of America. The following notes describe the significant accounting policies.

#### Investments Recorded on Equity Basis

US Denro Steels, Inc. d.b.a. Jindal United Steel Corporation is recorded as an investment on the balance sheet. The percentage of income or loss increases or decreases the investment in U.S. Denro Steels, Inc. investment account on the Company's books. No intercompany transactions have been eliminated in the financial statements.

The investment in U.S. Denro Steels, Inc. has been reduced to zero on the balance sheet based on the Company's share of US Denro Steels, Inc.'s loss. However, due to the fact that the Jindal Enterprises LLC is not liable for the debts of US Denro Steels, Inc. the investment is not reduced below zero. When the equity interest in US Denro Steels, Inc. is positive, then the Company will again record the investment in US Denro Steels, Inc.

#### Revenue Recognition

Revenue is recognized generally when the product is shipped to the customer. The revenue from the sale of goods is recognized when the following has been satisfied:

1. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the Company, and;
5. the costs incurred, or to be incurred in respect of the transaction, can be measured reliably.

#### Property, equipment, and depreciation

Property and equipment are stated at cost. Except for machinery and equipment used in production, depreciation is calculated over the estimated useful lives of the assets using the straight-line method. The Company uses straight line depreciation method for machinery and equipment in manufacturing and processing operations and straight line for certain other manufacturing equipment. Expenditures for renewals and improvements are capitalized; repairs and maintenance are charged to expense as incurred.

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable. Based on periodic assessments of the realizability of its long-term assets and the analysis of undiscounted future cash flows for its long-term assets, no impairment of long-term asset needs to be recognized by the Company.

## JINDAL ENTERPRISES, LLC.

# Notes to Financial Statements

### Federal Income Taxes

The Company has elected to be taxed as a Corporation under the federal tax laws. The Company records income taxes pursuant to the liability method. Deferred tax assets and liabilities are recorded based upon differences between the financial statement and tax bases of assets and liabilities and the available tax carryforwards. A deferred tax valuation allowance is recorded to state deferred tax assets at the estimated net realizable value.

### Allowance for Doubtful Accounts

Bad debts are provided by using the allowance method based upon historical experience and management's evaluation of outstanding accounts receivable at the balance sheet date for receivables that may not be fully collectible. Management's evaluation also includes potential non-payment due to product claims by customers.

### Inventories

Inventories are valued at the lower of cost or market, with cost determined using the first-in, first out (FIFO) methods.

### Advertising Costs

Advertising costs are expensed when incurred.

### Fair Value of Financial Instruments

The Company considers the fair value of all financial instruments to not be materially different from their carrying values at June 30, 2003 and 2002, based on management's estimate of the Company's ability to borrow funds under terms and conditions similar to those applicable to the Company's existing debt.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Concentration of Credit Risk

Financial instruments which potentially subject the Company to a concentration of credit risk consist principally of cash and accounts receivable. The Company maintains cash balances at financial institutions which may at times be in excess of federally insured levels. The Company has not incurred losses related to these balances to date. Concentrations of credit risk with respect to accounts receivable are due to a significant portion of receivables balances being due from three customers. Although the Company does not currently foresee credit risk associated with these receivables, repayment is dependent upon the financial stability of those entities.

### Significant Supplier

For the year ended June 30, 2003 and 2002, one supplier and two suppliers respectively, provided the majority of the inventory purchased during the two years. No other suppliers accounted for more than 10 percent of total inventory purchases during these periods.

### Note 3 - Inventories

At June 30, 2003 and 2002, inventories consisted of the following:

	2003		2002	
	\$	Rs in lacs	\$	Rs in lacs
Stainless steel slab			757,840	370.12
Plates-finished goods Stainless steel	9,802	4.55	121,623	59.40
Plates-work in progress			98,086	47.91
<b>Total Inventory</b>	<b>9,802</b>	<b>4.55</b>	<b>977,549</b>	<b>477.43</b>

**Note 4 - Property, Plant and Equipment**

At June 30, 2002 and 2003, property, plant and equipment consisted of the following:

	Balance June 30, 2002		Additions		Adjustments Retirements		Balance June 30, 2003		Estimate Useful Lives (Years)
	USD	Rs. in lacs	USD	Rs. in Lacs	USD	Rs. in lacs	USD	Rs. in lacs	
Machinery and equipment	6,800,787	3,157.27	104,774	48.64	(3,082)	(1.43)	6,902,479	3,204.48	30
Total property and equipment	6,800,787	3,157.27	104,774	48.64	(3,082)	(1.43)	6,902,479	3,204.48	
Less Accumulated Depreciation	(283,366)	(131.55)	(226,790)	(105.29)	-	-	(510,156)	(236.84)	
Net Property and equipment	6,517,421	3,025.71	(122,016)	(56.65)	(3,082)	(1.43)	(6,392,323)	(2,967.64)	

Depreciation expense was \$226,790 ( Rs. 105.29 lacs) and \$226,693 (Rs.105.24 lacs) for the years ended June 30, 2003 and 2002, respectively.

**Note 5 - Debt**

At June 30, 2003 and 2002 debt consisted of borrowings on a credit agreement facility from a bank, debt owed to a related Company, and long term advances from U.S. Denro Steels, Inc.

The Company's debt is further described below.

**Notes Payable to a Bank**

As of June 30, 2002, the Company had a \$25 million ( Rs.11606 Lacs) loan through Standard Chartered Bank of Bahrain. The Note was secured by the Company's equipment and guaranteed by SAW Pipes LTD, India. The Note had interest due quarterly at the LIBOR rate plus .25%. The Loan agreement has several financial covenants which the Company, as of June 30, 2002, was not in compliance. The Company has received a written waiver from the bank extending the terms. In October 2002, the Company refinanced \$15 million (Rs.6964 Lacs) of the \$25 million (Rs.11606 Lacs) with the Bank of India. Of the remaining \$10 million, (Rs. 4642 Lacs) \$2.4 million (Rs.1114 lacs) was paid by June 30, 2003 and the remaining balance of \$7.6 million (Rs.3528 Lacs) is due by March 31, 2004.

The Company borrowed \$15 million ( Rs.6964 lacs) from the Bank of India at 2.0 percent over 3 month Libor with payments through June 30, 2007. The loan is secured by a secured interest in inventory and equipment and a guarantee from SAW Pipes LTD, India. The Company used the original note with Standard Chartered Bank to finance asset purchases, including machinery and equipment and support for US Denro Steels, Inc. The Loan from the Bank of India of \$15 million ( Rs.6964 lacs) was used to pay on the Standard Chartered Bank Note.

The notes payable as of June 30, 2003 and 2002 consisted of the following:

	2003		2002	
	USD	Rs. in lacs	USD	Rs. in lacs
Note payable to Standard Chartered Bank	7,600,000	3528.30	25,000,000	12,210.00
Note payable to Bank of India	14,700,000	6824.48		
Total Debt	22,300,000	10352.78	25,000,000	12,210.00
Less current portion	(9,700,000)	(4,503.23)	(16,000,000)	(7,814.40)
Long term debt, net of current portion	12,600,000	5,849.55	9,000,000	4,395.60

**Notes Payable and Long-Term Advances due to Related Parties**

The Company has borrowed \$6.6 million ( Rs.3064 lacs) from a related company. The note is currently classified as long term debt and does not have a due date. The interest was accumulated at 7 percent simple interest per annum and was changed to 2.5 percent starting January 1, 2002. The interest payable on this loan was \$706,975 ( Rs.328 lacs) and \$533,750 ( Rs.248 lacs) as of June 30, 2003 and 2002 respectively. As of June 30, 2003, the Company has a long-term advance from US Denro Steels, Inc. of \$2,164,095 ( Rs.1005 lacs).

**JINDAL ENTERPRISES, LLC.**

**Notes to Financial Statements**

The Notes Payable to Related Parties at June 30, 2003 and 2002 was comprised of the following:

	2003		2002	
	USD	Rs.in lacs	USD	Rs.in lacs
Notes payable to related parties:				
Notes payable to related party	6,600,000	3064.05	5,000,000	2,442.00
Long term advances from related party			900,000	439.56
Long term advances from US Denro Steel Inc.	2,164,095	1,004.68	2,165,676	1,057.72
Total Debt	8,764,095	4,068.73	8,065,676	3,939.28
Less current portion				
Long term debt, net of current portion	8,764,095	4,068.73	8,065,676	3,939.28

**Future Payments on Debt**

Future payments for debt outstanding at June 30, 2003, are due as follows:

	Debt							
	Standard Chartered Bank		Bank of India		Others		Total	
	USD	Rs.in lacs	USD	Rs.in lacs	USD	Rs.in lacs	USD	Rs.in lacs
Fiscal year ending June 30, 2004	7,600,000	3528.30	2,100,000	974.93			9,700,000	4,503.23
2005			4,050,000	1880.21			4,050,000	1,880.21
2006			4,350,000	2019.49			4,350,000	2,019.49
Thereafter			4,200,000	1949.85	8,764,095	4,068.73	12,964,095	6,018.58
	7,600,000	3528.30	14,700,000	6824.48	8,764,095	4,068.73	31,364,095	14,560.78

**Note 6 - Income Taxes:**

The Company has elected to file as a Corporation for federal tax purposes. The Company's deferred tax liabilities, deferred tax assets and deferred tax asset valuation allowances at December 31, 2003 and 2002 is as follows:

	2003		2002	
	USD	Rs.in lacs	USD	Rs.in lacs
Deferred tax assets/benefits related to:				
Net operating loss carryforward	2,998,855	1,392.22	1,833,448	895.45
Interest not currently deductible	179,475	83.32	166,250	81.19
Total Deferred Tax assets/benefits	3,178,330	1,475.54	1,999,698	976.64
Deferred tax liability related to:				
Accelerated depreciation on asset	17,400	8.08	6,637	3.24
Sale of stock			733,260	358.12
Total Deferred tax liability	17,400	8.08	739,897	361.36
Less- Deferred tax valuation allowance	(3,160,930)	(1,467.46)	(1,259,801)	(615.28)
Net Deferred assets/benefits(liability)				

For financial reporting purposes, the deferred tax valuation allowance was established to fully reserve the Company's net deferred tax assets due to its history of losses. No tax provisions were made for current taxes for the fiscal year ended June 30, 2003 and 2002.

At June 30, 2003, the Company had net operating loss carryforwards of approximately \$3.8 million ( Rs.1764 lacs )for federal and state income tax purposes which expires in 2016. Current federal income tax regulations with respect to changes in ownership could limit the utilization of the Company's net operating loss carryforward. Utilization of the net operating loss carryforward is dependent upon the Company making taxable income in future years.

**Note 7 - Related Party Transactions :**

The Company has advances from US Denro Steels, Inc. of \$2,164,095 ( Rs.1005 lacs ) included in notes payable to related parties. The Company owes US Denro Steels, Inc. \$702,917 ( Rs.326 lacs ) and \$897,867 ( Rs.417 lacs ) for operating expenses and processing charges as of June 30, 2003 and 2002, respectively.

The Company has payables and advances from other related group Companies of \$414,075 ( Rs.192 lacs ) and \$808,725 (Rs.375 lacs ) as of June 30, 2003 and 2002, respectively.

The Company had a long term advance of \$5.5 million ( Rs.2553 lacs ) from a related group Company. During the year ended June 30, 2003, the Company borrowed an additional \$1.6 million ( Rs.743 lacs ) from the related group Company. The interest accrued during the year ended June 30, 2003 on the loan amounts was \$179,475 ( Rs.83 lacs ). Total interest due to this related group Company was \$706,975 ( Rs.328 lacs ) as of June 30, 2003.

The Company has a notes receivable from its US Denro Steels, Inc. for \$20,865,184 ( Rs.9687 lacs ) which is payable based on the note payable payment terms with Standard Chartered Bank and Bank of India. During the year, US Denro Steels, Inc. has not been able to pay the loan amounts to Jindal Enterprises. The Company recorded interest income of \$1,043,259 (Rs.484 lacs) on the note receivable due from US Denro. A portion of the interest receivable amounts accrued on the notes receivable from US Denro were offset with amounts due to US Denro at year end June 30, 2003. Included in interest receivable as of June 30, 2003 is \$342,114 ( Rs.159 lacs ) of interest due to the Company from US Denro.

The Company has a notes receivable, due June 30, 2007, from a related company for \$1.3 Million ( Rs.604 lacs ) as the balance due in consideration for the sale of US Denro Steels, Inc. stock during the year ended June 30, 2002. Interest receivable of \$60,450 ( Rs.28 lacs ) was accrued on the note.

The Company also leases building space including utilities from US Denro Steels, Inc. Total rental expense was \$60,000 (Rs.28 lacs ) for the year ended June 30, 2003.

**Note 8 - Agreements and Vendors and Formation of Southern Texas Steel**

For the fiscal year 2001, US Denro Steels, Inc. incurred substantial losses and had a deficiency in working capital. Due to this condition, US Denro Steels, Inc. was not able to pay its past due amounts for the slabs purchased from various steel trading companies. All of these were unsecured suppliers. To come out of this situation and with the objective of becoming more stable, US Denro Steels, Inc. negotiated with its largest slab supplier, Balli-Klockner, to whom US Denro Steels, Inc. owed nearly \$23 million ( Rs.10678 lacs ). As per the arrangement, which commenced in July 2001, a new company named Southern Texas Steel LLC (STS) was formed as a single member LLC owned by Balli-Klockner. US Denro Steels, Inc. would procure slabs and sell plates for US Denro Steels, Inc. until such time the debts owned by Balli-Klockner and other slab suppliers are settled upon which the ownership of STS would transfer to Jindal entities. STS will pay US Denro Steels, Inc. tolling fees for processing the plates as per the plate conversion agreement. The agreement assisted US Denro Steels, Inc. in settling its outstanding debt with a financial institution and assisted in providing operating funding for US Denro Steels, Inc. to continue operations. The Stainless Steel plates for Jindal Enterprises was processed by US Denro and a tolling fee paid to US Denro for the processing the slabs for Jindal Enterprises.

**Note 9 - Subsequent Events**

In August 2003, US Denro filed suit against Balli-Klockner and STS for breach of contract under the terms of the agreement above. Subsequent to June 30, 2003 the US Denro plant has been temporarily shut down pending arrangement for procurements of raw materials and plant maintenance.

*Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rates US\$ 1= Rs. 46.425 (Previous year US\$ 1= Rs. 48.840) and do not form part of the reports of Jindal Enterprises, LLC as made out in accordance with the Laws of the country of incorporation.*

## CONSOLIDATED FINANCIAL STATEMENTS

## Auditors' Report

### AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SAW PIPES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAW PIPES LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Saw Pipes Limited and its subsidiaries as at 30<sup>th</sup> September, 2003, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with generally accepted audit standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of Rs.19786.95 lacs and total revenues of Rs.1461.33 lacs. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the respective auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Saw Pipes Ltd., and its subsidiaries included in the consolidated financial statements.

Attention is invited to the following notes of schedule :

- (i) *Note No. 4 regarding non-provision for diminution in value of unquoted investments (amount unascertained)*

Subject to above, on the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Saw Pipes Ltd. and its subsidiaries, we are of the opinion that consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In case of the Consolidated Balance Sheet, of the consolidated state of affair of the Company and its subsidiaries as at 30<sup>th</sup> September, 2003;
- b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date

(G.K. AGGARWAL)  
Partner

For N.C. AGGARWAL & CO,  
Chartered Accountants

Place: New Delhi  
Dated: 31<sup>st</sup> October, 2003

# Balance Sheet

DESCRIPTION	SCHEDULE No.	As At Sept. 30, 2003 (Rs. in lacs)	As At Sept. 30, 2002 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	3,897.97	4,647.97
Reserves and Surplus	2	26,124.95	19,640.57
		<u>30,022.92</u>	<u>24,288.54</u>
Deferred Tax Liability (Net) (Note No. 21 of Schedule '22')		4,409.02	4,528.41
<b>LOAN FUNDS</b>			
Secured	3	26,953.31	30,572.83
Unsecured	4	14,563.40	15,634.73
		<u>41,516.71</u>	<u>46,207.56</u>
		<u>75,948.65</u>	<u>75,024.51</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
Gross Block	5	43,896.22	38,320.56
Less : Depreciation		13,164.75	10,768.64
<b>Net Block</b>		<u>30,731.47</u>	<u>27,551.92</u>
Capital Work in Progress		2,435.39	1,641.58
Pre-operative Expenses		26.78	112.96
		<u>33,193.64</u>	<u>29,306.46</u>
<b>INVESTMENTS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	8,484.99	10,871.28
Sundry Debtors	7	9,650.85	8,337.73
Cash and Bank Balances	8	20,062.69	13,382.39
Loans and Advances	9	2,534.77	4,161.97
	10	20,072.86	21,554.10
		<u>52,321.17</u>	<u>47,436.19</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	11	14,746.70	11,551.04
Provisions	12	3,306.66	1,053.91
		<u>18,053.36</u>	<u>12,604.95</u>
<b>NET CURRENT ASSETS</b>		<u>34,267.81</u>	<u>34,831.24</u>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	13	2.21	15.53
		<u>75,948.65</u>	<u>75,024.51</u>
<b>NOTES TO THE ACCOUNTS</b>			
	22		

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

**CONSOLIDATED FINANCIAL STATEMENTS**

**Profit & Loss Account**

DESCRIPTION	SCHEDULE No.	12 Months Ended Sept. 30, 2003 (Rs. in lacs)		15 Months Ended Sept. 30, 2002 (Rs. in lacs)	
<b>INCOME</b>					
Sales and Operational Income	14	81,667.94		76,105.21	
Less: Excise Duty		11,196.41		736.45	
<b>Net Turnover</b>			<b>70,471.53</b>		<b>75,368.76</b>
Other Income	15		492.47		427.51
Increase/(Decrease) in Stock	16		114.58		(1,711.66)
			<u>71,078.58</u>		<u>74,084.61</u>
<b>EXPENDITURE</b>					
Raw Material Consumed			40,053.48		45,832.20
Purchase for Re-Sale			-		2.40
Manufacturing Expenses	17		4,166.37		4,432.75
Payments to and Provisions for Employees	18		2,010.61		2,069.18
Selling Expenses	19		2,157.04		6,939.03
Finance Expenses	20		3,748.37		6,585.93
Administrative & Other Expenses	21		6,338.24		1,687.15
Depreciation		2,439.43		2,172.17	
Less: Transfer to Revaluation Reserve		419.21	2,020.22	253.50	1,918.67
			<u>60,494.33</u>		<u>69,467.31</u>
Profit before Taxation and extra ordinary items			10,584.25		4,617.30
Gain on sale of Shares			-		1,049.40
Profit before Taxation			10,584.25		5,666.70
Less : Provision for Income Tax					
- Current Tax		3,052.62		663.53	
- Provision/ (Withdrawn) from Deferred Tax		(119.39)		(60.39)	
- Prior period tax adjustment		(90.72)	2,842.51		603.14
Provision for Wealth Tax			2.00		1.15
Profit After Taxation			7,739.74		5,062.41
Profit Brought Forward					(4,438.26)
Debenture Redemption Reserve Written Back					625.00
Translation Exchange Difference (net)			306.19		(72.44)
<b>Disposable Profit</b>			<u>8,045.93</u>		<u>1,176.71</u>
<b>APPROPRIATIONS</b>					
Interim Dividend on Preference Shares Paid			43.00		137.04
Corporate Tax on Above			-		13.96
Proposed Dividend :					
- on Equity Shares			974.48		584.70
- on Preference Shares (Final)			-		58.25
Corporate Tax on Proposed Dividends			124.86		-
General Reserve			1,000.00		500.00
Debenture Redemption Reserve			275.00		375.00
Capital Redemption Reserve			750.00		750.00
Set off against General Reserve			-		(1,242.26)
Balance Carried to Balance Sheet			4,878.59		-
			<u>8,045.93</u>		<u>1,176.71</u>
Basic and Diluted Earning per Share (In Rs.) of Rs. 10/- each			19.75		12.45

**NOTES TO THE ACCOUNTS**

22

As per our report of even date attached

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

**P.R. JINDAL**  
Chairman

**SMINU JINDAL**  
Managing Director

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**SUNIL JAIN**  
Company Secretary

**NEERAJ KUMAR**  
Director (Finance) & CFO

## Schedule

## DESCRIPTION

## SCHEDULE "1"

## SHARE CAPITAL

## AUTHORISED

- i) 5,00,00,000 Equity Shares of Rs. 10/- Each  
 ii) 25,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each

As at  
Sept. 30, 2003  
(Rs. in lacs)As at  
Sept.30, 2002  
(Rs. in lacs)

5,000.00

5,000.00

2,500.00

2,500.00

7,500.007,500.00

## ISSUED AND SUBSCRIBED

- i) 3,89,80,108 Equity Shares of Rs. 10/- each  
 ii) NIL (Previous Year 7,50,000)  
 - 13.5 % Redeemable Cumulative Preference Shares of Rs.100/- each

3,898.01

3,898.01

-

750.00

3898.014648.01

## PAID UP

- i) 3,89,78,658 Equity Shares of Rs. 10/- each  
 Add: Bonus Shares Held in Abeyance  
 Forfeited Capital  
 ii) NIL(Previous Year 7,50,000)  
 -13.5% Redeemable Cumulative  
 Preference share of Rs.100/- each

3,897.86

3,897.86

0.07

0.07

0.04

0.04

3,897.973,897.97

-

750.00

3,897.974,647.97

## OF THE ABOVE

- 20,08,000 Equity Shares are allotted as Fully Paid-up pursuant to contract without payment being received in cash.
- 19,70,936 Equity Shares are allotted as Fully Paid-up to the shareholders of Swastik Foils Ltd. as per Scheme of Amalgamation Order dated 3rd August/ 11th September 1989 of the Hon'ble High Court of Delhi.
- 46,43,000 Equity Shares are allotted as Fully Paid-up to the Share holders of Swastik Udyog Ltd.as per Scheme of Amalgamation order dated 17.8.93 and 27.8.93 of the Hon'ble High Courts of Punjab and Haryana and Delhi.
- 2,57,96,172 Equity shares are allotted as fully paid-up bonus shares by capitalising General Reserves of Rs.630.53 lacs and Share Premium of Rs. 1949.09 lacs.
- 650 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.
- 800 Shares of Rs. 10/- ( Partly Paid Rs. 5/-) have been forfeited.

## DESCRIPTION

## SCHEDULE "2"

## RESERVES AND SURPLUS

- (i) Capital Reserve  
 As per Last Account  
 (ii) Capital Redemption Reserve  
 As per last Account  
 Transferred from Profit and Loss Account

Sept. 30, 2003  
(Rs. in lacs)  
As atSept.30, 2002  
(Rs. in lacs)  
As at9.509.50

750.00

750.00

1500.00750.00

## CONSOLIDATED FINANCIAL STATEMENTS

### Schedule 2

DESCRIPTION	Sept. 30, 2003 (Rs. in lacs) As at	Sept. 30, 2002 (Rs. in lacs) As at
(iii) General Reserve		
As per last Account	13,913.06	19,244.12
Add: Transferred from Profit and Loss Account	1,000.00	500.00
Less : Transferred to Deferred Tax Liability	-	4,588.80
Less : Debit balance in Profit & Loss Account	-	(1,242.26)
	<u>14,913.06</u>	<u>13,913.06</u>
(iv) Debenture Redemption Reserve		
As per last Account	1,100.00	1,350.00
Add: Transferred from Profit and Loss Account	275.00	375.00
Less : Written Back	-	(625.00)
	<u>1,375.00</u>	<u>1,100.00</u>
(v) Share Premium Account		
As per last Account	<u>558.91</u>	<u>558.91</u>
(vi) Revaluation Reserve		
As per last account	3,309.10	3,562.60
Less : Amount Written Off during the year	(419.21)	(253.50)
	<u>2,889.89</u>	<u>3,309.10</u>
(vii) Profit and Loss Account	4,878.59	-
	<u>26,124.95</u>	<u>19,640.57</u>
<b>SCHEDULE "3"</b>		
<b>SECURED LOANS</b>		
A. Redeemable Non-Convertible Debentures	4,416.67	5,250.00
B. Term Loans		
(i) From Banks	16,486.28	14,043.83
(ii) From Financial Institutions	2,519.03	3,447.40
C. Working Capital Loans from Banks	3,441.03	7,698.75
D. Deferred Sales Tax Loan	90.30	132.79
	<u>26,953.31</u>	<u>30,572.83</u>
<b>SCHEDULE "4"</b>		
<b>UNSECURED LOANS</b>		
(i) Fixed Deposits	1,383.21	333.06
(ii) Inter-Corporate Loans-Long Term	9,664.76	11,161.77
(iii) Inter-Corporate Loans- Short Term	189.77	391.22
(iv) Deferred Sales Tax Loan	501.65	490.48
(v) Unsecured Loans from Banks	2,500.00	3,000.00
(vi) Interest Accrued & Due	324.01	258.20
	<u>14,563.40</u>	<u>15,634.73</u>

**SCHEDULE "5"**  
**FIXED ASSETS**

[ Rs. In Lacs ]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.02	Additions	Deduction/ Adjustment	As at 30.09.03	Upto 01.10.02	For the Period	Deduction/ Adjustment	Upto 30.09.03	As at 30.09.03	As at 30.09.02
Land										
- Free Hold	182.98	74.13	-	257.11					257.11	182.98
- Lease Hold	413.78	6.32	-	420.10	41.83	4.50	-	46.33	373.77	371.95
Buildings	4,599.48	485.08	-	5,084.56	923.52	131.72	-	1,055.24	4,029.32	3,675.96
Plant & Machinery	32,420.30	4,969.12	30.61	37,358.81	9,576.15	2,246.93	20.61	11,802.47	25,556.34	22,844.15
Vehicles	404.75	57.07	39.75	422.07	121.75	37.47	19.63	139.59	282.48	283.00
Furniture & Fixtures	299.27	60.46	6.16	353.57	105.39	18.81	3.08	121.12	232.45	193.88
<b>TOTAL</b>	<b>38,320.56</b>	<b>5,652.18</b>	<b>76.52</b>	<b>43,896.22</b>	<b>10,768.64</b>	<b>2,439.43</b>	<b>43.32</b>	<b>13,184.75</b>	<b>30,731.47</b>	<b>27,551.92</b>
Previous Year	37,330.99	1,026.53	36.96	38,320.56	8,620.09	2,172.17	23.62	10,768.64	27,551.92	

## NOTE -

A) Gross Block includes the following amount on account of revaluation made on 31.3.1996 of Pipe Division at A-1, UPSIDC Indl. Area, Kosi Kalan at Net Current Residual Replacement Value.

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

DESCRIPTION	As at 30.09.2003 (Rs. in lacs.)	As at 30.09.02 (Rs. in lacs.)
-------------	---------------------------------------	-------------------------------------

**SCHEDULE "6"****INVESTMENTS**

Quoted Shares	6,914.99	9,574.92
Unquoted Shares	1,392.21	1,099.71
Investment in Debentures/Bonds/Units-Quoted	-	0.90
Investment in Debentures/Bonds/Units-Unquoted	137.64	150.60
Govt & Trust Securities	40.15	45.15
<b>Total</b>	<b>8,484.99</b>	<b>10,871.28</b>
Aggregate Market Value of Quoted Investments	14,355.36	4,775.12

**SCHEDULE "7"****INVENTORIES**

(As taken, valued and certified by the management.)

i) Stores and Spares	794.74	1,331.91
ii) Loose Tools	5.34	11.50
iii) Finished goods	1,719.90	923.09
iv) Work in Progress	1,138.01	1,772.13
v) Raw Materials*	5,933.83	4,227.94
vi) Scrap	59.03	71.16
	<b>9,650.85</b>	<b>8,337.73</b>

\*Includes Raw Material in Transit of Rs. 2,410.74 lacs ( Previous Year Rs. 1,620.37 lacs)

## CONSOLIDATED FINANCIAL STATEMENTS

### Schedule

DESCRIPTION	As at 30.09.2003 (Rs. in lacs.)	As at 30.09.02 (Rs. in lacs.)
<b>SCHEDULE "8"</b>		
<b>SUNDRY DEBTORS</b>		
<b>( Unsecured, considered good)</b>		
i) Exceeding six months	4,221.37	3,600.54
ii) Others	15,841.32	9,781.85
	<u>20,062.69</u>	<u>13,382.39</u>
<b>SCHEDULE "9"</b>		
<b>CASH AND BANK BALANCES</b>		
i) Cash / Cheques in hand	8.44	10.24
ii) With Scheduled banks		
—Current Accounts	295.66	1,698.08
—Fixed Deposit Accounts	2,230.67	2,453.65
	<u>2,534.77</u>	<u>4,181.97</u>
<b>SCHEDULE "10"</b>		
<b>LOANS AND ADVANCES</b>		
<b>( Unsecured, considered good)</b>		
i) Advances recoverable in cash or in kind or for value to be received	7,102.41	5,796.24
ii) Earnest money and Security deposits	1,058.59	1,066.42
iii) Balance with Excise, Customs and Port Authorities etc.	90.22	693.81
iv) Inter Corporate Loans	11,472.23	12,742.21
v) Prepaid Expenses	349.41	123.69
vi) Export Benefits Receivable	-	1,131.73
	<u>20,072.86</u>	<u>21,554.10</u>
<b>SCHEDULE "11"</b>		
<b>CURRENT LIABILITIES</b>		
i) Sundry Creditors - For Materials	10,671.31	8,109.13
ii) Sundry Creditors - Services	888.62	2,359.90
iii) Advance from Customers	1,059.98	70.18
iv) Interest Accrued but not due	86.94	198.72
v) Other Liabilities	1,969.94	606.14
vi) Security Deposit	-	147.56
vii) Unpaid Dividend*	69.91	59.41
	<u>14,746.70</u>	<u>11,551.04</u>
*There is no amount due and outstanding to be credited to Investor's Education and Protection Fund under Section 205 C of the Companies Act, 1956.		
<b>SCHEDULE "12"</b>		
<b>PROVISIONS:</b>		
For Taxation (Net of Prepaid Taxes)	2,122.03	345.58
For Proposed Dividend & Corporate Tax thereon	1,099.34	642.95
Others	85.29	65.38
	<u>3,306.66</u>	<u>1,053.91</u>

DESCRIPTION	As at 30.09.2003 (Rs. in lacs.)	As at 30.09:2002 (Rs. in lacs.)
<b>SCHEDULE "13"</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off)		
i) Preliminary Expenses	0.64	3.39
ii) Deferred Revenue Expenses	1.57	12.14
	<u>2.21</u>	<u>15.53</u>
	12 Months Ended Sept. 30,2003 (Rs. in lacs)	15 Months Ended Sept. 30,2002 (Rs. in lacs)
<b>SCHEDULE "14"</b>		
<b>SALES AND OPERATIONAL INCOME</b>		
i) Sales	63,796.20	70,667.20
ii) Conversion Charges	11,377.40	3,688.59
iii) Government incentives/Grants	6,494.34	1,749.42
	<u>81,667.94</u>	<u>76,105.21</u>
<b>SCHEDULE "15"</b>		
<b>OTHER INCOME</b>		
Dividend on Long Term Investments	184.33	161.52
Miscellaneous Receipts	248.72	141.82
Foreign Exchange Fluctuation(Net)	79.42	124.17
	<u>492.47</u>	<u>427.51</u>
<b>SCHEDULE "16"</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
<b>OPENING STOCK</b>		
Finished Goods	923.09	3,319.60
Work-in-progress	1,772.13	1,048.13
Scrap	71.16	110.31
	<u>2,766.38</u>	<u>4,478.04</u>
<b>CLOSING STOCK</b>		
Finished Goods	1,683.92	923.09
Work-in-progress	1,138.01	1,772.13
Scrap	59.03	71.16
	<u>2,880.96</u>	<u>2,766.38</u>
	114.58	(1,711.66)
(Increase/(Decrease) in Stock		
*Excludes value of production of Pre-operative period of Rs. 35.98 lacs		
<b>SCHEDULE "17"</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores and Spares	1,127.51	1,394.42
Power and Fuel	1,120.00	1,252.46
Other Manufacturing expenses	1,567.08	1,314.46
Repair and Maintenance:		
—Plant and Machinery	253.77	283.28
—Building & Others	78.01	188.13
	<u>4,166.37</u>	<u>4,432.75</u>

# CONSOLIDATED FINANCIAL STATEMENTS

## Schedule

DESCRIPTION	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
<b>SCHEDULE "18"</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and other Benefits	1,703.49	1,787.11
Contribution to Provident and other funds	107.23	78.51
Workmen and Staff Welfare	199.89	203.56
	<u>2,010.61</u>	<u>2,069.18</u>
<b>SCHEDULE "19"</b>		
<b>SELLING EXPENSES</b>		
Commission on Sales	206.96	635.50
Advertisement	42.26	13.87
Forwarding charges (net of recoveries of Rs. 155.02 lacs previous year 309.42 lacs)	1,645.69	6,061.10
Other Selling Expenses	262.13	229.56
	<u>2,157.04</u>	<u>6,939.03</u>
<b>SCHEDULE "20"</b>		
<b>FINANCE EXPENSES</b>		
Interest on Fixed Deposits	65.34	79.24
Interest on Debentures	758.56	989.91
Interest on Term Loans	1,349.45	2,778.64
Interest on Bank Borrowings	1,259.63	2,431.19
Bank and Finance charges	1,440.40	1,789.35
Interest to Others	252.56	341.18
	5,125.94	8,409.51
Less: Interest Received:		
Interest on Bonds and Debentures	27.36	38.34
Other Interest on Loans, Advances and Deposits	1,350.21	1,785.24
	<u>1,377.57</u>	<u>1,823.58</u>
	<u>3,748.37</u>	<u>6,585.93</u>
<b>SCHEDULE "21"</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES:</b>		
Rent, Rates & Taxes	89.78	98.10
Insurance	146.97	169.57
Postage, Telegrams & Telephones	105.58	132.91
Travelling & Conveyance	222.66	236.96
Vehicle upkeep & Maintenance	73.97	90.46
Director's Meeting Fees	1.63	1.45
Miscellaneous Expenses	479.23	327.12
Auditor's Remuneration	9.52	7.88
Preliminary / Deferred Revenue Expenses W/off	13.31	157.92
Bad Debts / Liquidated Damages	5,118.79	142.92
Provisions for Doubtful Debts	15.60	
Loss on Sale of Fixed Assets( Net)	17.42	8.34
Previous Year's Adjustment (Net)	43.78	55.52
Provision for Diminution in value of Investment		258.00
	<u>6,338.24</u>	<u>1,687.15</u>

**SCHEDULE - "22"**

**Notes to Consolidated Financial Statements of the Company and Its Subsidiaries for the period ended 30<sup>th</sup> September 2003**

**NOTES ON ACCOUNTS****1. BASIS OF PREPARATION**

- a) SAW Pipes Limited (SPL) has prepared consolidated financial statements by consolidating its accounts with those of its following subsidiaries in accordance with Accounting Standard-21 (Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India.

Name of the Company	Country of Incorporation	%Shareholding / Voting power	Date of Financial Statements
Hexa Securities & Finance Company Ltd. (HSFCL)	India	100%	September 30, 2003
Jindal Enterprises LLC (JELLC)	USA	100%	June 30, 2003

- b) The Consolidated Financial Statements are prepared according to uniform accounting policies in accordance with the generally accepted accounting principles. The effects of inter-group company transactions and resulting unrealized profits are eliminated in consolidation.
- c) Foreign Subsidiary's Conversion — Revenue items have been consolidated at the average rate prevailing during the year. Fixed Assets have been translated at the rates prevailing on the dates of their acquisition/transfer and depreciation provided accordingly. Other current assets and liabilities are converted at the rates prevailing at the end of the year. Exchange Gain/(Loss) arising on consolidation in respect of borrowings for fixed assets are adjusted to the cost of such fixed assets and other Exchange Gain/(Loss) are recognized in the profit and loss account.
- d) Both the aforesaid companies became subsidiaries since inception of business activities and there were no increase or decrease in investments. Hence there is no capital reserve or goodwill.
- e) The Financial Statements of subsidiaries used in the consolidation are drawn up to the same reporting date as that of the company i. e. 30<sup>th</sup> September 2003 except Jindal Enterprises LLC, which has been accounted based on results of 12 months ended on 30 th June, 2003.

**2. CONTINGENT LIABILITIES**

	Current Year (Rs in lacs)	Previous Year (Rs in lacs)
a) Guarantees provided by banks	15282.97	14951.52
b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	7997.26	5611.54
c) Claims against the Company not acknowledged as debt (being under dispute)	231.68	154.14
d) Guarantee given to Financial institutions/ body corporate against facility extended to other body corporate for foreign currency loan	—	2123.81
e) Liability in respect of Corporate Guarantee (for 100% EOU Unit at Mundra)	2229.58	794.16
f) Bank Guarantee given to Custom Authority for export obligation for export under EPCG Scheme	399.73	399.73
<b>3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances).</b>	<b>1128.56</b>	<b>213.20</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Schedule

4. The Company has certain unquoted investments where the fair market value (amount unascertained) is lower than the cost, 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 no provision for the same is considered necessary.
5. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.
6. One of the Company's unit is entitled to sell goods at concessional rate of excise duty based on FOB value of exports. For such sales unit is also eligible to procure duty free inputs. As per the Accounting Policy of the Company such DTA entitlement is being recognized as operational income in the year of accrual. It is thereafter considered as raw-material cost in the year of utilization of such entitlement. In line with this policy during the year, Company has recognized operational income and Raw Material Consumption of Rs.4950.20 lacs and Rs.5370.17 lacs respectively.
7. 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.
8. In the opinion of the Management, 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.
9. Capital work in progress includes advance against capital goods and inventories of capital nature.
10. The amount of foreign exchange fluctuation amounting to Rs.248.46 lacs (Credit) (Previous Year Rs. 183.75 lacs - Credit) is included under the relevant heads of expenditure and income.
11. Profit for the year includes Prior Period Adjustment Rs 90.46 Lacs (Debit) and Rs. 46.68 Lacs (Credit) (Previous Year Rs. 73.02 lacs (Debit) Rs 17.50 lacs (Credit))
12. 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.
13. In JELLC, US Denro Steels, Inc. d.b.a Jindal United Steel Corporation is recorded as an investment on the balance sheet. The percentage of income or loss increases or decreases the investment in U.S Denro Steels, Inc. investment account on the Company's books. No intercompany transactions have been eliminated in the financial statements. The investment in U.S Denro Steels, Inc. has been reduced to zero on the balance sheet based on the Company's share of US Denro Steels, Inc's loss. However, due to the fact that the Jindal Enterprises LLC is not liable for the debts of US Denro Steels, Inc. the investment is not reduced below zero. When the equity interest in US Denro Steels, Inc. is positive, then the Company will again record the investment in US Denro Steels, Inc.
14. In JELLC, the Company had a \$25 million ( Rs.11606 Lacs) loan through Standard Chartered Bank of Bahrain. The Note was secured by the Company's equipment and guaranteed by SAW Pipes Ltd, India. The Note had interest due quarterly at the LIBOR rate plus .25%. The Loan agreement has several financial covenants which the Company, as of June 30, 2002, was not in compliance. The Company has received a written waiver from the bank extending the terms. In October 2002, the Company refinanced \$15 million (Rs.6964 Lacs) of the \$25 million (Rs.11606 Lacs) with the Bank of India. Of the remaining \$10 million (Rs. 4642 Lacs) \$2.4 million (Rs.1114 lacs) was paid by June 30, 2003 and the remaining balance of \$7.6 million (Rs.3528 Lacs) is due by March 31, 2004. The Company borrowed \$15 million ( Rs.6964 lacs) from the Bank of India at 2.0 percent over 3 month Libor with payments through June 30, 2007. The loan is secured by a secured interest in inventory and equipment and a guarantee from SAW Pipes Ltd, India. The Company used the original note with Standard Chartered Bank to finance asset purchases, including machinery and equipment and support for US Denro Steels, Inc. The Loan from the Bank of India of \$15 million (Rs.6964 lacs) was used to pay on the Standard Chartered Bank Note.
15. In JELLC, for the fiscal year 2001, US Denro Steels, Inc. incurred substantial losses and had a deficiency in working capital. Due to this condition, US Denro Steels, Inc. was not able to pay its past due amounts for the slabs purchased from various steel trading companies. All of these were unsecured suppliers. To come out of this situation and with the objective of becoming more stable, US Denro Steels, Inc. negotiated with its largest slab supplier, Balli-Klockner, to whom US Denro Steels, Inc. owed nearly \$23 million (Rs.10678 lacs). As per the arrangement, which commenced in July 2001, a new company named Southern Texas Steel LLC (STS) was formed as a single member LLC owned by Balli-Klockner. US Denro Steels, Inc. would procure slabs and sell plates for US Denro Steels, Inc. until such time the debts owned by Balli-Klockner and other slab suppliers are settled upon which the ownership of STS would transfer to Jindal entities. STS will pay US Denro Steels, Inc. tolling fees for processing the plates as per the plate conversion agreement. The agreement assisted US Denro Steels, Inc. in settling its outstanding debt with a financial institution and assisted in providing operating funding for US Denro Steels, Inc. to continue operations. The Stainless Steel plates for Jindal Enterprises was processed by US Denro and a tolling fee paid to US Denro for the processing the slabs for Jindal Enterprises.
16. In JELLC, in August 2003, US Denro filed suit against Balli-Klockner and STS for breach of contract under the terms of the agreement above. Subsequent to June 30, 2003 the US Denro plant has been temporarily shut down pending arrangement for procurements of raw materials and plant maintenance.

17. Earning Per Share (EPS) Basic and Diluted computed in accordance with Accounting Standard 20 "Earning per Share"

Description	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Profit after tax	7739.74	5062.41
Less: Preference dividend including tax thereon	43.00	209.27
Profit attributable to Equity Shareholders	7696.74	4853.14
No of shares issued and Diluted for the period	38979308	38979308
Basic and Diluted EPS (in Rs.)	19.75	12.45

18. Related Parties Transactions

A List of Related Parties & Relationship (As Identified by the Management)

- a) **Joint Venture**  
Daelim E&C India Pvt. Ltd
- b) **Associates**  
US Denro Steels, Inc.  
Minerals & Metal FZE  
St. James Investments Ltd.
- c) **Key Management Personnel**
  - 1 Sminu Jindal Managing Director
  - 2 H.S. Chaudhary Whole Time Director
  - 3 Indresh Batra Vice Chairman Jindal Enterprises LLC
  - 4 Neeraj Kumar Director - Finance & CFO
  - 5 H.S. Bedi Director - Technical
  - 6 O.P.Sharma President - Marketing
  - 7 A.J. Vora President - Operation
  - 8 Sunil Trehan President - Marketing

Related Parties Transactions For the Year Ending September 2003.

Transactions Description	Associate Venture	Joint Venture	Key Management Personnel	(Rs. in Lacs) TOTAL
Sale of Fixed Assets	-	-	-	-
Interest Paid	113.29	-	0.78	114.07
Lease Rent	30.88	-	0.02	30.90
Interest Received	28.62	-	0.15	28.77
Diminution in the Value of Investment	-	-	-	-
Remuneration Paid	-	258.00	108.92	366.92
<b>Outstanding Balance as on 30.09.2003</b>			109.60	109.60
Loans & Advances given (including interest)	10,364.33	-	-	10,364.33
Loans & Advances Taken	11,326.93	2.86	-	11,329.79
Sundry Creditors	4,206.36	-	-	4,206.36
Interest Payable	4,765.04	-	-	4,765.04
Others	345.99	-	-	345.99
	324.01	-	-	324.01
	258.20	-	-	258.20
	-	-	0.87	0.87
	-	-	0.50	0.50

Note - Figures in italics are for Previous Year.

In respect of above parties, there is no provision for doubtful debts as on 30.09.2003 and no amount is written off or written back during the year in respect of debt/loan & advances due from/to them.

## CONSOLIDATED FINANCIAL STATEMENTS

Schedule

### 19. Segment Information:-

#### A) PRIMARY BUSINESS SEGMENT

(Rs. In Lacs)

Particulars	Steel Pipe	Plate	Investment	Others	Unallocable	Total
<b>1 Segment Revenue</b>						
- External Turnover	78,533.62	1,172.04	-	1,962.28	-	81,667.94
	72,745.41	692.01	-	2,667.79	-	76,105.21
Less: Excise Duty	11,196.41	-	-	-	-	11,196.41
	736.45	-	-	-	-	736.45
<b>Net Turnover</b>	67,337.21	1,172.04	-	1,962.28	-	70,471.53
	72,008.96	692.01	-	2,667.79	-	75,368.76
<b>Other Income</b>	(169.53)	63.72	225.57	4.04	368.67	492.47
	60.17	35.37	74.16	6.06	251.75	427.51
<b>2 Segment Result Before Interest, Extra ordinary Items and Taxes</b>						
	14,627.42	(143.81)	224.27	257.63	(632.89)	14,332.62
	11,916.97	(311.86)	72.24	457.59	(931.71)	11,203.23
Less: Finance Expenses(Net)	-	-	-	-	3,748.37	3,748.37
	-	-	-	-	6,585.93	6,585.93
<b>Profit before Extra Ordinary Items and Taxes</b>						
	14,627.42	(143.81)	224.27	257.63	(4,381.26)	10,584.25
	11,916.97	(311.86)	72.24	457.59	(7,517.64)	4,617.30
Extra Ordinary Items	-	1,049.40	-	-	-	1,049.40
<b>Profit before Taxes</b>						
	14,627.42	(143.81)	224.27	257.63	(4,381.26)	10,584.25
	11,916.97	737.54	72.24	457.59	(7,517.64)	5,666.70
Provision for Taxes	-	-	-	-	2,844.51	2,844.51
	-	-	-	-	604.29	604.29
<b>Net Profit after Tax</b>						
	14,627.42	(143.81)	224.27	257.63	(7,225.77)	7,739.74
	11,916.97	737.54	72.24	457.59	(8,121.93)	5,062.41
<b>3 Other Information</b>						
<b>Segment Assets</b>						
	60,620.89	13,441.41	6,344.95	758.06	10,296.17	91,461.48
	49,701.21	15,202.02	8,017.88	905.76	10,229.80	84,056.67
<b>Segment Liabilities</b>						
	12,853.22	1,267.98	37.33	65.85	3,828.98	18,053.36
	9,118.49	1,408.89	12.33	257.52	1,807.72	12,604.95
<b>Capital Expenditure</b>						
	6,371.63	48.79	-	58.78	(119.39)	6,359.81
	1821.57	-	-	81.76	74.19	1,977.52
<b>Depreciation</b>						
	1,748.65	177.75	-	54.86	38.96	2,020.22
	1,639.15	177.67	-	61.12	40.73	1,918.67
<b>Non Cash Expenses other than depreciation</b>						
	5,076.85	15.60	0.79	6.13	13.50	5,112.87
	-	-	0.99	-	566.19	567.18

<b>B) SECONDARY BUSINESS SEGMENT</b>				(Rs. In Lacs)
	<b>Particulars</b>	<b>With in India</b>	<b>Outside India</b>	<b>Total</b>
1	Gross Revenue	<b>61,945.76</b>	<b>19,722.18</b>	<b>81,667.94</b>
		<i>13,839.40</i>	<i>62,265.81</i>	<i>76,105.21</i>
	Less: Excise Duty	<b>11,196.41</b>		<b>11,196.41</b>
		<i>736.45</i>		<i>736.45</i>
	Net Revenue	<b>50,749.35</b>	<b>19,722.18</b>	<b>70,471.53</b>
		<i>13,102.95</i>	<i>62,265.81</i>	<i>75,368.76</i>
2	Segment Assets	<b>78,020.07</b>	<b>13,441.41</b>	<b>91,461.48</b>
		<i>68,854.65</i>	<i>15,202.02</i>	<i>84,056.67</i>
3	Segment Liabilities	<b>16,785.38</b>	<b>1,267.98</b>	<b>18,053.36</b>
		<i>11,196.06</i>	<i>1,408.89</i>	<i>12,604.95</i>
4	Capital Expenditure	<b>6,311.02</b>	<b>48.79</b>	<b>6,359.81</b>
		<i>1,977.52</i>		<i>1,977.52</i>

**NOTE:**

- Figures in italics are for Previous year.
- Segments have been identified in line with AS on Segment Reporting ( AS-17 ) taking into account the organisational structure, nature of product and differential risk and returns of these segments. The primary operations of the Company relate to manufacture of Steel Pipes. Other Business segment comprises of mainly manufacture of Cold Rolled Strips.
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The income and expenses which not directly relatable to the business segment, are shown as unallocated corporate cost. Segment Assets and Liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

**4. Total Unallocable assets exclude :**

	<b>As at 30<sup>th</sup> Sep. 2003 (Rs. in Lacs)</b>	<b>As at 30<sup>th</sup> Sep. 2002 (Rs. in Lacs)</b>
Investments	2,538.32	3,557.26
Miscellaneous Expenditure	2.21	15.53
	<u>2,540.53</u>	<u>3,572.79</u>
Total Unallocable Liabilities exclude :		
Secured Loans	26,953.31	30,572.83
Unsecured Loans	14,563.40	15,634.73
Deferred Tax Liability (Net)	4,409.02	4,528.41
	<u>45,925.73</u>	<u>50,735.97</u>

**20. Deferred Tax Liability (Net)**

<b>PARTICULARS</b>	<b>Deferred Tax Liability/ Assets as at 1.10.2002 (Rs in lacs)</b>	<b>Current Year Charge / ( Credit) (Rs in lacs)</b>	<b>Deferred Tax Liability/ Assets as at</b>
			<b>30.09.2003 (Rs in lacs)</b>
A) Deferred Tax Liability			
Difference between book and tax depreciation	4590.07	88.85	4678.92
<b>Total Deferred Tax Liability</b>	4590.07	88.85	4678.92
B) Deferred Tax Assets			
1 Disallowance under Income Tax Act	7.48	152.36	159.84
2 Provision for Diminution in Investments	54.18		54.18

## CONSOLIDATED FINANCIAL STATEMENTS

### Schedule

PARTICULARS	Deferred Tax Liability/ Assets as at 1.10.2002 (Rs in lacs)	Current Year Charge / ( Credit) (Rs in lacs)	Deferred Tax Liability/ Assets as at 30.09.2003 (Rs in lacs)
3. Long Term Capital Loss	-	55.88	55.88
Total Deferred Tax Assets	61.66	208.24	269.90
Deferred Tax Liability	4528.41	(119.39)	4409.02
<b>( Net ) ( A-B )</b>			

21. Detail of Pre operative expenses Pending allocation on completion of the projects is as under:

Detail of Pre-operative Expenses	(Rs. In lacs) CURRENT PERIOD	(Rs. In lacs) PREVIOUS PERIOD
Raw Material Consumption	53.36	-
Power & Fuel	23.20	31.01
Salary, Wages & Other Benefits	102.25	80.58
Contribution to Provident & other funds	4.43	5.50
Workman & Staff Welfare	4.02	5.41
Insurance Expenses	-	0.59
Travelling & Conveyance	7.20	0.91
Interest and bank charges	50.04	0.08
Miscellaneous Expenses	7.27	0.38
<b>Total</b>	<b>251.77</b>	<b>124.46</b>
Less: Closing Stock of Finished good	35.98	-
	<b>215.79</b>	<b>124.46</b>
<b>Add: Preoperative expenses brought forward</b>	<b>112.96</b>	<b>9.54</b>
	<b>328.75</b>	<b>134.00</b>
Less: Capitalised during the year	301.97	21.07
<b>Pre-operative Expenses Carried Over</b>	<b>26.78</b>	<b>112.96</b>

22. One of the subsidiary of the Company is incorporated outside India and as such functions in a different regulatory environment. Detailed notes on accounts and accounting policies followed by the subsidiaries and holding company are disclosed in their respective financial statements annexed in this annual report.

23. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statement. Previous year figures are regrouped/rearranged wherever considered necessary.

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

## Cash Flow Statement

DESCRIPTION	12 Months Ended Sept. 30, 2003 (Rs. in lacs)	15 Months Ended Sept. 30, 2002 (Rs. in lacs)
<b>A. CASH INFLOW(OUTFLOW) FROM THE OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ACTIVITY	10584.24	4617.30
Adjustments for:		
Add/(Less)		
Depreciation	2,020.22	1,918.67
Misc. expenses written off during the year	13.31	157.92
Other income(Dividend)	(164.33)	(161.52)
Interest Paid	3,569.27	6620.16
Loss on sale of fixed assets	17.42	8.34
Provision for diminution in value of investment		258.00
Foreign Exchange Fluctuation	(12.36)	8.42
Interest Received	(1,307.48)	(1,823.58)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4136.05</b>	<b>6986.41</b>
	<b>14720.29</b>	<b>11603.71</b>
Adjustments for:-		
Inventories	(1,337.99)	4,818.96
Sundry debtors	(6,689.02)	(5,990.88)
Other current assets	853.85	(2,373.16)
Current liabilities	3,384.92	(3,771.31)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(3,788.24)</b>	<b>(6,316.39)</b>
Tax Paid	10932.05	5,287.32
	(1,187.45)	(286.52)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9,744.60</b>	<b>5,000.80</b>
<b>CASH INFLOW/(OUTFLOW)FROM INVESTMENT ACTIVITIES</b>		
(Increase)/Decrease in Investment	2,386.29	892.40
Capital expenditure	(6,359.81)	(1,977.52)
Sale proceeds of fixed assets	15.78	5.00
Loans & Advances	308.03	(41.45)
Misc Expenditure		1,493.85
Interest Received	988.62	919.58
Dividend Received	204.90	34.01
<b>NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES</b>	<b>(2456.19)</b>	<b>1325.87</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Cash Flow Statement

#### C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES

Dividend paid	(675.45)	(589.60)
Interest paid	(3,595.61)	(6,647.23)
Dividend Tax Paid	-	(60.42)
Working Capital loans from banks	(4,257.72)	1,505.81
Increase/(Decrease) in secured loans	1,274.45	(4,940.59)
Increase/(Decrease) in fixed deposits	1,050.15	(566.35)
Increase/(Decrease) in unsecured loans	(1,961.43)	3,305.85
Redemption of Preference Shares	(750.00)	(750.00)
NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES	<u>(8,915.61)</u>	<u>(8,742.53)</u>
NET CHANGES IN CASH & CASH EQUIVALENT	<u>(1627.20)</u>	<u>(2415.86)</u>
Cash and cash equivalent as at 01.10.2002 (opening balance)	4161.97	6,577.83
Cash and cash equivalent as at 30.09.2003 (Closing balance)	2534.77	4,161.97

#### NOTE:

- Cash flow has been derived from the individual cash flow of the parent and its subsidiaries after making necessary adjustments.
- Cash and cash Equivalent includes Cash and Bank Balances only.
- Increase/Decrease in secured and unsecured loans are shown net of repayments.
- Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.

As per our report of even date attached

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

Place : New Delhi  
Dated : 31<sup>st</sup> October, 2003

**P.R. JINDAL**  
Chairman

**SUNIL JAIN**  
Company Secretary

**SMINU JINDAL**  
Managing Director

**NEERAJ KUMAR**  
Director (Finance) & CFO

**PURSHOTTAM LAL**  
**A.J.A. TAURO**  
**MOOSA RAZA**  
**M.K. TANDON**  
**KULDIP BHARGAVA**  
**H.S. CHAUDHARY**  
Directors

## Key Financial Indicators

	(Rs. In Lacs except as otherwise stated)				
	2002-03 12 Months	2001-02 15 Months	2000-01 12 Months	1999-00 12 Months	1998-99 12 Months
<b>INCOME STATEMENT</b>					
Gross Sales & Other Income	80699.08	75731.18	40373.76	31338.10	36430.83
Net Sales & Other Income	69502.67	74994.73	36793.16	29330.93	34548.25
Operating Profit (PBIDT)	16094.63	13183.85	10245.60	5816.74	8495.38
Profit After Tax (PAT)	7607.69	4233.73	2934.91	1182.09	2815.97
Cash Profit	9450.16	6398.00	4428.13	2563.02	4086.40
<b>BALANCE SHEET</b>					
Gross Block	40696.69	35122.49	34132.92	30698.68	30110.10
Net Block	27931.78	24575.94	25557.25	23628.94	24417.95
Share Capital					
Preference		750.00	1500.00	1500.00	1500.00
Equity	3897.97	3897.97	3897.97	3897.97	3897.97
Net Worth	35820.04	30511.38	32506.99	30248.79	29729.01
Borrowings	21118.08	22562.62	23886.11	24311.75	28110.14
<b>SIGNIFICANT RATIOS</b>					
Operating Profit to Net Sales	19.94	17.58	27.85	19.83	24.59
Debt Equity Ratio	0.59	0.74	0.73	0.80	0.95
Return on Capital Employed	18.62	18.82	13.83	8.43	11.75
Return on Net Worth	21.24	13.88	9.03	3.91	9.47
<b>PER EQUITY SHARE (In Rs.)</b>					
Book Value (Rs.)	91.89	76.35	79.54	73.60	72.42
EPS (Rs.)	91.41	10.32	6.91	2.44	6.65
Dividend Rate	25%	15%	10%	10%	10%

## Board Of Directors



Mr. Moosa Raja



Mr. M.K. Tondoni



Mr. Kuldip Bhargava



Mr. H.S. Chaudhary



Mr. A.J.A. Tauru



Mr. Purshottam Lal

## Key Executives



Mr. Neeraj Kumar  
Director Finance & CFO



Mr. H.S. Bedi  
Director Technical



Mr. P. Sharma  
President Marketing



Mr. A.J. Vora  
President Nasik Ops



Mr. Sunil Trehan  
President Marketing

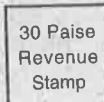


### SAW PIPES LIMITED

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

I/we ..... of ..... in the  
District of ..... being a member/of .....  
the above named Company hereby appoint .....  
of ..... in the district of .....  
..... of failing him .....  
of ..... in the district of .....  
as my/our proxy to attend and vote for me/us behalf at the Annual General Meeting of the Company to be held on  
Saturday, the 29th day of November, 2003 at 11.30 A.M. at A-1, UPSIDC Indl. Area, Nandgaon 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 11.30 A.M. on 27th November, 2003.

#### 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 19th Annual General Meeting of the Company at A-1 UPSIDC Indl. Area,  
Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.) - 281403 on 29th day of November, 2003.

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. \*Please bring the proof of your shareholding.

\*Applicable for investors holding shares in electronic mode.

#### SAW PIPES LIMITED

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

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

