

PSL Limited



Global Vision



17th Annual Report 2004-05



Load out operation under Progress at Kandla Port : MUT Project

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Bird's Eye View of Offshore Heavy Coated Pipes for ONGC

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Existence



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
Shri Prakash Vinayak Apte
Shri N.C. Sharma

SENIOR VICE PRESIDENT & COMPANY SECRETARY

Shri G. Gehani

STATUTORY AUDITORS

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

SHARE TRANSFER AGENTS

(Both for physical as well as electronic shares)

Karvy Computershare Private Limited
 "Karvy House" 46, Avenue 4, Street No. 1
 Banjara Hills, Hyderabad - 500 034

SUBSIDIARY COMPANY

PSL Corrosion Control Services Limited
 B-96, Greater Kailash -I
 New Delhi - 110 048

PRINCIPAL BANKERS

— ICICI Bank Limited
 — State Bank of India
 — Standard Chartered Bank
 — Export Import Bank of India
 — IDBI Bank Limited
 — UTI Bank Limited
 — ING Vysya Bank Limited
 — Global Trust Bank Limited
 — BNP Paribas
 — Oriental Bank of Commerce
 — State Bank of Patiala
 — State Bank of Hyderabad

Existence



REGISTERED OFFICE

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

CORPORATE OFFICE

- PSL Towers,
615, Makwana Road,
Marol, Andheri (E)
Mumbai - 400 059

MARKETING OFFICES

- "PSL HOUSE"
B-96, Greater Kailash – I,
New Delhi - 110 048
- Meridian House, 8/2, Montieth Lane,
Egmore, Chennai - 600 008

LEGAL & SECRETARIAL OFFICE

- 3rd Floor, 'Punj House',
M-13 A, Connaught Circus,
New Delhi - 110 001

PLANTS

PIPE MILLS & PIPE COATING YARDS

- Kachigam, **Daman**,
Union Territory of Daman & Diu - 396210
- Survey No. 35 & 37, Varsana,
Anjar, Distt. **Kutch, Gujarat**
- Survey No. 38/1, 38/2, 39, 40 & 42, Varsana,
Anjar, Distt. **Kutch, Gujarat**
- Village Nani Chirai,
Taluka Bhachau, Distt. **Kutch, Gujarat**
- Kandla Road, Gandhidham,
Dist. **Kutch, Gujarat**
- No. 22, Vaiyavur, Taluka **Maduranthakam**,
Distt. Chengai MGR, **Tamil Nadu**
- Industrial Development Area,
Gurrampalan, Near Pendurthi,
Vishakhapatnam, Andhra Pradesh
- Survey No. 124, Khadat,
Pilwai, Towards Mahudi Road
Taluka - **Mansa**
District - Gandhinagar-382 855, **Gujarat**

OTHER PLANTS

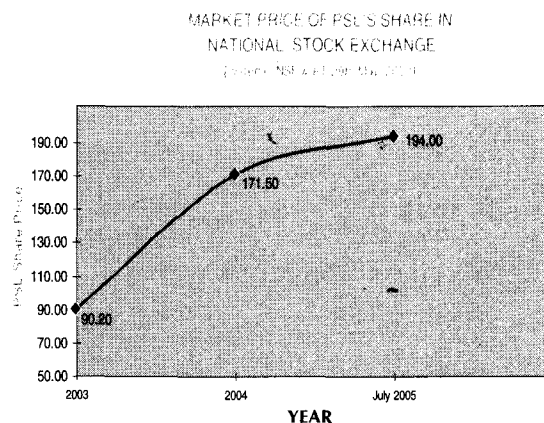
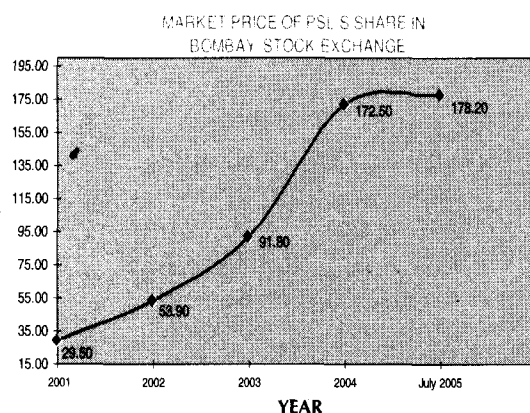
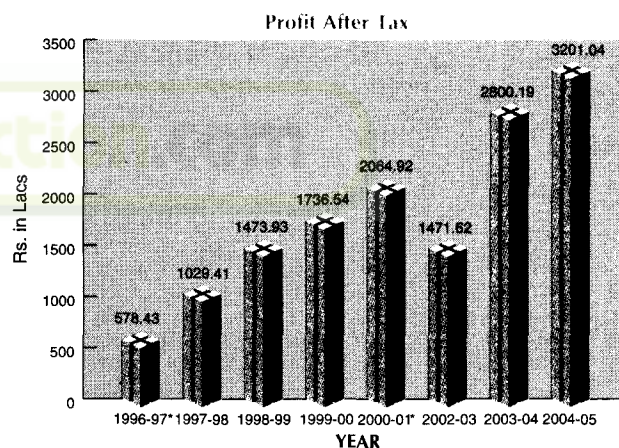
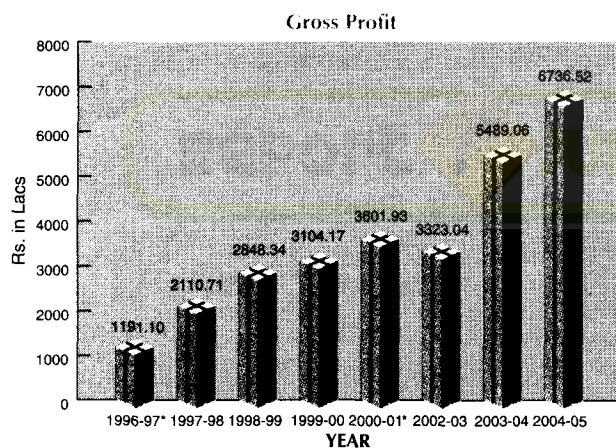
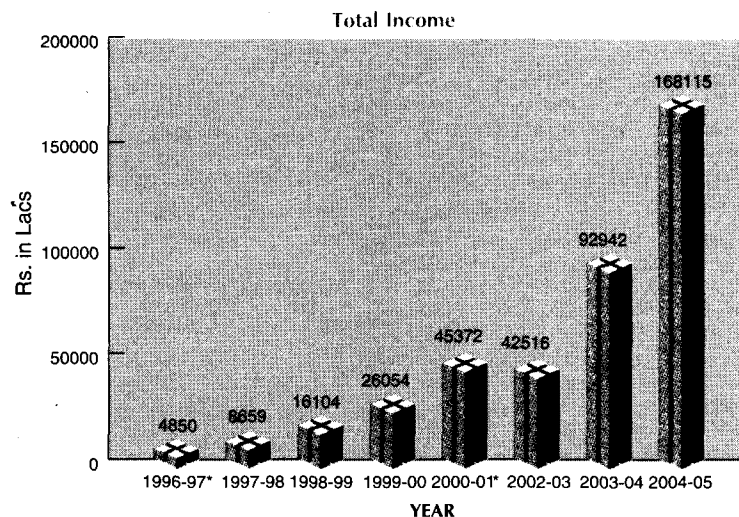
REBAR COATING DIVISIONS

- No. 22, Vaiyavur, Taluka **Maduranthakam**,
Distt. Chengai MGR, **Tamil Nadu**
- Industrial Development Area,
Gurrampalan, Near Pendurthi,
Vishakhapatnam, Andhra Pradesh

ANODES & PIPE BENDS DIVISION

- Plot No.4 & 5, Sector 12/B, Kandla Road,
Gandhidham, Distt. **Kutch, Gujarat**

The Growth Paradigm



* The data for these financial years has been annualised since the said financial years comprised of 18 months period

Financial Snapshots



Last Eight Years at a Glance

(Rs. in Lacs)

PARTICULARS	2004-2005	2003-04	2002-03	2000-01**	1999-2000	1998-99*	1997-98	1996-97**
Total Income	168115.00	92942.05	42516.39	45371.54	26054.06	16103.82	8659.12	4850.10
Total Expenditure	157765.84	84505.77	36261.96	39665.00	21341.12	12174.88	6296.79	3381.87
Operating Profit	10349.16	8436.28	6254.43	5706.54	4712.94	3928.94	2362.33	1468.56
Interest	3612.64	2947.22	2931.39	2104.60	1608.77	1080.60	251.62	277.45
Gross Profit	6736.52	5489.06	3323.04	3601.93	3104.17	2848.34	2110.71	1191.10
Depreciation	2335.48	1638.86	1601.42	1125.67	1102.62	1246.88	720.44	582.66
Profit Before Tax	4401.04	3850.19	1721.62	2476.26	2001.54	1601.46	1390.27	608.43
Taxation	1200.00	1050.00	250.00	411.33	265.00	127.53	360.86	30.00
Profit After Tax	3201.04	2800.19	1471.62	2064.92	1736.54	1473.93	1029.41	578.43
Dividend Rate	45%#	50%	40%	40%	35%	35%	35%	23.33%
Equity	2892.07	2892.02	2892.02	2892.02	2892.02	2892.02	948.71	948.71
Reserves	13866.66	13861.20	13303.66	13144.16	12108.96	11528.25	6952.36	6286.74

* Post Merger with PSL International Limited

** The data for these financial years has been annualised since the said financial years comprised of 18 months period

Subject to Shareholders' Approval

Notice



To,
the Members of,
PSL LIMITED

Notice is hereby given that **Seventeenth Annual General Meeting** of the Company will be held on Thursday, the 29th September, 2005 at 9.30 A.M. at "Cidade de Daman, Devka Beach, Nani Daman, in Union Territory of Daman & Diu," to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March 2005 and Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare the Dividend for the Financial Year 2004-05.
3. To appoint a Director in place of Shri R. K. Bahri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Y.P. Punj, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri M. M. Mathur, who retires by rotation and being eligible offers himself for re-appointment.
6. 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 of Directors plus reimbursement of actual travelling and other incidental expenses incurred in connection with the audit."

SPECIAL BUSINESS

7. ENHANCEMENT OF BORROWING POWERS

To consider and if thought fit to pass with or without modification the following Resolution as an **"Ordinary Resolution."**

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the Company hereby accords its consent to Board of Directors for borrowing any sum or sums of money from time to time from anyone or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bills discounting, issue of debentures or other securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licenses and properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) sundry debtors and work-in-progress and all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may 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, so that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs. 1000 crores (Rupees One Thousand Crores only) and the Board of Directors (including any Committee/s thereof) are hereby authorised to execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings containing such conditions and covenants as the Directors may deem fit."

By Order of the Board of Directors of
PSL LIMITED

Sd/-

(G. GEHANI)

Senior Vice President &
Company Secretary

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

Dated : 18th July, 2005

Explanatory Statement



NOTES:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of matters covered under "Special Business" is annexed hereto.
2. **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 DULY FILLED IN MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 22nd day of September 2005 to Thursday, the 29th day of September 2005 (both days inclusive).
4. The Final Dividend of Rs. 2.00/- per share recommended by the Board of Directors of the Company is in addition to the Interim Dividend of Rs. 2.50/- on each fully paid-up share declared and paid by the Board in January 2005. If the said Final Dividend is declared at the meeting, the same will be payable to the members/Beneficial owners whose names appear in the Company's Register of Members/Records of Depositories on Thursday, the 29th day of September, 2005.
5. Members who have not still paid allotment money (as applicable) are requested to pay the outstanding amount including the interest calculated on outstanding allotment money at the rate of 18% per annum from the last date of payment till 31st March 2001 and thereafter at the rate of 9% p.a. from 1st April, 2001 till the actual date for payment by a Demand Draft drawn in favour of **"PSL PUBLIC ISSUE-ALLOTMENT MONEY"**, payable at Mumbai.
6. Members desirous of getting any information in respect of Accounts of the Company and proposed Resolutions, are requested to send their queries in writing to the Company at its Registered Office, so as to reach at least Seven days before the date of the Meeting, to enable the company to furnish the required information at the Meeting.
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 hand over the attendance slip at the place of meeting. The Proxy of a Member should mark on the attendance slip as "Proxy".
8. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the Meeting.
9. Members who are holding Company's Shares in dematerialised form are required to bring details of their depository account number for identification.

EXPLANATORY STATEMENT

(In Compliance of Section 173(2) of the Companies Act, 1956)

ITEM NO. 7 ENHANCEMENT OF BORROWING POWERS

Section 293 (1) (d) provides for a power to Board of Directors of the Company to borrow money up to an amount, which is equivalent to the aggregate of paid-up capital of the Company and its free reserves. In a situation where the borrowings are likely to exceed the said limit, a prior consent is required from the Company in General Meeting. In our own case, the Company's shareholders in their last Annual General Meeting held on 23rd September, 2004 had authorised the Board to borrow up to an amount of Rs. 600 crores.

The Company's business during the year under review has substantially enhanced and such enhancement is likely to be witnessed during the current Financial Year also keeping in view not only the orders in hand but even those which are likely to be bagged in near future, there would be a sizeable need for increased long term funds. These funds would be required not only for establishment of new plants to cater to the increased demand for Company's products but even for expansion of existing facilities. In addition, apart from requirement of renovation of additional plants are afoot for setting up of production facilities outside the country. Such heavy requirements would entail raising of long term funds including foreign currency funds. The Resolution at Item No.7 seeking member's approval for enhanced borrowing limits to Rs.1000 Crores is a step in this direction.

None of the Directors is interested in this Resolution.

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

Dated : 18th July, 2005

By Order of the Board of Directors of
PSL LIMITED

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

ADDITIONAL INFORMATION

Information pertaining to Directors retiring by rotation and seeking reappointment at this Annual General Meeting

Particulars	Shri R. K. Bahri	Shri Y. P. Punj	Shri M. M. Mathur
Date of Birth	10 th September, 1942	27 th November, 1921	11 th September, 1936
Qualification	B.E. Mech.	B.A.	M.A. & diploma in Management
Expertise in specific functional area	General Management & Production	General Management	General Management & Marketing
Directorship held in other companies	-PSL Corrosion Control Services Ltd. -Eurocoustic Products Ltd.	-PSL Corrosion Control Services Limited -Eurocoustic Products Ltd. -BHI Limited -Punj International Pvt. Ltd. -Punj Investment Pvt. Ltd. -Broken Hills International Pvt. Ltd.	NIL

Directors' Report



To
The Members of
PSL Limited

Your Directors have pleasure in presenting this Seventeenth Annual Report of the Company to you together with the Audited Accounts for the Financial Year ended on 31st March 2005.

FINANCIAL RESULTS

The Financial Results for the year under review are as follows :-

	This Year (Rs./Lacs)	Previous Year (Rs./Lacs)
Total Income	168115.00	92942.05
Net Profit before depreciation and interest was	10349.16	8436.27
After deducting interest of	3612.64	2947.22
And depreciation of	2335.48	1638.86
The profit for the year before taxation provisions amounts to	4401.04	3850.19
From which is deducted a taxation Provision of	1200.00	1050.00
Leaving thereby a Net Profit of which your directors have recommended to be appropriated as follows :-	3201.04	2800.19
a) Transfer to General Reserves	320.00	300.00
b) Dividend Payment		
(i) Interim	722.23	724.23
Add : Tax	94.33	92.80
(ii) Final	581.55	726.94
(Proposed)		
Add:Tax	81.56	93.13
(Proposed)	663.11	820.07
c) Income Tax for earlier years	Nil	116.54
d) Provision for doubtful debts	Nil	488.90
Thereby leaving a balance of for carrying over to next year's account.	1401.38	257.55

ACHIEVEMENTS

During the year under review, your company achieved spectacular success, particularly in the area of Export Turnover which registered an increase to Rs.727 crores, a greater than 48 fold increase over the previous year which is practically unheard of. The Company's overall Net Sales continued to grow rapidly rising to Rs 1440 crores and registering a 62% growth over the previous year's Rs 890 crores.

The above growth was possible due both to an ongoing surge in infrastructure growth within the country, of which your company is an inseparable part, as well as, as a result of increased capacities, which your company has been consistently investing in over the past few years.

DIVERSIFICATION IN ACTIVITIES

Members are aware that the decision of the Company taken few years ago for diversifying from "Pipe Coating" activity to "Pipe Manufacturing" activity has indeed proved a good boon to Company's success in last few years. Being encouraged by such success your Company took a bold step during the year in bidding for supply and installation of a complete Pipe Mill in Kazakhstan and was eventually successful in bagging a project valuing approximately US \$ 9 Million from the renowned L. N. Mittal Group for supply of a Pipe Mill Plant and for supervision of erection and commissioning of the said Plants. This development, on one hand proves the faith that the Company's customers have in its technical capability and on the other has helped the Company in further diversification in a related field, which will eventually encourage the Company in bidding and bagging more such contracts from many other countries where Pipeline expansion projects are being accorded adequate priority.

FINANCING

Keeping in mind the ever increasing demand of Pipelines in oil, gas and water sector not only within the country but even in third

world countries such as Oman, Bangladesh, Sudan etc. your Company has planned to incur a capital expenditure of about Rs.300 Crores for substantial enhancement of production capacities both within and outside the country by installation of new Pipe Mills as well as expansion and renovation of the existing Mills. As borrowed funds of such magnitude would entail a heavy interest burden thereby directly reducing Company's profitability, efforts are being made to raise such funds at very low costs. Your Company has already initiated negotiations with certain foreign banks and international investing institutions for raising of U.S. \$ 40 Million through a Foreign Currency Convertible Bond (FCCB) Issue. Additional efforts are also on to identify such global investors who would be interested in investing in Company's equity on Preferential Allotment Basis at such attractive prices, which are well within the norms prescribed by SEBI for the purpose and also enough motivating to your Company for such Preferential Allotment.

All these steps would ultimately help in generation of the required long term funds at reduced cost of financing eventually resulting into increased profitability, which will help in maximization of shareholders wealth.

DIVIDEND

As has been the Company's practice in past years, your Board in its meeting held on 19th January 2005, after considering the unaudited results for the first three quarters of Financial Year 2004-05 declared and paid an Interim Dividend of Rs.2.50 for each fully paid equity share of Rs.10 each. After the approval of Annual Accounts for the full Financial Year 2004-05, while the Board, in its meeting held on 27th June 2005 was considering recommendation of the Final Dividend, it was felt in the interest of the Company as well as keeping in view the long term interest of its shareholders that due to reduced margins in the year under review the Final Dividend rate for the year under review should be marginally lower than the previous years when the margins were adequate. Hence a Final Dividend at the rate of Rs.2.00 per fully paid up equity share of Rs.10 each has been recommended to the shareholders for their declaration so as to constitute a 45% dividend in aggregate for the Financial Year 2004-05. Thus the Company would complete tenth successive year of Dividend payment ever since its maiden Public Issue in February 1995.

UNCLAIMED DIVIDEND

Since in accordance with statutory requirements the entire unclaimed Dividend outstanding for a period of seven years with a company is required to be transferred to an Investor Education and Protection Fund (IEPF) established by Central Government, your Company as a matter of good Corporate Governance, has been sending individual reminders to such shareholders whose dividend remains unclaimed for a long time to withdraw their dividend. However, since certain amounts for such dividends pertaining to 1994-95, 1995-96 & 1996-97 still remained unclaimed they had to be transferred to IEPF in accordance with the procedure prescribed by statute.

OPERATIONS

Members may note that your Company, with a view to manufacture and provide the Spirally Welded Steel Pipes for its different customers spread out across the country has consciously located its plants at strategic locations in the coastal areas of Western & Eastern India. Nine Pipe Mills each with an annual installed capacity of 75000 MT per annum have already been established at such locations thereby aggregating to 675000 MT annual installed capacity for the Company as whole. To meet the ever growing need of the pipes manufactured by the Company your Directors took a decision during the year to install a state-of-the-art Two Step Pipe Mill at Company's Varsana Plant with an annual installed capacity of 3 Lac MT. This mill when completely erected in near