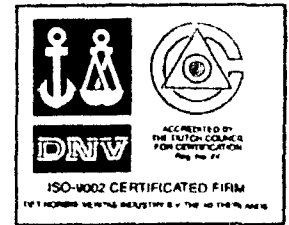


MD			BKC	✓
CS	✓		DP	NA
RO	✓		W	✓
TRA	✓		AC	✓
AGM	✓	✓	Shi	✓
YE		✓		✓



# *10th Annual Report 1996-97*



**PSL HOLDINGS LIMITED**



# DET NORSKE VERITAS QUALITY SYSTEM CERTIFICATE

Certificate No. QSC - 6146

*This is to certify that  
the Quality System  
of*

## PSL HOLDINGS LIMITED (PIPE COATING DIVISION)

at  
Daman (UT), India  
Sites at Daman, Visakhapamam, Kandla, Panipat & Chennai

*Has been found to conform to the Quality System Standard:*

ISO 9002, 1994

*This Certificate is valid for the following product or service ranges:*

1 ANTI CORROSION COATING OF LINEPIPS WITH COAL TAR ENAMEL, 2 OR 3 LAYER  
POLYETHYLENE, POLYPROPYLENE, POLYURETHANE, FUSION BONDED EPOXY,  
CONCRETE WEIGHT COATING, INTERNAL COATING WITH LIQUID EPOXY, CEMENT  
MORTAR LINING

2 MANUFACTURE OF OUTER WRAP AT DAMAN

*Place and date:*  
Rotterdam, April 26th, 1997

*for the Accredited Unit:*  
DNV CERTIFICATION B.V.,  
THE NETHERLANDS

*Ron J. Meijer*  
Management Representative



Accredited  
by the RvA

*This Certificate is valid until:*  
April 26th, 2000

*Original Certification date:*  
April 26th, 1997

*A B S Kumar*  
Lead Auditor

Lack of fulfilment of conditions as set out in the Appendix may render this Certificate invalid.

DOCNO. CERTUS 9716

DNV CERTIFICATION B.V. Haasrechtstraat 7, 3079 DC Rotterdam, The Netherlands. TEL.INT.: +31 10 2922 688, FAX: +31 10 4796 768

**BOARD OF DIRECTORS****BOARD OF DIRECTORS**

**Shri Y.P. Punj**—*Chairman*

**Shri Ashok Punj**—*Managing Director*

**Shri Alok Punj**

**Shri M.M. Mathur**

**Shri G.S. Sauhta**

**Shri R.K. Bahri**

**Shri D.N. Sehgal**

**VICE PRESIDENT & COMPANY SECRETARY**

Shri G. Gehani

**REGISTERED OFFICE**

Kachigam, Nani Daman  
Union Territory of  
Daman & Diu - 396 210.

**CORPORATE OFFICE**

386, Veer Savarkar Marg  
Prabhadevi, Mumbai - 400 025.

**MARKETING OFFICE**

"PSL HOUSE" B-96  
Greater Kailash-I  
New Delhi-110048.

**LEGAL & PROJECT OFFICE**

N-161, 4th & 5th Floor  
Thapar House, Commercial Complex  
Gulmohar Enclave  
New Delhi-110049.

**PLANT SITES**

1. Kachigam, Daman-369210
2. Plot No. 4 & 5, Sector 12  
Industrial Area  
Gandhidham, Kandla.
3. Village Khotpura, Barsat Road, Panipat.
4. Survey No.175, 177, 209, 210  
Auto Nagar, Gurampalem,  
Near Pendurthi, Vishakhapatnam  
Andhra Pradesh.
5. Village Thakuron Ki. Dhani,  
Near Village Tatera, Shahpura, Jaipur.
6. Vayavoor (Village),  
Madurantakam Taluka  
Chengai - MGR District, Tamil Nadu.
7. Flat No. 1, Ground Floor,  
Shreya Apartments  
Tapovan Colony, Palace Road  
Jamnagar-361008

**PRINCIPAL BANKERS**

ICICI Banking Corporation Ltd  
Deutsche Bank Limited  
HDFC Bank Limited  
Hongkong Bank  
Global Trust Bank Ltd.  
State Bank of India  
Punjab National Bank

**AUDITORS**

Suresh C. Mathur & Co.  
Chartered Accountants  
New Delhi.

**INTERNAL AUDITORS**

R. Devarajan & Co.  
Chartered Accountants  
Mumbai.

**REGISTRAR & TRANSFER AGENTS**

"Karvy House"  
46, Avenue-4  
Street No. 1, Banjara Hills  
Hyderabad-500084.

**NOTICE**

TO ALL SHAREHOLDERS,

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held on Thursday the 26th Feb '98 at 10.00 A.M. at "Hotel Maharaja (Opp. Police Station), Kachigam, Nani Daman in Union Territory of Daman & Diu where the Company's Registered Office is situated, to transact the following businesses :-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as on 30th Sept. '97 and Profit & Loss Account for the period ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year 1996-97.
3. To appoint a Director in place of Sh. Alok Punj who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. D. N. Sehgal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors for holding the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this connection to consider and if thought fit to pass with or without modification the following Resolution as an "Ordinary Resolution".

"RESOLVED THAT M/s. Suresh C. Mathur & Co. Chartered Accountants, New Delhi be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board plus reimbursement of actual travelling and other incidental expenses incurred in connection with the audit."

By Order of the Board of Directors  
For PSL HOLDINGS LIMITED

**Regd. Office:**  
Kachigam  
Nani Daman  
Union Territory of  
Daman & Diu - 396 210.

Sd/-  
(G. GEHANI)  
Vice President &  
Company Secretary

Dated : January 19, 1998

**NOTICE****NOTES**

1. Pursuant to a Special Resolution passed by the share holders in their last Annual General Meeting held on 12th September, 1996 the Registered Office of the Company was shifted from New Delhi to Daman in terms of the said Resolution duly confirmed by Company Law Board vide its Order dated 22nd April, 1997.
2. The Audited Balance Sheet and Profit & Loss Account for the Financial Year 1996-97 enclosed herewith pertain to 18 months period commencing from 1/4/96 and ending on 30/9/97. Necessary approval from the Registrar of Companies for extension of the said Financial Year was duly obtained on 3rd April, 1997.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.
4. The Register of members and Share Transfer books of the Company will remain closed from Thursday, the 19th February, 1998 to Thursday, the 26th February, 1998 (both days inclusive).
5. Dividend on shares, as recommended by the Board of Directors, if declared at the meeting, will be paid to those share holders whose names appear in the Register of Members as on 26th February, 1998.
6. Members are requested to immediately intimate to the Company or its Share Transfer Agents, changes if any, in their Registered Address, at an early date.
7. For convenience of Members, an attendance slip is annexed to the proxy form. Members/Proxies are requested to affix their signatures at the space provided therefore and handover the attendance slip at the place of meeting. The Proxy of a Member should mark on the attendance slip as "Proxy".
8. Members who have not yet paid allotment money (as applicable) are requested to pay the outstanding amount together with interest calculated thereon at the rate of 18% per annum from the last date of payment till the actual date for payment by a Demand Draft drawn in favour of "PSL PUBLIC ISSUE-ALLOTMENT MONEY", payable at Mumbai.
9. Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at Registered Office, so as to reach at least 7 days before date of the Meeting, so that the required information can be made available at the Meeting.
10. Members are requested to quote folio numbers in all their correspondence with the Company and/or its Share Transfer Agents.
11. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the Meeting.
12. Shareholders who have not paid their allotment money and their proxies if appointed, are not entitled to vote at the Annual General Meeting in accordance with Company's Articles of Association.
13. Those Members who have not so far encashed their dividend warrants for the accounting year ended on 31.03.96 may immediately approach the Company with their dividend warrants for revalidation.
14. Members who have multiple registered folios in identical order of name(s) are requested to write to the Company quoting their Registered Folio numbers and enclosing their share certificates for consolidation of all such share holding into one Registered Folio to facilitate better service.

# DIRECTORS' REPORT



To  
The Members of  
PSL Holdings Ltd.

Your Directors have pleasure in presenting this 10th Annual Report on the affairs of your Company for the Financial Year ended on 30th September, 1997.

## REGISTERED OFFICE

In accordance with a decision taken by shareholders in the 9th Annual General Meeting of the Company to shift the Registered Office from New Delhi to Daman in order to manage the Company's operations more conveniently and economically, keeping in view the existence of Company's factories in Daman, a petition was filed with Company Law Board which accorded its approval for the said shifting by way of its order in April, 1997. After fulfillment of the various formalities prescribed under law the Company recently shifted its Registered Office to Daman.

## FINANCIAL RESULTS

The financial results for the year are as follows :

	This Year (Rs./lacs)	Previous Year (Rs./lacs)
Income	7275.66	7188.37
Net Profit before Depreciation and interest was	2202.85	1841.58
After Deducting interest of	416.19	191.72
And Depreciation of	874.00	446.51
The Profit for the year before Taxation Provision amounts to	912.66	1203.35
From which is deducted a taxation provision of	45.00	301.48
Leaving thereby a Net Profit of	867.66	901.87

Which Your Directors have recommended to be appropriated as follows :

a) Transfer to General Reserves	86.80	90.19
b) Proposed Dividend	332.05	241.11
		(subject to tax)
c) Tax on Dividend	33.20	—
Thereby leaving a Balance for carrying over to next year's account	415.61	570.58

The period under review, reflects a general slow down in the business environment, experienced in 1996-97 by Industry in particular and the Indian economy in general. Despite this recessionary trend, your Company has successfully maintained its level of performance when compared with the previous accounting period. In particular, a concerted effort has been made to maintain profitability ratios at the levels of 1995-96, despite there being considerable pressure on margins, due to the general slow down.

The Financial Year 1996-97 under the report comprises of a period of 18 months commencing from 1st April, 1996 to 30th September, 1997. The extension of the said Financial Year was duly approved by the Registrar of Companies

who accordingly also accorded permission for extension of the time for holding the Annual General Meeting.

## DIVIDEND

Since the Company has been able to maintain the same profitability level as in the previous year, your Directors have deemed it proper to recommend same rate of Dividend of Rs.2.50 per share as in the previous year. However, since the period under report comprises of a longer period of 18 months, your Directors recommend a Special Dividend of Re.1.00 per share thus making a total Dividend of Rs. 3.50 per share for the Financial Year under review.

If approved by the shareholders at the forthcoming Annual General Meeting the said dividend shall be payable on 96,44,280 equity shares subject to adjustment of the dividend payable on the shares on which allotment money is still in arrears towards the sum of money presently payable on such shares, in accordance with Article 59 of the Articles of Association of the Company.

## OPERATIONS

During the period under review, your Company was successful in securing the prestigious Contract of RELIANCE REFINERY PROJECT at Jamnagar. Awarded under stringent BECHTEL specifications and prequalifications, this Contract valued at Rs. 57 Crore, required the Company to set up its sixth coating facility at Jamnagar, to service the pipe coating requirements of the Refinery.

It further required your Company to source new and diverse technologies to meet specifications of pipe coating, being implemented for the first time in India.

Your Directors are pleased to report that your Company successfully met all the client's requirement, set up the facility during the course of the period under review and commenced coating work to the satisfaction of M/s BECHTEL and RELIANCE. Confirmation of this has recently been received in the Certificate issued by RELIANCE/BECHTEL, which is reproduced elsewhere in the Annual Report, for your perusal.

Your Company has therefore, reiterated its commitment to provide exceptional time bound and high quality service to its customers in the Oil & Gas Sector.

## 1. PIPE COATING DIVISION

In other pipe coating activities during the period under review, your Company successfully completed the ongoing BOMBAY-MANMAD and VIZAG-VIJAYAWADA Projects of BPCL and HPCL respectively.

Including the new coating facility at Jamnagar, your Company currently has coating facilities at six locations all over the country in order to provide efficient, localised coating facilities for pipelines to its clients.



# DIRECTORS' REPORT



## 2. REBAR DIVISION

Having successfully completed supplies to its first marine jetty project at Hazira, the Rebar Division of the Company is well positioned to receive orders from the various new Port and Jetty Projects being planned in the various coastal states of India. Similarly, its successful supplies to the Flyovers in and around Mumbai shall enable the Company to cater to the large number of such installations envisaged under the National Highway Programme being considered in the Private/Joint Sector.

## 3. INDUCTION BENDING AND C.P. DIVISION

Continuously expanding its range of services on offer to the Oil & Gas Industry, your Company has successfully commenced operations of its Induction Bend manufacturing unit at Kandla. Sourcing technology from M/s SIM of South Korea, your Company has, during the period under review commenced supply of Induction Bends which previously, were sourced by clients exclusively from Belgian or South Korean Companies. Induction Bends for pipes of diameters greater than 12" which were not manufactured in India prior to 1996. Your Company's range of supply extends from 4" diameter pipes to 42" diameter pipes and steps are being taken to raise this to include 48" diameter pipes. This newly constituted division shall aggressively pursue a wide range of products and services to cater to the Oil and Gas Construction Sector in India of particular interest to your Company, is the segment likely to expand rapidly in the coming years catering to several proposed LNG Terminals. All such Terminals shall require both Induction Bends and extensive Cathodic protection.

## 4. RAW MATERIALS AND ANCILLARY DIVISION

This division of your Company has been successful in getting EIL Certification and DNV Approval for its Outerwrap product used for pipe coating. This has resulted in supply of over 200,000 Square meters of this product of the division to various prestigious pipeline projects.

## 5. E.P.C. & M. DIVISION

The Engineering and Construction Division has successfully completed one turnkey construction assignment and is currently in the process of installing and commissioning its second SPIRAL PIPE MILL Project at Chennai and Kandla respectively. In addition, technology linkages were established by the Division with four overseas Companies to serve your Company's continuous thirst for State-of-the-art technology in Oil field services. These linkages are indicated in the BECHTEL Certificate for the Company's Jamnagar Project, reproduced elsewhere in the Annual Report.

## 6. CONSTRUCTION EQUIPMENT DIVISION

This division of the Company was successful in securing Orders and effecting turnkey supplies of 18 Nos. mobile Cranes of various sizes, during the period under review. Your Company continues to enjoy an excellent working relationship with CORMACH of Italy. Suppliers of components for these mobile cranes.

## ISO 9002

In compliance with your Company's determination to achieve an uniform high quality and a consistency of operation in all its units, it has been successful in obtaining ISO-9002 Certification for all its Pipe Coating Units in India making it one of the few Companies to have such universal Certification for all its operations. A copy of this Certificate is reproduced in this Annual Report.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the relevant Articles of Association, Sh. Alok Punj & Sh.D.N. Sehgal, Directors, retire by rotation at the forthcoming Annual General Meeting but being eligible they offer themselves for re-appointment.

## AUDITORS

M/s. Suresh C. Mathur & Co., Chartered Accountants, who are currently Company's Statutory Auditors retire at the conclusion of this Annual General Meeting and being eligible for re-appointment have expressed their willingness to be re-appointed as Statutory Auditors of the Company. Your Directors recommend their re-appointment.

## AUDITORS' REPORT

The notes to the accounts referred to in Auditors Report are self-explanatory and therefore do not call for any further comments.

## INDUSTRIAL RELATIONS

The excellent cordial and harmonious human relations at all levels of the Organisation continued unabated during the period under review.

## ENERGY TECHNOLOGY AND FOREIGN EXCHANGE

Details of Energy Conservation and Foreign Exchange earnings and outgo, in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Company's disclosure of particulars in the Report of Board of Directors Rules 1988, is given in Annexure to the Directors' Report.

## PARTICULARS OF EMPLOYEES

Particulars of information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Company's (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to the Director's Report.

## COMPLIANCE OF LISTING AGREEMENTS

1. Although the provision contained in Section 219 of the Companies Act, 1956 enables the Company to send an abridged version of Company's Balance Sheet and Profit & Loss Account etc., your Company in order to comply with Clause 32 of the listing agreement executed by it with different stock exchanges, is sending herewith the full version of the aforesaid documents alongwith various documents which are required to be attached with them to all the shareholders of the Company.