



**Oil Country Tubular Ltd.**  
INDIA



Twenty Eighth Annual Report 2013-2014





<b>BOARD OF DIRECTORS</b>	Mr. K Suryanarayana Mr. Sridhar Kamineni Mr. K G Joshi Dr. T S Sethurathnam Mr. K V Ravindra Reddy Mr. A P Vitthal Datuk Syed Hisham Bin Syed Wazir	Chairman Managing Director Director Director Director Director Director
<b>COMPANY SECRETARY</b>	Mr. C S Rao	
<b>REGISTERED OFFICE</b>	“Kamineni”, 3 <sup>rd</sup> Floor King Koti Hyderabad – 500 001(A.P) Phone No: 040 – 24785555 Website : <a href="http://www.octlindia.com">www.octlindia.com</a> Email : <a href="mailto:demat@octlindia.com">demat@octlindia.com</a>	
<b>BANKERS</b>	Allahabad Bank Bank of Bahrain & Kuwait B.S.C. Indian Overseas Bank State Bank of Hyderabad	
<b>AUDITORS</b>	C K S Associates Chartered Accountants # 87 Nagarjuna, Road No: 3 Gagan Mahal Colony Hyderabad – 500 029 (A.P)	
<b>WORKS</b>	Sreepuram Narketpally Mandalam Nalgonda Dist – 508 254 (A.P.)	
<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	XL Softech Systems Limited 3, Sagar Society, Road No. 2, Banjara Hills Hyderabad – 500 034 Phone No: 040 – 23545913 Email: <a href="mailto:xlfield@gmail.com">xlfield@gmail.com</a>	

## NOTICE TO MEMBERS



Notice is hereby given that Twenty Eighth Annual General Meeting of Oil Country Tubular Limited will be held on Thursday, the 5<sup>th</sup> day of June 2014 at 10.00 A.M. at Taj Mahal Hotel, 2<sup>nd</sup> Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad - 500 001 to transact the following business.

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2014 and Balance Sheet as at that date together with Directors' Report and Auditors' Report thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) 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 sections 139 (2) and 142(1) of the Companies Act 2013 the retiring Auditors, M/s C K S Associates, Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company to hold office for a term of Three (3) years subject to ratification by members at every Annual General Meeting from the conclusion of this meeting until the conclusion of the Thirty First Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company from time to time.”

### SPECIAL BUSINESS:

- 4) To consider and if thought fit, to pass with or without modification, the following Resolution as Special Resolution.

**“Resolved that** pursuant to the Provisions of sections 196, 197 and 198, and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. K. Suryanarayana be and is hereby reappointed as Executive Chairman of the Company for a period of three years with effect from 20.01.2014 at a remuneration and upon terms and conditions as set out in the agreement placed before the meeting and initialed by the Chairman for the purpose of identification.”

**“Resolved further** the Board be and is hereby authorized to alter and vary the terms and conditions of the said agreement in such a manner as may be agreed to by the Board and Mr. K Suryanarayana but so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendment there to or enactments thereof, with effect from such date as may be decided by it.”

- 5) To consider and if thought fit, to pass with or without modification, the following Resolution as Special Resolution.

**“Resolved that** pursuant to the Provisions of sections 196, 197 and 198, and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. K G Joshi be and is hereby reappointed as Director of the Company for a period of three years with effect from 01.10.2013 at a remuneration and upon terms and conditions as set out in the agreement placed before the meeting and initialed by the Chairman for the purpose of identification.”

**“Resolved further** the Board be and is hereby authorized to alter and vary the terms and conditions of the said agreement in such a manner as may be agreed to by the Board and Mr. K G Joshi but so as not to exceed the limits specified in Schedule V of the Companies Act, 2013 or any amendment there to or enactments thereof, with effect from such date as may be decided by it.

- 6) To appoint a Director in place of Dr. T.S. Sethurathnam who retires by rotation and offers himself for reappointment and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

**“Resolved that** Dr. T.S. Sethurathnam, be and is hereby appointed as an Independent Director for a tenure of five (5) years in pursuant to the provisions of sections 149(4), 149(6) and 152 of the Companies Act 2013.”

- 7) To appoint a Director in place of Mr. K.V. Ravindra Reddy who retires by rotation and offers himself for reappointment and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

**“Resolved that** Mr. K. V. Ravindra Reddy, be and is hereby appointed as an Independent Director for a tenure of five (5) years in pursuant to the provisions of sections 149(4), 149(6) and 152 of the Companies Act 2013.”

### Regd. Office :

“Kamineni”, 3<sup>rd</sup> Floor,  
King Koti,  
Hyderabad - 500 001 (A.P.)  
Date: 24.04.2014

By Order of the Board of Directors

**C S RAO**  
COMPANY SECRETARY

## NOTICE TO MEMBERS



### Notes:

- 1) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself. A Proxy need not be a member of the Company. Instrument of proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
- 2) The Register of Members and Transfer Books of the Company will be closed from 2<sup>nd</sup> June to 5<sup>th</sup> June, 2014(both days inclusive)
- 3) The Dividend, if declared at the Annual General Meeting, will be paid on or after 5<sup>th</sup> June, 2014 to those persons or their mandates.
  - a) Whose names appear as Beneficial Owners as at the end of the business hours on 30<sup>th</sup> May, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
  - b) Whose names appear as member in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before 31<sup>st</sup> May, 2014.
- 4) Payments of Dividend through ECS.
  - a) Members holding shares in electronic form may please note that bank details as furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Services (ECS) as directed by the Securities & Exchange Board of India. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in electronic form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these members for change / deletion in such bank details.
  - b) Members holding shares in Physical form are advised to submit particulars of their bank account, Viz., Name and Address of the Bank Branch, 9 Digit MICR Code of the Branch, type of Account and Account Number latest by 31<sup>st</sup> May, 2014 to the Company or the Registrar and Transfer Agents.
- 5) Unclaimed dividend for the year(s) 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are held in separate Bank accounts and shareholders who have not received the dividend / encashed the warrants are advised to write to the Company with complete details.
- 6) Non-Resident Indian Shareholders are requested to inform the registrars, M/s.XL Softech Systems Limited immediately:
  - a) The change in the Residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
- 7) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 8) Pursuant to the Clause 49 of the Listing Agreement, additional information on Directors seeking appointment/ reappointment at the annual general meeting is provided in the Annual Report.
- 9) The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. As per the Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices /documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered email addresses of the shareholders.
- 10) In terms of Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is xlfield@gmail.com mentioning the Company's name i.e., OCTL, so as to enable the company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.

Notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address has been registered with the Company. Members who would like to receive such notices/ documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses :

- in respect of electronic shareholding - through their respective Depository Participants;
- in respect of physical shareholding - by sending a request to the Company's Share Transfer Agent at xlfield@gmail.com , mentioning therein the Company's name i.e., OCTL, their folio number and e-mail address.

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"Kamineni", 3<sup>rd</sup> Floor,  
King Koti,  
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Date: 24.04.2014

By Order of the Board of Directors

**C S RAO**  
COMPANY SECRETARY



Pursuant to Section 102 of the Companies Act, 2013

- 4) Mr. K Suryanarayana, aged 77 years is a Metallurgical Engineer from Banaras Hindu University. He worked in Rourkela Steel Plant as Production Engineer. He was trained in Kaiser Steel Works, Fontana California, USA in the Technology of Steel Making.

Mr. K Suryanarayana was appointed as Executive Chairman for a period of 3 years from 20<sup>th</sup> January, 2011 by the Board at the meeting held on 21<sup>st</sup> October, 2010 and approved by the Shareholders in the Annual General Meeting held on 28<sup>th</sup> May, 2011. His term expired on 19<sup>th</sup> January, 2014.

The Remuneration Committee has recommended the Appointment of Mr.K.Suryanarayana as Executive Chairman at the existing level, subject to the approval of the Shareholders in the next Annual General Meeting. He will be paid a remuneration and perquisites as recommended by the Remuneration Committee are detailed below within the limits prescribed under section 196, 197,198 and schedule V and other applicable provisions of the Companies Act, 2013 subject to overall ceiling fixed under Schedule V - Part II, Section I & II of Companies Act, 2013 amended from time to time.

Salary: ₹ 3,00,000/- Per Month

Commission : An amount equal to 5 (Five) percent of the Net Profit of the Company in each Financial Year computed in accordance with Section 198 of the Companies Act, 2013 including salary and perquisites.

**PERQUISITES:**

Contribution to Provident Fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and Encashment of leave at the end of the tenure.

If in any Financial Year, during the tenure of office of Mr. K Suryanarayana as Executive Chairman, the Company has inadequate Profits as computed under the applicable provisions of the Act, he shall be entitled to receive the aforementioned remuneration as the minimum remuneration as provided under the Act.

Your Directors recommend the Resolution for approval.

None of the Directors except Mr.Sridhar Kamineni, Managing Director who is related to Mr. K Suryanarayana are interested in the resolution.

- 5) Mr. K G Joshi aged 76 years is a qualified Engineer with Honours Degree with wide and varied experience. He worked in various senior positions in the Public Sector for over 32 years. He has been associated with the Company from inception. He was appointed as Director (Technical) from 27<sup>th</sup> June, 1997 and continuing in the same position till now. He was last appointed as a Director in the 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> May, 2011 for a period of 3 years w.e.f. 01<sup>st</sup> October, 2010 which term expired on 30<sup>th</sup> September, 2013.

The Remuneration Committee has recommended to the Board to approve Reappointment and Remuneration of Mr. K G Joshi, Director for a period of 3 years with effect from 1<sup>st</sup> October, 2013 subject to the approval of the shareholders in the next Annual General Meeting. He will be paid a remuneration and perquisites as recommended by the Remuneration Committee as detailed below within the limits prescribed under section 196, 197,198 and schedule V and other applicable provisions of the Companies Act, 2013 subject to overall ceiling fixed under Schedule V - Part II, Section I & II of Companies Act, 2013 amended from time to time.

Salary: ₹ 2, 50,000/- Per Month

COMMISSION : The amount equal to 1(one) percent of the Net Profit of the Company in each Financial Year computed in accordance with Section 198 of the Companies Act, 2013 including Salary and Perquisites.

## EXPLANATORY STATEMENT



In addition he will be entitled to PERQUISITES:

- 1) **HOUSING:** The Expenditure by Company on hiring furnished accommodation will be subject to a ceiling of 50% of the Salary. In case no accommodation is provided by the Company, the appointee shall be entitled to House rent allowance subject to the ceiling of 50% of the Salary. The expenditure incurred by the Company on gas, electricity, Water and furnishing shall be subject to a ceiling of 10% of the Salary.
- 2) **MEDICAL REIMBURSEMENT:** For Self and family, not exceeding one month's Salary in a year or 3 month's salary in a period of 3 years.
- 3) **LEAVE TRAVEL CONCESSION:** For Self and family, once in a year to and from any place in India in accordance with the Rules of the Company.
- 4) **CLUB FEES:** Club Fees subject to maximum of 2 Clubs, which will not include admission and life membership fees.
- 5) **PERSONAL ACCIDENT INSURANCE:** Premium not exceeding ₹ 2000/- per annum. Apart from the above, he will also be entitled to the following:
  - a) **PROVIDENT FUND, SUPERANNUATION AND GRATUITY:** Provident Fund, Superannuation and Gratuity as per rules of the Company, subject to the ceiling.
  - b) **CAR:** Company's car for business of the Company.
  - c) **TELEPHONE:** Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the Company.
  - d) **ENTERTAINMENT/TRAVELLING:** Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
  - e) **PRIVILEGE LEAVE:** One Month's leave on full pay and allowance, for every eleven months of service.
  - f) If in any Financial Year, during the tenure of office of Mr. K G Joshi as Director, the Company has inadequate Profits as computed under the applicable provisions of the Act, he shall be entitled to receive the aforementioned remuneration as the minimum remuneration as provided under the Act.

Your Directors recommend the Resolution for approval. None of the Directors are interested in the resolution.

- 6) Dr. T. S. Sethurathnam aged 85 years is a veteran from Indian Audit and Accounts Service of Government of India. He was associated with the Kandla port at the time of its construction as Financial Auditor before he joined the MPSEB. After retirement he served in Power Finance Corporation, Chairman of Bombay Suburban Electric Supply Company. He also served as Consultant to Houston Industries Ltd., US based electric supply and gas Company for its Indian Operations. He was Former Chairman of Madhya Pradesh Electricity Board. He is also a Director / Nominee Director in various Companies and has proven managerial and administrative capabilities. He is a Director on the Board of Directors of the Company for over 22 years.

In the opinion of the Board, Dr. T. S. Sethurathnam proposed to be appointed as an Independent Director fulfils the conditions specified in the section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management.

- 7) Mr. K V Ravindra Reddy aged 71 years is an expert in Corporate Legal affairs. He retired as Chief General Manager (Legal) in Andhra Pradesh Industrial Development Corporation and has rich experience in Corporate Business, Administration and Management. He is a Director on the Board of Directors of the Company for over 22 years.

In the opinion of the Board, Mr. K. V. Ravindra Reddy proposed to be appointed as an Independent Director fulfils the conditions specified in the section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.

## DIRECTORS' REPORT



### To the Members,

The Directors have pleasure in presenting before you the Twenty Eighth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

(₹ in Lakhs)

S. No	Particulars	2013-14	2012-13
1	Gross Income	35954.16	50460.24
2	Profit Before Interest and Depreciation	5488.14	9664.34
3	Finance Charges	1630.92	1742.56
4	Gross Profit	3857.22	7921.78
5	Provision for Depreciation	2005.81	1719.37
6	Net Profit Before Tax	1851.41	6202.41
7	Provision for Tax	809.68	2608.76
8	Net Profit After Tax	1041.73	3593.65
9	Balance of Profit brought forward	247.93	383.77
10	Balance available for appropriation	1289.66	3977.42
11	Proposed Dividend on Equity Shares	885.79	885.79
12	Tax on proposed Dividend	150.54	143.70
13	Transfer to General Reserve	100.00	2700.00
14	Surplus carried to Balance Sheet	153.33	247.93

### OPERATIONS:

The Company achieved a turnover of ₹ 359.54 Crores during the current year, as against ₹ 504.60 Crores during the previous year. The Exports during the year has been ₹ 285.07 Crores as against ₹ 454.51 Crores during the previous year 2012-13. The Order Book position as on 31<sup>st</sup> March, 2014 stood at ₹ 127.78 Crores, which includes ₹ 72.28 Crores of Export Orders.

The slowing down of the economy has severely impacted the sales during the current year. Further, the United States International Trade Commission initiated Antidumping and Countervailing investigations on certain Oil Country Tubular Goods (OCTG) on July 02, 2013 on import of OCTG from India, South Korea, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, Ukraine and Vietnam based on the petitions filed by the US Producers. The final determination of Antidumping and Countervailing duties is expected around August 2014. The US Customers, under the circumstances, slowed down the procurement of the OCTG, affecting the sales to the US market.

The increase in the cost of power, fuel and the consumables had adversely impacted the profitability and stressed the margins.

### DIVIDEND:

Your Directors are pleased to recommend a dividend of ₹ 2/- per Equity Share of ₹ 10/- each, i.e., 20% for the financial year 2013-14 subject to approval of the Shareholders in the Annual General Meeting.

**PROSPECTS:**

The slowdown in the Drilling and Exploration activities due to slowing down of the economy are expected to continue during the year 2014-15. The Company will strive to achieve around 10% growth in sales during the year 2014-15. The selling price of OCTG products is expected to continue to remain under pressure due to excess inventory available in the market. The increased power, fuel and consumables cost will have an impact on the margins. The Company has no other option but to purchase Power from the open access at a higher price due to shortage of Power generation in the State.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management discussion and Analysis Report is enclosed as a part of this report (Annexure - I).

**LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2014-2015 to NSE and BSE where the Company's Shares are listed.

**DEMATERIALISATION OF SHARES:**

**90.65%** of the company's paid up Equity Share Capital is in dematerialized form as on 31<sup>st</sup> March, 2014 and balance **9.35%** is in physical form.

The Company's Registrars are M/s XL Softech Systems Ltd., 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

**DIRECTORS:**

Dr. T. S. Sethurathnam will retire by rotation at the ensuing annual general meeting and, being eligible, offer himself for reappointment.

Mr. K. V. Ravindra Reddy will retire by rotation at the ensuing annual general meeting and, being eligible offer, himself for reappointment.

Your Directors state that Dr. T. S. Sethurathnam and Mr. K. V. Ravindra Reddy who are proposed to be appointed as Independent Directors possess appropriate balance of skills, expertise and knowledge and are qualified for appointment as Independent Directors.

Your Directors recommend the appointment of Dr. T. S. Sethurathnam and Mr. K. V. Ravindra Reddy as Independent Directors, as proposed in the notice for the Annual General Meeting.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required under section 217 (2AA) of the companies act, 1956 Directors of your Company hereby state and confirm that:

1. the applicable Accounting Standards have been followed in preparation of annual accounts;
2. the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as at 31<sup>st</sup> March, 2014 and of the profit for the year ended on that date;
3. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Annual Accounts for the year ended 31<sup>st</sup> March, 2014 have been prepared on a going concern basis;



**AUDIT OBSERVATIONS:**

Auditors' observations are suitably explained in notes to the Accounts and are self-explanatory.

**AUDITORS:**

The Auditors, M/s C K S Associates, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

**CORPORATE GOVERNANCE AND SHAREHOLDERS' INFORMATION:**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is included as a part of this Annual Report (Annexure II).

Certificate from the Statutory Auditors of the company M/s C K S Associates, Chartered Accountants confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Directors' Report) Rules, 1988 is given in the (Annexure III) to this report.

**HUMAN RESOURCES:**

There are no employees as on date on the rolls of the Company who are in receipt of Remuneration which requires disclosures under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975.

During the year under review, relationship with the employees is cordial.

**VIGIL MECHANISM:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been established.

**CORPORATE SOCIAL RESPONSIBILITY:**

In pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or **Programs** to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors.

**ACKNOWLEDGEMENT:**

Directors take this opportunity to express their thanks to various departments of the Central and State Government, ONGC, Oil India Limited, Multinational Companies operating in India and Abroad for Oil and Gas Exploration Activities, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance.

The Directors wish to place on record their appreciation for the dedicated efforts put in by the employees of the Company at all levels.

**Regd. Office :**

"Kamineni", 3<sup>rd</sup> Floor  
King Koti  
Hyderabad - 500 001, (A.P.)

For and on behalf of the Board of Directors

**K. SURYANARAYANA**  
Chairman

Date: 24.04.2014

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:****a) Structure and Developments, Opportunities and Threats, Performance, outlook, Risks and Concerns:**

The slowing down of the economy globally and the current market conditions had a downward effect on the Oil Exploration and Drilling Activities during the year 2013-14 affecting the sales. The sales during the current year 2013-14 is at ₹ 359.54 Crores as against ₹ 504.60 Crores of the previous year 2012-13. The sales were also affected on account of Antidumping and Countervailing Investigations initiated by the Government of United States of America on imports from India, South Korea, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, Ukraine and Vietnam.

Despite the adverse market conditions and the slowing down of the economy, the Company was able to achieve turnover of ₹ 359.54 Crores including ₹ 285.07 Crores of exports. The Company's Order Book position as on 31<sup>st</sup> March, 2014 stood at ₹ 127.78 Crores.

The present adverse market conditions are expected to continue during the next year 2014-15. The profitability for the next year 2014-15 is expected to be under pressure due to increase in costs of power, fuel and consumables. The Company expects to achieve around 10% growth in sales during the year 2014-15 and is exploring new markets for its Products.

**b) Internal Control Systems and their Adequacy :**

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

**Key elements of the Internal Control Systems are as follows:**

- (i) Existence of Authority Manuals and periodical updating of the same for all Functions.
- (ii) Existence of clearly defined organizational structure and authority.
- (iii) Existence of corporate policies for Financial Reporting and Accounting.
- (iv) Existence of Management information system updated from time to time as may be required.
- (v) Existence of Annual Budgets and Long Term Business Plans.
- (vi) Existence of Internal Audit System.
- (vii) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Control Systems in place.

The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.



Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are carried out periodically.

**c) Financial and Operational Performance:**

The Highlights of Financial Operational Performance are given below:

(₹ In Lakhs)

S.No.	Particulars	2013-14	2012-13
1	Sales / Income from Operations	35864.08	50283.78
2	Other Income	90.08	176.46
3	Sub - total	35954.16	50460.24
4	Total Expenditure (Before interest)	32471.83	42515.27
5	Profit Before Interest, Tax and Exceptional Items	3482.33	7944.97
6	Operating margin %	9.71%	15.80%
7	Profit after Tax	1041.73	3593.65
8	Return on Average Capital Employed % (Before Interest and Tax)	10.75%	23.50%
9	No of Months Receivables (Receivables / Sales X 12)	1.97	1.30
10	Current Ratio (Current Assets / Current Liabilities)	1.00	1.15
11	Borrowings: Equity Ratio (TL / Equity)	1.31	1.99

**d) Human Resources Development and Industrial Relations:**

The Company is maintaining good employee relations and no man days are lost during the year. The Company continued the welfare activities for the employees, which include Medical Care, Group Insurance, and Canteen Facility. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculty.

The Company has constituted an Internal Complaint Committee (ICC) in pursuant to the provisions of Companies Act, 2013 for prevention, prohibition and redressal of complaints / grievances on the sexual harassment of women at work places.

For and on behalf of the Board of Directors

**HYDERABAD**  
**24.04.2014**

**K.SURYANARAYANA**  
Chairman

## ANNEXURE II



### Report on Corporate Governance

In terms of Compliance to Clause No. 49 of the Listing Agreement on Corporate Governance, your Company is complying with the guidelines. The report for current year is as follows:

#### (1) Company's Philosophy:

The Company's policies, practices and philosophy adopted since inception are in line with Corporate Governance. These policies, practices are required periodically to ensure its effective compliance. The composition of Board of Directors is well balanced with a view to manage the affairs of the Company efficiently and professionally. The Company's philosophy is to produce OCTGs and other Drilling Products of high quality conforming to the International Standards and provide satisfaction to all stakeholders including customers, shareholders and employees.

#### (2) Board of Directors:

##### (I) Composition and Category of Directors as of March 31, 2014 is as follows:

Category	No.of Directors	%
Executive Directors	3	42.86
Non Executive, Independent Directors	4	57.14
<b>Total</b>	<b>7</b>	<b>100.00</b>

##### (ii) Particulars of Directorships of other Companies

OTHER DIRECTORSHIPS		
Name of the Director	Name of the Company	Position
1. Mr. K Suryanarayana Chairman	United Steel Allied Industries (P) Ltd	Director
	United Seamless Tubulaar (P) Ltd	Chairman & Managing Director
	USAI Forge (P) Ltd	Director
	Kamineni Steel and Power India (P) Ltd	Chairman
	Kamineni Oncology Centre (P) Ltd	Director
	Kamineni Infrastructure Pvt Ltd	Director
	Kamineni Hospitals (P) Ltd	Director
2. Mr. Sridhar Kamineni Managing Director	USAI Forge (P) Ltd	Director
	OMEGA SVISS Ventures Private Ltd	Director
	United Seamless Tubulaar (P) Ltd	Director
3. Mr. K G Joshi Director	Nil	Nil
4. Dr.T.S.Sethurathnam Independent Director	Bright Brothers Ltd	Director
	Meenakshi Power Ltd	Director
5. Mr.K V Ravindra Reddy Independent Director	Saptagiri Camphor Ltd	Director
	Green Park Hotels & Resorts Ltd	Director
	World Globe.Com (India) Ltd	Director
	Dorado Corporation Private Limited	Director
	Cetus Corporation Private Limited	Additional Director
6. Datuk Syed Hisham Bin Syed Wazir Independent Director	UMW Dongshin Motech Pvt., Ltd	Director
	Sathya Auto Private Limited	Director
	Castwel Auto Parts Private Limited	Director
7. Mr.A.P.Vitthal Independent Director	Shri Matre Power & Infrastructure Ltd	Director

**ANNEXURE II****(III) Attendance of each Director at the Board Meetings and the last AGM During the year 2013-14**

Name of the Director	No.of Board Meetings Attended	Last AGM attendance (Yes/No)
Mr. K Suryanarayana	5	Yes
Mr. Sridhar Kamineni	5	Yes
Mr. K G Joshi	5	Yes
Dr.T.S.Sethurathnam	5	Yes
Mr. K V Ravindra Reddy	4	Yes
Datuk Syed Hisham Bin Syed Wazir	2	No
Mr.A.P.Vitthal	5	Yes

**(iv) No. of other Board Committees they are Members / Chairperson**

Share Transfer Committee and Grievance Committee	Audit Committee	Remuneration Committee
Dr.T.S.Sethurathnam Chairman	Dr.T.S.Sethurathnam Chairman	Dr.T.S.Sethurathnam Chairman
Mr. K V Ravindra Reddy Member	Mr. K V Ravindra Reddy Member	Mr. K V Ravindra Reddy Member
Mr. K G Joshi Member	Mr.A.P.Vitthal Member	Mr.A.P.Vitthal Member

**(v) Number of Board Meetings held, dates on which held:**

5 Board meetings were held during the financial year from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014. The dates on which the meetings were held are as follows:

25<sup>th</sup> April, 2013, 30<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 25<sup>th</sup> October, 2013 and 30<sup>th</sup> January, 2014.

**(vi) Brief profile of the directors seeking appointment / re-appointment at this Annual General Meeting:**

- a) Dr. T. S. Sethurathnam aged 85 years is a veteran from Indian Audit and Accounts Service of Government of India. He was associated with the Kandla port at the time of its construction as Financial Auditor before he joined the MPSEB. After retirement he served in Power Finance Corporation, Chairman of Bombay Suburban Electric Supply Company. He also served as Consultant to Houston Industries Ltd., US based electric supply and gas Company for its Indian Operations. He was Former Chairman of Madhya Pradesh Electricity Board. He is also a Director / Nominee Director in various Companies and has proven managerial and administrative capabilities. He is a Director on the Board of Directors of the Company for over 22 years.



b) Mr. K V Ravindra Reddy aged 71 years is an expert in Corporate Legal affairs. He retired as Chief General Manager (Legal) in Andhra Pradesh Industrial Development Corporation and has rich experience in Corporate Business, Administration and Management. He is a Director on the Board of Directors of the Company for over 22 years.

**(3) Committees of Board:**

**a) Audit Committee:**

The Audit Committee of the Company consists of 3 Independent Directors and 1 Executive Director as Special Invitee. The Chairman of the Audit Committee is financially literate and majority of them having accounting or related financial management experience. Representative of Statutory Auditor is permanent invitee. Company Secretary acts as Secretary to the Committee.

During the year the Committee had 5 Meetings i.e. on 25<sup>th</sup> April, 2013, 30<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 25<sup>th</sup> October, 2013 and 30<sup>th</sup> January, 2014. The Committee's powers and role are as stipulated by the Listing Agreement.

**Attendance of each Member at the Audit Committee Meetings:**

Director	Position	No.of Meetings held	No. of Meetings Attended
Dr.T.S.Sethurathnam	Chairman	5	5
Mr. K V Ravindra Reddy	Member	5	4
Mr.A.P.Vitthal	Member	5	5

The Chairman of the Audit Committee was present at the last Annual General Meeting.

**b) Remuneration Committee:**

The following Directors are the members of Remuneration Committee.

Dr. T S Sethurathnam  
Mr. K V Ravindra Reddy  
Mr. A P Vitthal

The Committee will meet as and when any remuneration is to be fixed for any Director /Managing Director.

During the year the Committee had 2 Meetings i.e. on 25<sup>th</sup> July, 2013 and 25<sup>th</sup> October, 2013. The attendance of the Members at the meeting was as under:

Director	Position	No.of Meetings held	No. of Meetings Attended
Dr.T.S.Sethurathnam	Chairman	2	2
Mr. K V Ravindra Reddy	Member	2	1
Mr. A P Vitthal	Member	2	2

**c) Shareholders Committee:**

The following Committee of Directors looks after the Investor Grievances:

Dr T S Sethurathnam

Mr. K V Ravindra Reddy

Mr. K G Joshi

During the year the 4 Investor Grievance Committee Meetings were held on 25<sup>th</sup> April, 2013, 25<sup>th</sup> July, 2013, 25<sup>th</sup> October, 2013 and 30<sup>th</sup> January, 2014. The attendance of the Members at the meeting was as under:

Director	Position	No.of Meetings held	No. of Meetings Attended
Dr.T.S.Sethurathnam	Chairman	4	4
Mr. K V Ravindra Reddy	Member	4	3
Mr. K G Joshi	Member	4	4

**Name and Designation of Compliance Officer:**

Mr. C S Rao, Company Secretary.

**Shareholder's Services:**

SI.No.	Nature of Complaints	2013-2014		2012-2013	
		Received	Answered	Received	Answered
1	Non receipt of Shares lodged for Demat	-	-	-	-
2	Non receipt of Dividend Warrants	29	29	52	52
3	Others	10	10	17	17

**ANNEXURE II****(4) General Body Meetings:****Location and time for the last three AGMs**

Year	Date	Venue	Time	Special Resolution
2010-11	28.05.2011	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	Reappointment of Executive Chairman, Wholetime Director and appointment of Director
2011-12	31.05.2012	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	NIL
2012-13	30.05.2013	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	NIL

No Postal Ballot was conducted during the Year.

Extraordinary General Meetings - Nil

**(5) Disclosures:****(i) Remuneration paid or payable to Directors during the year 2013-2014**

(₹ In Lakhs)

Name of the Director	Relationship With other Directors	Sitting fees (₹)	Salary & Allowance (₹)	Contribution of PF (₹)	Perquisites (₹)	Commission (₹)	Total (₹)
Mr. K Suryanarayana	Related to Mr.Sridhar Kamineni	-	39.12	-	6.00	40.12	85.24
Mr. Sridhar Kamineni	Related to Mr. K.Suryanarayana	-	39.12	4.32	6.00	18.76	68.20
Mr. K G Joshi	None	-	45.79	1.98	5.00	-	52.77
Dr.T.S.Sethurathnam	None	1.55	-	-	-	-	1.55
Mr. K V Ravindra Reddy	None	1.20	-	-	-	-	1.20
Datuk Syed Hisham Bin Syed Wazir	None	0.40	-	-	-	-	0.40
Mr.A.P.Vitthal	None	1.35	-	-	-	-	1.35
<b>Grand Total</b>							<b>210.71</b>



**(ii) Related party transactions during the year:**

(₹ In Lakhs)

Sl.No.	Particulars of the Party	Relationship	Nature of Transactions	Amount	
				2013-14	2012-13
1	United Steel Allied Industries Pvt. Ltd.	One of the Directors is interested	Loading and unloading of Pipes	177.43	626.97
			Office Rent	478.32	434.83
2	V Max Studio & Advertising	One of the Directors is interested	Advertising and Publishing	-	43.84
3	USAI Forge Private Limited	Two of the Directors are interested	Material Purchase	1367.65	1344.51
4	United Seamless Tubulaar Pvt., Ltd	Two of the Directors are interested	Raw Material Purchase	5119.81	8316.84
			Processing jobs on Casing Pipes	5899.30	4007.06

**(iii) Cases of Non-Compliances / Penalties:**

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence, the question of imposition of penalties or strictures by SEBI or the Stock Exchanges does not arise.

**(iv) Risk Management:**

The company has been addressing various risks impacting the company and the policy of the company on risk management is provided elsewhere in this annual report in Management Discussion and Analysis.

**(v) Vigil Mechanism:**

To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

**(6) Means of Communication:**

Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in the all India editions of Financial Express, Economic Times (Hyderabad & Mumbai) and Hyderabad edition of Andhra Prabha. The results and official news releases of the Company are also made available on the Company's website i.e. [www.octlindia.com](http://www.octlindia.com)

**(7) General Shareholder's information**

AGM date, time and venue	:	Thursday, 5 <sup>th</sup> June, 2014 AT 10.00 A.M. Taj Mahal Hotel 2 <sup>nd</sup> Floor, Akshaya Hall 4-1-999, Abids Road Hyderabad - 500 001
Financial Year	:	1 <sup>st</sup> April 2013 to 31 <sup>st</sup> March 2014
Book Closure Date	:	02/06/2014 to 05/06/2014 (Both days inclusive)
Dividend Payment date	:	on or after 05 <sup>th</sup> June, 2014
Listing on Stock Exchanges	:	a) BSE Limited b) National Stock Exchange of India Limited
Stock Code	:	BSE – 500313 NSE - OILCOUNTUB
ISIN	:	INE591A01010

The Company has paid listing fees for the year 2014-15 to both the above Stock Exchanges.

**(8) Market Price Data:**

Monthly High and Low quotations along with the volume of shares traded at National Stock Exchange of India Ltd., & Bombay Stock Exchange Ltd., during the Financial Year 2013 - 2014:

Month & Year	NSE			BSE		
	High (₹)	Low(₹)	Volume (Nos)	High (₹)	Low(₹)	Volume (Nos)
April, 2013	48.00	38.75	247011	47.50	38.30	101563
May, 2013	45.00	34.60	203450	44.85	35.00	100929
June, 2013	40.00	34.90	111221	39.80	35.00	29777
July, 2013	41.35	28.10	91881	41.00	28.20	43422
August, 2013	42.40	28.90	535879	42.45	29.90	159725
September, 2013	37.00	30.40	372520	37.45	31.50	126977
October, 2013	35.70	31.70	103968	35.35	30.50	52730
November, 2013	40.50	32.70	220789	40.40	30.70	144910
December, 2013	40.80	33.30	359889	40.95	32.00	175441
January, 2014	39.95	30.50	381158	40.00	30.00	179266
February, 2014	36.20	29.70	385139	36.95	29.35	153495
March, 2014	42.15	32.95	537641	42.45	32.80	252169
<b>Total</b>			<b>3550546</b>			<b>1520404</b>

## ANNEXURE II



### (9) Unclaimed Dividend Amounts:

Pursuant to the provisions of Section 205A of the Companies Act, 1956, the dividend for the following years, which remain unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Members who have not so far encashed the dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to the Company's Registrar and Transfer Agents, M/s. XL Softech Systems Limited immediately. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Members are also advised to update their correspondence address in their demat accounts in case of their holdings in electronic form or inform their latest correspondence address to the Registrars in case of holdings in physical form.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows.

Financial Year	Date of Declaration of Dividend	Amount outstanding as on 31.03.2014 (₹ in lakhs)	Due for transfer to IEPF on
2008-09	27-05-2009	47.77	07-07-2016
2009-10	27-05-2010	56.29	02-07-2017
2010-11	28-05-2011	56.14	08-07-2018
2011-12	29-05-2012	32.15	07-07-2019
2012-13	30-05-2013	31.99	10-07-2020

### (10) Registrar and Transfer Agents:

M/s. XL Softech Systems Limited is registrar and transfer agent of the Company. Any request pertaining to investor relations may be addressed to the following address:

XL Softech Systems Limited  
3 Sagar Society  
Road No.2, Banjara Hills  
Hyderabad-500 034  
Phone No: 040 - 23545913 / 23545914  
Email: xlfield@gmail.com

Investor correspondence may also be addressed to:

Mr. C. S. Rao,  
Company Secretary & Compliance Officer,  
"Kamineni" 3<sup>rd</sup> Floor, King Koti  
Hyderabad - 500 001  
Tel. No. : 040 - 2478 5555  
Fax No. : 040 - 2475 9299  
Email: demat@octlindia.com

**ANNEXURE II****(11) Share Transfer System**

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, XL Softech Systems Limited.

Particulars	2013-2014	2012-2013
Shares Transferred	14660	19150
Total No. of shares as on 31st March 2014	44289530	44289530
% on Share Capital	0.03	0.04

**(12) Shareholding Pattern as on 31<sup>st</sup> March, 2014**

Category	No. of Share Holders	Voting Strength %	No. of Shares Held	% of Share Holding
Promoters	19	0.06	21884292	49.41
Companies	502	1.49	1348620	3.05
FII's	1	0.00	5400	0.01
OCBs and NRIs	546	1.61	10226863	23.09
Mutual Funds, Banks, FIs	17	0.05	58330	0.13
Individuals	32703	96.79	10766025	24.31
<b>Total</b>	<b>33788</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>

**(13) Distribution of Share Holdings:**

No. of Equity Shares held	As on 31.03.2014				As on 31.03.2013			
	No. of Share holders	% .of Share holders	No. of Shares	% .of Share holding	No. of Share holders	% .of Share holders	No. of Shares	% .of Share holding
1-500	31268	92.54	4234299	9.56	32332	92.70	4387241	9.91
501-1000	1436	4.25	1162856	2.63	1480	4.24	1201974	2.71
1001-2000	551	1.63	833661	1.88	538	1.54	815756	1.84
2001-3000	191	0.57	488291	1.10	194	0.56	496366	1.12
3001-4000	81	0.24	285759	0.65	80	0.23	286233	0.65
4001-5000	61	0.18	286891	0.65	64	0.18	302853	0.68
5001-10000	77	0.23	545421	1.23	71	0.20	504385	1.14
10001 and above	123	0.36	36452352	82.30	121	0.35	36294722	81.95
<b>Total</b>	<b>33788</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>	<b>34880</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>

## ANNEXURE II



### (14) Shareholding Profile:

Mode of Holding	As on 31 <sup>st</sup> March 2014			As on 31 <sup>st</sup> March 2013		
	No. of holders	No. of Shares	% to Equity	No. of holders	No. of Shares	% to Equity
Demat	17464	40149468	90.65	18005	40020998	90.36
Physical	16324	4140062	9.35	16875	4268532	9.64
<b>Total</b>	<b>33788</b>	<b>44289530</b>	<b>100.00</b>	<b>34880</b>	<b>44289530</b>	<b>100.00</b>

### 15) Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity

We have no GDRs/ADRs or any commercial instrument.

### (16) Plant Locations

: Sreepuram,  
Narketpally Mandalam,  
Nalgonda Dist - 508 254 (A.P.)

### (17) Address of Registered Office

: "Kamineni" 3rd Floor, King Koti  
Hyderabad - 500 001  
Tel. No. : 040 - 2478 5555  
Fax No. : 040 - 2475 9299

### (18) Prevention of Insider Trading:

In accordance with the requirements of SEBI (prohibition of insider trading) Regulations, 1992, the company has instituted a code of conduct for prohibition of insider trading in the company's shares.

### (19) Secretarial Audit for reconciliation of share capital:

As stipulated by SEBI, a qualified Practicing Company secretary carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges and is placed before the board of directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSIL and the total number of shares in physical form.

### (20) Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L26932AP1985PLC005329.

### (21) CEO / CFO Certification:

As required by Clause 49 of the Listing Agreement, the CEO/CFO Certification is provided in the Annual Report.

### (22) Green Initiative in the Corporate Governance:

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling annual general meeting, Corporate Governance Report, Directors Report, audited Financial statements, auditors report, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and transfer agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

For and on behalf of the Board of Directors

HYDERABAD  
April 24, 2014

**K.SURYANARAYANA**  
Chairman

**CEO AND CFO CERTIFICATION**

We, Sridhar Kamineni Managing Director and C S Rao Chief Financial Officer & Company Secretary responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2014 and to the best of our Knowledge and belief:
  - i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
  - ii) These Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our Knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2014 are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**SRIDHAR KAMINENI**

Managing Director

**HYDERABAD****April 24, 2014****C.S.RAO**Chief Financial Officer  
& Company Secretary**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE****The Members of Oil Country Tubular Limited**

We have examined the compliance of conditions of Corporate Governance by Oil Country Tubular Ltd., for the year ended March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2014, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

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

**For C K S ASSOCIATES**

Chartered Accountants

FRN 007390S

**HYDERABAD****April 24, 2014****N V S SRIKRISHNA**

Partner

M.No. 25139

## ANNEXURE III



**Disclosure of Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1998.**

### **A. CONSERVATION OF ENERGY:**

Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.

### **B. TECHNOLOGY ABSORPTION:**

Efforts made in technology absorption as per Form B below:

#### **FORM B**

#### **Research and Development**

The major achievement by the Company due to their continuous Research and Development activities is indigenization of Toolings, improvements in the manufacturing processes and operational procedures and development of new products. Research and Development activity is given the highest priority by the Company.

#### **Expenditure on R & D**

<b>S.No</b>	<b>Particulars</b>	<b>(₹ in Lakhs) (2013-2014)</b>	<b>(₹ in Lakhs) (2012-2013)</b>
a	Capital	1212.52	Nil
b	Recurring	185.71	40.20
c	Total	1398.23	40.20
d	Total R&D expenditure as a percentage of total turnover	3.89%	0.08%

#### **Technology absorption, adaptation and innovation:**

Efforts, in brief, made towards technology absorption, adaptation and innovation	Updation of Technology is a Continuous process, absorption implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Engineering Industry & in the Oil and Gas Industry.
Benefits derived as a result of the above efforts	The Company has been able to successfully indigenize the toolings to a large extent and successfully developed new products by virtue of technology absorption, adaptation and innovation.
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the information may be furnished	Not applicable since 5 years period is over

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No. 34, 37 and 38 of other Notes to the Financial Statements.

For and on behalf of the Board of Directors

**HYDERABAD**  
**April 24, 2014**

**K. SURYANARAYANA**  
Chairman

# AUDITOR'S REPORT



To the Members of OIL COUNTRY TUBULAR LIMITED

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **OIL COUNTRY TUBULAR LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we 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 account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For C K S ASSOCIATES**  
Chartered Accountants  
FRN 007390S

**N.V.S SRIKRISHNA**  
Partner  
M.No. 25139

**HYDERABAD**  
**April 24, 2014**





### ANNEXURE TO THE AUDITORS' REPORT:

**(Referred to in Paragraph 1 under section 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

- 1.1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- 1.3. During the year, the company has not disposed off a substantial part of fixed assets.
- 2.1. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. The company has neither granted nor taken any loan, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5.1. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules prescribed by the Central Government for maintenance of Cost Records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- 9.1. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess, service tax and other material statutory dues applicable to it.
- 9.2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess were in arrears, as at March 31, 2014, for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans were used for the purpose for which they were raised
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under report.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For C K S ASSOCIATES**  
Chartered Accountants  
(F.R.No. 007390S)

**N.V.S. SRIKRISHNA**  
Partner  
M.No. 25139

**HYDERABAD**  
**April 24, 2014**

# BALANCE SHEET



BALANCE SHEET AS AT MARCH 31, 2014		(₹ in Lakhs)	
Particulars	Note No.	31.03.2014	31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
a) Share Capital	1	4428.95	4428.95
b) Reserves and surplus	2	20734.80	20729.40
		<b>25163.75</b>	<b>25158.35</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
a) Long Term Borrowings	3	2873.58	5432.47
b) Deferred Tax liabilities (Net)	4	4535.88	4117.13
c) Long Term Provisions	5	60.82	53.72
		<b>7470.28</b>	<b>9603.32</b>
<b>(3) CURRENT LIABILITIES</b>			
a) Short Term Borrowings	6	15411.71	13738.42
b) Trade payables	7	4205.01	3515.51
c) Other current liabilities	8	3697.10	3893.81
d) Short Term Provisions	9	1194.26	1463.60
		<b>24508.08</b>	<b>22611.34</b>
<b>TOTAL</b>		<b>57142.11</b>	<b>57373.01</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets	10		
i. Tangible Assets		28288.76	27745.83
ii. Intangible Assets		7.10	8.40
iii. Capital Work in Progress		1144.03	1455.26
iv. Intangible Assets Under Development		96.90	0.00
(b) Non-Current Investments	11	5220.40	5220.40
(c) Long Term Loans and Advances	12	625.20	631.27
(d) Other Non Current Assets	13	99.33	150.48
		<b>35481.72</b>	<b>35211.64</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	13632.48	12826.42
(b) Trade receivables	15	5884.73	5453.80
(c) Cash and Bank Balances	16	954.42	2258.49
(d) Short term Loans and advances	17	1145.11	1583.86
(e) Other Current Assets	18	43.65	38.80
		<b>21660.39</b>	<b>22161.37</b>
<b>TOTAL</b>		<b>57142.11</b>	<b>57373.01</b>

Refer Accompanying Notes to Financial Statements

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S.SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
**April 24, 2014**

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

**SRIDHAR KAMINENI**  
Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

# PROFIT AND LOSS ACCOUNT



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014		(₹ in lakhs)	
Particulars	Note No.	31.03.2014	31.03.2013
<b>I REVENUE</b>			
Revenue from Operations	19	<b>35864.08</b>	50283.78
Other Income	20	<b>90.08</b>	176.46
Total Revenue		<b>35954.16</b>	50460.24
<b>II EXPENSES</b>			
Cost of Materials Consumed	21	<b>19232.41</b>	18880.05
Changes in Inventories of Finished Goods and Work-in-Progress	22	<b>(2050.93)</b>	6886.53
Employee Benefits Expense	23	<b>2465.71</b>	2948.38
Finance Costs	24	<b>1630.92</b>	1742.56
Depreciation and Amortization Expenses	10	<b>2005.81</b>	1719.37
Other Expenses	25	<b>10818.83</b>	12080.94
<b>III Total Expenses</b>		<b>34102.75</b>	44257.83
<b>IV Profit Before Tax</b>		<b>1851.41</b>	6202.41
<b>V Tax Expense:</b>			
1 Current Tax		<b>390.93</b>	1244.87
Less: MAT Credit Entitlement		<b>0.00</b>	212.91
Net Current Tax		<b>390.93</b>	1031.96
2 Deferred Tax		<b>418.75</b>	1576.80
		<b>809.68</b>	2608.76
<b>VI Profit After Tax for the Year</b>		<b>1041.73</b>	3593.65
<b>VII Earnings Per Share:</b>			
Par Value per Share ₹ 10/-			
a) Basic		<b>2.35</b>	8.11
b) Diluted		<b>2.35</b>	8.11
<b>Refer Accompanying Notes to Financial Statements</b>			

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S.SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
**April 24, 2014**

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

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Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

**OILCOUNTRY TUBULAR LIMITED****SIGNIFICANT ACCOUNTING POLICIES****1. HISTORY:**

Oil Country Tubular Limited (OCTL) is a unique integrated facility established in 1989 processing a wide range of Oil Country Tubular Goods viz., Drill Pipes, Heavy Weight Drill Pipes, Tubing, Casing, Drill Collars and other Oil Field Accessories required for the Oil Drilling, Exploration and Production. The facility was setup in the State of Andhra Pradesh, India. The Company's total capital outlay is ₹ 2520 Million including the additions of End Finishing, Heat Treatment, Wind Energy and new product line.

**2. SIGNIFICANT ACCOUNTING POLICIES:****A) Basis of Preparation of Financial Statements:**

The Financial Statements are prepared on going concern assumption and under the historical cost convention, except for certain fixed assets which are revalued in accordance with Generally Accepted Accounting Principles in India and the provisions of the Companies Act 1956.

**B) Use of Estimates:**

The preparation of financial statements requires certain estimates and assumption to be made that effect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

**C) Fixed Assets:**

Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation, and impairment of loss, if any. All costs including financing costs till commencement of production, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

**D) Investments:**

Investments in Un-Quoted Shares are stated at Cost.

**E) Depreciation:**

Depreciation on Buildings and Plant and Machinery is provided on straight-line method at the rates specified in Schedule - XIV of the Companies Act 1956. Depreciation on other fixed assets is provided on written down value method at the rates specified in Schedule - XIV of the Companies Act, 1956.

**F) Impairment of Asset:**

The Carrying amount of asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the asset's net selling price and value in use, which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there is change in the estimates used to determine the recoverable amount.

**G) Inventories:**

Items of inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw material is determined on weighted average method. Scrap is valued at estimated realisable value.

**H) Foreign Currency Transactions:**

Foreign Currency Transactions are recorded at the exchange rates prevailing at the transaction date. Current Assets and Current Liabilities relating to Foreign Currency Transactions remaining unsettled at the Balance Sheet date are translated at the year- end rates. The resulting gain/ loss, if any, is recognised in Profit & Loss Account. As per the Notification issued by MCA, the Exchange Fluctuation arising on reporting of Long Term Foreign Currency Monetary items which is related to Depreciable Assets is charged off to Profit & Loss account.

**I) Revenue Recognition:**

Sales are recognised on the basis of despatch of goods. In respect of Export Sales, the revenue is recognised on the basis of Bill of Lading. Miscellaneous sales are recognised on the basis of despatch of goods. Other income such as interest etc., are recognised on accrual basis.

**J) Employee Benefits:****1. Gratuity:**

The Company contributes towards Group Gratuity Fund (defined benefit retirement plan) administered by the Life Insurance Corporation of India, for eligible employees. Under this scheme, the settlement obligation remains with the Company, while the Life Insurance Corporation of India administers the scheme and determines the premium to be contributed by the Company. The plan provides for a lump-sum payment to the vested employees on retirement or termination of employment, based on the respective employees' salary and the years of service with the Company. Liability with regard to gratuity fund is accrued, based on actuarial valuation conducted by an independent actuary, using the projected unit credit method as at March 31, every year.

**2. Provident Fund:**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged off to the Profit and Loss account of the year when the contributions to the fund are due. There are no other obligations other than the contributions to be remitted to the Provident Fund Authorities.

**3. Leave Encashment:**

Provision for Leave Encashment is recognised in the books as per the actuarial valuation.

**K) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**L) Provision for Current and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible and applicability of Minimum Alternate Tax under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is not recognised in the books as matter of prudence.

**M) Research and Development:**

Capital expenditure incurred has been disclosed under their natural heads of account and revenue expenditure incurred is charged off as a distinct item in the Profit and Loss account.

**N) Claims:**

Claims by and against the company, including liquidated damages, are recognised on acceptance basis.

## NOTES



<b>1. SHARE CAPITAL</b>		(₹ in Lakhs)	
		31.03.2014	31.03.2013
<b>Authorised :</b>			
8,50,00,000 Equity Shares of par value of ₹10/- each		<b>8500.00</b>	8500.00
<b>Issued, Subscribed and Paid up:</b>			
At the beginning and at the end of the year		<b>4428.95</b>	4428.95
4,42,89,530 Equity Shares of ₹ 10 each fully paid up in Cash		<b>4428.95</b>	4428.95

### Disclosures:

1. All the equity shares carry equal rights and obligations including for dividend and with respect to voting
2. Details of Shareholders holding more than 5% Shares:

Name	2013-14		2012-13	
	No. of Shares	%	No. of Shares	%
United Steel Allied Industries Private Limited	<b>1,45,74,026</b>	<b>32.91</b>	1,43,87,026	32.48
UMW India Ventures (I) Limited	<b>65,99,100</b>	<b>14.90</b>	65,99,100	14.90
Mr. K.Suryanarayana	<b>24,00,600</b>	<b>5.42</b>	24,00,600	5.42

## 2. RESERVES AND SURPLUS

	31.03.2014	31.03.2013
<b>Capital Reserve:</b>		
Share Forfeiture	<b>0.65</b>	0.65
<b>Revaluation Reserve on Land</b>	<b>80.82</b>	80.82
<b>General Reserve:</b>		
Balance at the beginning of the year	<b>20400.00</b>	17700.00
Add: Transfer from Surplus	<b>100.00</b>	2700.00
Balance at the closing of the year	<b>20500.00</b>	20400.00
<b>Surplus</b>		
Balance brought forward from previous year	<b>247.93</b>	383.77
Add: Transfer from Statement of Profit and Loss for the year	<b>1041.73</b>	3593.65
<b>Balance Available for Appropriations</b>	<b>1289.66</b>	3977.42
<b>Appropriations:</b>		
Less: Provision for Dividend	<b>885.79</b>	885.79
Provision for Tax on Dividend	<b>150.54</b>	143.70
Transfer to General Reserve	<b>100.00</b>	2700.00
<b>Balance carried forward to next year</b>	<b>153.33</b>	247.93
	<b>20734.80</b>	20729.40

## NOTES



<b>3. LONG TERM BORROWINGS</b>		(₹ in Lakhs)	
		<b>31.03.2014</b>	31.03.2013
<b>Secured:</b>			
Term Loans from Allahabad Bank			
ECB Loan		<b>2827.55</b>	5118.66
Buyers' Credit		<b>46.03</b>	313.81
		<b>2873.58</b>	5432.47

*Disclosures: Terms & Conditions of the above loans are as follows:*

Particulars	ECB Loan	Buyers Credit-1	Buyers Credit-2	Buyers Credit-3	Buyers Credit-4	Buyers Credit-5
Period of maturity with reference to Balance Sheet date	24 Months	Nil	Nil	Nil	Nil	13 Months
Number of Instalments outstanding	8	Nil	Nil	Nil	Nil	3
Outstanding Amount of Instalments	₹ 5656.02 USD 9,411,020 (₹ 7678.40) (USD 14,117,300)	(-) (-) (₹184.06) (USD 338,400)	(-) (-) (₹72.45) (USD 133,200)	(-) (-) (₹110.08) (USD 202,400)	(-) (-) (₹566.53) (USD 1,041,600)	₹ 138.09 USD 229,765.44 (₹208.28) (USD 382,942.40)
Rate of Interest	LIBOR plus 300 bps and 100 bps in INR	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps
Overdue amount and period	Nil	Nil	Nil	Nil	Nil	Nil

Security:

The above Term Loans are sanctioned for the Second Heat Treatment Plant and End Finishing facility which are secured by exclusive charge on the assets created out of the facility.

## 4. DEFERRED TAX LIABILITIES (NET)

	<b>31.03.2014</b>	31.03.2013
<b>Deferred Tax Liability</b>		
On Timing differences on Depreciation on Fixed Assets	<b>13413.96</b>	12744.56
<b>Deferred Tax Asset</b>		
Gratuity / Leave Encashment	<b>69.23</b>	55.00
	<b>13344.73</b>	12689.56
Deferred Tax thereon	<b>4535.88</b>	4117.13
Less: Provided for in the Previous Years	<b>4117.13</b>	2540.33
<b>Deferred Tax Provided</b>	<b>418.75</b>	1576.80

Disclosures:

The Company has provided for Deferred Tax in accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as given above.



## NOTES



<b>5. LONG TERM PROVISIONS</b>		(₹ in Lakhs)
	<b>31.03.2014</b>	31.03.2013
Provision for Employee benefits		
Provision for Leave Encashment (Non-Funded)	<b>60.82</b>	53.72
	<b>60.82</b>	53.72

## 6. SHORT TERM BORROWINGS

	<b>31.03.2014</b>	31.03.2013
<b>Secured:</b>		
Working Capital Loans from Banks	<b>15411.71</b>	13738.42
	<b>15411.71</b>	13738.42

### Disclosures:

Working Capital Loans given above includes loans taken from various banks the details of which are as follows:

Particulars	Period of maturity with reference to Balance Sheet date	Number of Instalments outstanding	Outstanding amount	Rate of Interest	Overdue amount and period
1. State Bank of Hyderabad					
Cash Credit	Renewable every year	-	Nil	Base Rate plus 2.75%	Nil
Buyers' Credit 1	56 Days	1	₹ 229.35 (CHF 338,130)	LIBOR plus 135 bps	Nil
Buyers' Credit 2	63 Days	1	₹ 238.27 (USD396,457.93)	LIBOR plus 47 bps	Nil
Buyers' Credit 3	63 Days	1	₹ 276.87 (USD460,688.15)	LIBOR plus 47 bps	Nil
Buyers' Credit 4	74 Days	1	₹ 649.61 (USD1,080,880.71)	LIBOR plus 38 bps	Nil
Packing Credit	Renewable	-	₹ 3343.95 (USD5,563,982.87)	LIBOR plus 350 bps	Nil
2. Allahabad Bank					
Cash Credit	Renewable every year	-	₹3488.00	Base Rate plus 2.75%	Nil
Buyers' Credit 1	110 Days	1	₹ 224.46 (USD373,484.80)	LIBOR plus 70 bps	Nil
Buyers' Credit 2	74 Days	1	₹ 182.26 (USD303,261.14)	LIBOR plus 60 bps	Nil
Buyers' Credit 3	88 Days	1	₹ 469.39 (USD781,012.03)	LIBOR plus 70 bps	Nil
Buyers' Credit 4	94 Days	1	₹ 155.16 (USD258,176.40)	LIBOR plus 80 bps	Nil
Buyers' Credit 5	99 Days	1	₹ 129.72 (USD215,840.00)	LIBOR plus 80 bps	Nil
Buyers' Credit 6	112 Days	1	₹ 339.88 (USD565,525.75)	LIBOR plus 65 bps	Nil
Buyers' Credit 7	151 Days	1	₹ 375.83 (USD625,346.43)	LIBOR plus 65 bps	Nil
3. Indian Overseas Bank					
Cash Credit	Renewable every year	-	₹ 1920.75	Base Rate plus 2.75%	Nil
Buyers' Credit 1	88 Days	1	₹ 149.82 (USD249,284.69)	LIBOR plus 75 bps	Nil
Buyers' Credit 2	10 Days	1	₹ 785.26 (USD1,306,596.20)	LIBOR plus 55 bps	Nil
Buyers' Credit 3	141 Days	1	₹ 535.68 (USD891,312.48)	LIBOR plus 47 bps	Nil
4. Bank of Bahrain & Kuwait B.S.C.Packing Credit	Renewable	-	₹ 3178.86 (USD5,289,292.22)	LIBOR plus 250 bps	Nil

### Security:

Working Capital Loans are secured by hypothecation of present and future raw materials, work in progress, finished goods, stores and spares and book debts of the Company and charge on the existing immovable properties.

<b>7. TRADE PAYABLES</b>	<b>(₹ in Lakhs)</b>	
	<b>31.03.2014</b>	31.03.2013
Trade Payables for Materials and Services	<b>4205.01</b>	3515.51
	<b>4205.01</b>	3515.51

*Disclosures:*

The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.

<b>8. OTHER CURRENT LIABILITIES</b>	<b>(₹ in Lakhs)</b>	
	<b>31.03.2014</b>	31.03.2013
Current Maturities of Long Term Debt	<b>2920.53</b>	3387.33
Interest Accrued but not due	<b>20.36</b>	37.56
Creditors for Capital Goods	<b>168.02</b>	224.05
Advance from Customers	<b>281.12</b>	4.70
Unclaimed Dividends	<b>224.34</b>	194.71
Other Payables	<b>82.73</b>	45.46
	<b>3697.10</b>	3893.81

<b>9. SHORT TERM PROVISIONS</b>	<b>(₹ in Lakhs)</b>	
	<b>31.03.2014</b>	31.03.2013
Provision for Employee benefits	<b>157.93</b>	168.75
Provision for Income Tax (Net)	<b>0.00</b>	265.36
Provision for Proposed Dividend	<b>885.79</b>	885.79
Tax on Proposed Dividend	<b>150.54</b>	143.70
	<b>1194.26</b>	1463.60



## 10. FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.04.2013	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL COST AS ON 31.03.2014	UP TO 01.04.2013	FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UP TO 31.03.2014	AS ON 31.03.2014	AS ON 31.03.2013
<b>1. TANGIBLE ASSETS:</b>										
Land	352.59	0.00	0.00	352.59	0.00	0.00	0.00	0.00	352.59	352.59
Buildings	6137.32	385.59	0.00	6522.91	1438.17	190.44	0.00	1628.61	4894.30	4699.15
Plant & Machinery	51005.16	2119.81	0.00	53124.97	28533.83	1755.62	0.00	30289.45	22835.52	22471.33
Furniture & Fixtures	177.22	9.85	0.00	187.07	125.38	12.94	0.00	138.32	48.75	51.84
Vehicles	80.11	0.00	0.00	80.11	52.40	7.06	0.00	59.46	20.65	27.71
Office Equipment	230.60	12.37	0.09	242.88	133.96	14.73	0.05	148.64	94.24	96.64
Data Processing Equipment	261.94	17.10	0.00	279.04	215.37	20.96	0.00	236.33	42.71	46.57
<b>T O T A L</b>	<b>58244.94</b>	<b>2544.72</b>	<b>0.09</b>	<b>60789.57</b>	<b>30499.11</b>	<b>2001.75</b>	<b>0.05</b>	<b>32500.81</b>	<b>28288.76</b>	<b>27745.83</b>
<b>2. INTANGIBLE ASSETS:</b>										
Computer Software	10.92	2.76	0.00	13.68	2.52	4.06	0.00	6.58	7.10	8.40
<b>3. CAPITAL WORKS IN PROGRESS</b>	<b>1455.26</b>	<b>935.97</b>	<b>1247.20</b>	<b>1144.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1144.03</b>	<b>1455.26</b>
<b>4. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>										
Computer Software	0.00	96.90	0.00	96.90	0.00	0.00	0.00	0.00	96.90	0.00
<b>T O T A L</b>	<b>59711.12</b>	<b>3580.35</b>	<b>1247.29</b>	<b>62044.18</b>	<b>30501.63</b>	<b>2005.81</b>	<b>0.05</b>	<b>32507.39</b>	<b>29536.79</b>	<b>29209.49</b>
<b>PREVIOUS YEAR</b>	<b>55591.46</b>	<b>16623.09</b>	<b>12503.43</b>	<b>59711.12</b>	<b>28782.56</b>	<b>1719.37</b>	<b>0.30</b>	<b>30501.63</b>	<b>29209.49</b>	<b>26808.90</b>

(₹ in lakhs)



<b>11. NON CURRENT INVESTMENTS</b>		(₹ in Lakhs)	
	<b>31.03.2014</b>	31.03.2013	
<b>Trade Investments (Unquoted, at cost)</b>			
<b>Investments in Equity Instruments of Associate Company</b>	<b>5220.40</b>	5220.40	
2,32,20,400 (Previous year 2,32,20,400) Equity Shares of ₹ 10/- each in United Seamless Tubulaar Private Limited (Including 1,90,00,000 of Bonus Shares ₹ 10/- each)			
	<b>5220.40</b>	5220.40	

*Disclosure:*

	<b>31.03.2014</b>		31.03.2013	
	<b>No. of Shares</b>	%	No. of Shares	%
Equity Shares in United Seamless Tubulaar Private Limited	<b>2,32,20,400</b>	<b>20</b>	2,32,20,400	20

**12. LONG TERM LOANS AND ADVANCES**

	<b>31.03.2014</b>	31.03.2013
Unsecured, considered good		
Security Deposits	<b>587.24</b>	581.37
Prepaid Expenses	<b>4.99</b>	2.50
Other Advances	<b>32.97</b>	47.40
	<b>625.20</b>	631.27

**13. OTHER NON CURRENT ASSETS**

	<b>31.03.2014</b>	31.03.2013
Capital Advances	<b>84.27</b>	132.65
Deposits with Banks - Margin Money	<b>14.82</b>	17.14
Interest receivable	<b>0.24</b>	0.69
	<b>99.33</b>	150.48

**NOTES**

<b>14. INVENTORIES</b>		(₹ in Lakhs)
	<b>31.03.2014</b>	31.03.2013
<i>Valued at lower of cost or net realisable value except scrap which is valued at estimated realisable value.</i>		
Raw Materials	<b>4131.28</b>	6223.96
Work in Progress	<b>4934.13</b>	3495.34
Finished Goods	<b>1780.66</b>	1155.78
Stores and Spare parts	<b>2784.49</b>	1936.69
Scrap	<b>1.92</b>	14.65
	<b>13632.48</b>	12826.42

<b>15. TRADE RECEIVABLES</b>		
	<b>31.03.2014</b>	31.03.2013
<i>Unsecured, considered good</i>		
(a) Outstanding for more than six months	<b>1983.47</b>	44.43
(b) Other debts	<b>3901.26</b>	5409.37
	<b>5884.73</b>	5453.80

Disclosures:

The Trade Receivables includes an amount of ₹ 2616.03 (Previous year ₹ 1538.40) due from Companies in which Directors are interested.

<b>16. CASH AND BANK BALANCES</b>		
	<b>31.03.2014</b>	31.03.2013
<b>Cash and Cash Equivalents</b>		
Cash on Hand	<b>5.21</b>	2.54
Balances with Banks in Current Accounts	<b>244.43</b>	1801.47
<b>Other Bank Balances</b>		
Margin Money Deposit Accounts	<b>480.44</b>	259.77
Unclaimed Dividend Accounts	<b>224.34</b>	194.71
	<b>954.42</b>	2258.49

<b>17. SHORT TERM LOANS AND ADVANCES</b>		
	<b>31.03.2014</b>	31.03.2013
Prepaid Taxes - Income Tax (Net)	<b>100.70</b>	0.00
MAT Credit Entitlement	<b>211.92</b>	212.91
Balances with Revenue Authorities	<b>662.77</b>	892.53
Prepaid Expenses	<b>62.41</b>	52.48
Advances to Suppliers	<b>87.38</b>	404.67
Other Advances	<b>19.93</b>	21.27
	<b>1145.11</b>	1583.86

Disclosures :

The Company has made provision for tax on basis of normal provisions of the Income Tax Act, 1961. As per the provisions of the said Act, MAT Credit Entitlement has been utilised to the extent of ₹ 0.99 Lakhs and the balance amount that can be carried forward is shown above. In accordance with the guidance note issued by ICAI, the company will review the same at each balance sheet date and write down the carrying amount of MAT Credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

**NOTES**

<b>18. OTHER CURRENT ASSETS</b>		(₹ in Lakhs)
	<b>31.03.2014</b>	31.03.2013
Interest receivable	<b>43.65</b>	38.80
	<b>43.65</b>	38.80

<b>19. REVENUE FROM OPERATIONS</b>		
	<b>31.03.2014</b>	31.03.2013
Sale of Products	<b>29876.40</b>	46224.38
Other Operating Revenues		
a) Job works	<b>5928.59</b>	3964.38
b) Inspection Charges	<b>0.00</b>	50.04
c) Sale of Scrap	<b>141.85</b>	115.79
	<b>35946.84</b>	50354.59
Less: Excise Duty	<b>82.76</b>	70.81
	<b>35864.08</b>	50283.78

<b>20. OTHER INCOME</b>		
	<b>31.03.2014</b>	31.03.2013
Interest Income Earned	<b>48.75</b>	38.40
Sale of Power	<b>41.33</b>	6.63
Excess Provisions Written back	<b>0.00</b>	131.27
Miscellaneous Income	<b>0.00</b>	0.16
	<b>90.08</b>	176.46

<b>21. COST OF MATERIALS CONSUMED</b>		
	<b>31.03.2014</b>	31.03.2013
Opening Stocks	<b>6223.96</b>	5201.49
Add : Purchases	<b>17139.73</b>	19902.52
	<b>23363.69</b>	25104.01
Less : Closing Stock	<b>4131.28</b>	6223.96
	<b>19232.41</b>	18880.05

<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
	<b>31.03.2014</b>	31.03.2013
Opening Finished Goods	<b>1155.78</b>	4843.68
Closing Finished Goods	<b>1780.66</b>	1155.78
	<b>(624.88)</b>	3687.90
Opening Work-in-Progress	<b>3510.00</b>	6708.63
Closing Work-in-Progress	<b>4936.05</b>	3510.00
	<b>(1426.05)</b>	3198.63
<b>Net (Increase) / Decrease</b>	<b>(2050.93)</b>	6886.53

<b>23. EMPLOYEE BENEFITS EXPENSES</b>		(₹ in Lakhs)
	<b>31.03.2014</b>	31.03.2013
Salaries and Wages	<b>2308.21</b>	2766.31
Contribution to Provident and Other Funds	<b>115.91</b>	120.96
Staff Welfare	<b>41.59</b>	61.11
	<b>2465.71</b>	2948.38

<b>24. FINANCE COST</b>		
	<b>31.03.2014</b>	31.03.2013
Interest Expenses	<b>1345.09</b>	1524.21
Interest on Income Tax	<b>8.93</b>	21.68
Other Borrowing Costs	<b>276.90</b>	196.67
	<b>1630.92</b>	1742.56

<b>25. OTHER EXPENSES</b>		
	<b>31.03.2014</b>	31.03.2013
Consumption of Stores and Spares	<b>2578.48</b>	2366.07
Power & Fuel	<b>3932.86</b>	3306.20
Rent	<b>425.70</b>	387.00
Repairs to Buildings	<b>5.77</b>	44.62
Repairs to Machinery	<b>148.28</b>	260.65
Insurance	<b>89.05</b>	72.74
Rates and Taxes	<b>19.10</b>	61.20
Selling and Distribution Expenses	<b>1278.25</b>	3768.83
Net Loss/(Gain) on Foreign Currency Transaction & Translation	<b>1632.24</b>	733.87
Miscellaneous Expenditure	<b>709.10</b>	1079.76
	<b>10818.83</b>	12080.94

**26. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for):**
**i) Contingent liabilities**

a) Claims against the company not acknowledged as debts	(₹ In Lakhs)	
	As at 31.03.2014	As at 31.03.2013
Income Tax - The revenue has appealed before Hon'ble High Court of Andhra Pradesh against the order of Hon'ble Income Tax appellate Tribunal, Hyderabad which was in favour of the Company in respect of deduction claimed u/s 80 HHC.	<b>575.74</b>	544.27
Central Excise - Demand raised by the Central Excise Department in respect of process amounting to 'manufacture' and applicability of duty thereon in respect of certain products against which an appeal has been made before CESTAT, Bangalore.	<b>708.05</b>	677.46
<b>b) Guarantees</b>		
1) Bank guarantees	<b>3116.70</b>	3442.87
2) Letters of credit	<b>5371.04</b>	4033.40
3) Bills discounted	<b>318.92</b>	648.92

**27. Un-hedged foreign currency exposure at the year end:**

1) Trade receivables	<b>3084.39</b>	3827.27
2) Trade payables	<b>199.54</b>	265.52
3) Secured loans	<b>5794.11</b>	8819.80

**28. The Company proposes to declare ₹ 2/- per share as dividend to the equity shareholders, total dividend amounting to ₹ 885.79 lakhs.**

**29. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:**

**Defined Contribution Plan**

Contribution to Defined Contribution Plan recognised as expenses for the year as under:

	(₹ In Lakhs)	
	2013-14	2012-13
Employer's Contribution to Provident Fund	<b>104.74</b>	106.29
Employer's Contribution to ESI	<b>1.77</b>	1.92

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit to build up the final obligation. The obligation for leave encashment is recognised in the books as per Actuarial Valuation.



**I. Reconciliation of opening and closing balances of Defined Benefit obligation** (₹ in Lakhs)

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2013-14	2013-14	2012-13	2012-13
Defined Benefit obligation	<b>305.40</b>	<b>54.99</b>	281.76	58.12
At beginning of the year				
Current Service Cost	<b>37.32</b>	<b>43.54</b>	33.00	38.18
Past Service Cost	-	-	-	-
Interest	<b>23.61</b>	<b>3.29</b>	21.59	3.38
Actuarial (gain) / loss	<b>9.21</b>	<b>(4.94)</b>	(7.32)	(13.07)
Benefits paid	<b>(20.66)</b>	<b>(27.65)</b>	(23.63)	(31.62)
Defined Benefit obligation at year end	<b>354.88</b>	<b>69.23</b>	305.40	54.99

**II. Reconciliation of opening and closing balances of fair value of plan assets**

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2013-14	2013-14	2012-13	2012-13
Fair value of plan assets	<b>352.79</b>	-	315.39	-
At beginning of the year				
Expected Net return on plan assets	<b>31.89</b>	-	29.57	-
Employer contribution	<b>23.61</b>	<b>27.65</b>	32.27	31.62
Benefits paid	<b>(20.66)</b>	<b>(27.65)</b>	(23.63)	(31.62)
Actuarial gain / (loss)	<b>0.22</b>	-	(0.80)	-
Fair value of plan assets at year end	<b>387.85</b>	-	352.79	-

**III. Reconciliation of fair value of assets and obligations.**

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2013-14	2013-14	2012-13	2012-13
Fair value of plan assets	<b>387.85</b>	-	352.79	-
Present value of obligation	<b>354.88</b>	<b>69.23</b>	305.40	54.99
Amount recognised in Balance sheet	<b>32.97</b>	<b>69.23</b>	47.39	54.99

## IV. Expenses recognised during the year

(₹ in Lakhs)

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2013-14	2013-14	2012-13	2012-13
Current Service Cost	37.32	43.54	33.00	38.18
Past Service Cost	-	-	---	---
Interest Cost	23.61	3.29	21.59	3.38
Expected return on plan assets	(31.89)	-	(29.57)	---
Actuarial gain / (loss)	8.99	(4.94)	(6.51)	(13.07)
Net Cost	38.03	41.89	18.51	28.49

## V. Investment Details:

Particulars	% Invested As at 31 <sup>st</sup> March 2014	% Invested As at 31 <sup>st</sup> March 2013
L.I.C.	100.00	100.00

## VI. Actuarial assumptions

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2013-14	2013-14	2012-13	2012-13
Mortality Table (LIC)				
Discount rate (per annum)	9%	9%	8%	8%
Expected rate of return on plan assets (Per annum)	9%	-	9.25%	-
Rate of escalation in salary (per annum)	4%	4%	4%	4%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

## 30. Earning Per Share:

	2013-14	2012-13
Total No. of Shares (in lakhs)	442.89	442.89
Profit after Taxes and exceptional items (₹ in Lakhs)	1041.73	3593.65
Earning per share Basic & Diluted (₹ per share)	2.35	8.11

**31. Segment Reporting:**

The Segmental Reporting is given for Sales and Services since the Company is predominantly engaged in the manufacture and sale of Drill Pipe and Allied Products, Oil Country Tubular Goods (OCTG) and Services associated with the product.

PARTICULARS	(₹ In Lakhs)	
	2013-14	2012-13
<b>1. Segment Revenue:</b> <b>(Sales and Income from Services)</b>		
- Drill Pipe And Allied Products	9163.83	10513.89
- OCTG Sales	20141.35	34948.57
- OCTG Services	5877.08	3910.59
- Other Sales And Services	681.82	910.73
<b>Total Segment Revenue</b>	<b>35864.08</b>	<b>50283.78</b>
<b>2. Segment Results:</b>		
<b>Profit / (Loss) before Interest and Tax (excluding other income)</b>		
- Drill Pipe And Allied Products	866.77	1624.33
- OCTG Sales	1905.09	5399.32
- OCTG Services	555.89	604.16
- Other Sales And Services	64.50	140.70
<b>Total Segment Results</b>	<b>3392.25</b>	<b>7768.51</b>
<b>Unallocable Income / (Expenses)</b>		
Less : Interest & Other Income / (Expense)	(1540.84)	(1566.10)
<b>Total Profit Before Tax and After Exceptional Items.</b>	<b>1851.41</b>	<b>6202.41</b>
<b>3. Capital Employed:</b>		
<b>(Segment Assets less Segment Liabilities)</b>		
Unallocable	25082.93	25077.53

**Note:** Capital Employed includes Share Capital and Reserves other than Revaluation Reserve.

**NOTES**

32. (A) In accordance with the Accounting Standard No.18, the details of related party transactions are as follows:

(₹ in Lakhs)

SL. NO.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.14	31.03.13
A	United Steel Allied Industries Pvt., Ltd.	One of the Directors is interested	Material Loading and Un-Loading	<b>177.43</b>	626.97
			Office Rent (incl. Service Tax)	<b>478.32</b>	434.83
B	V Max Studio & Advertising	One of the Directors is interested	Advertising, Printing, Web Designing, Maintenance of Software & Hardware and Supply of Stationery	--	43.84
C	Usai Forge Pvt., Ltd.	Two of the Directors are interested	Material Purchase	<b>1367.65</b>	1344.51
D	United Seamless Tubulaar Pvt., Ltd.	Two of the Directors are interested	Raw Material Purchases	<b>5119.81</b>	8316.84
			Sales / Job Works	<b>5899.30</b>	4007.06

(B) Remuneration to Directors included under the head Employee Benefits Expense is as follows:

(₹ in Lakhs)

SL. No.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.14	31.03.13
A	Mr. K.Suryanarayana	Key Management Personnel- Chairman	Remuneration	<b>85.24</b>	344.79
B	Mr. Sridhar Kamineni	Key Management Personnel - Managing Director	Remuneration as Director	<b>68.20</b>	275.83
C	Mr. K.G.Joshi	Key Management Personnel-Director	Remuneration as Director	<b>52.77</b>	68.96

**NOTES**
**33. Additional information pursuant to Note 5 of Part II of the Revised Schedule VI of the Companies Act, 1956:**
**A) TURNOVER:**

SL. NO.	CLASS OF GOODS	OPENING STOCK AS AT 01.04.2013	CLOSING STOCK AS AT 31.03.2014	TURNOVER AS AT 31.03.2014
		₹ IN LAKHS	₹ IN LAKHS	₹ IN LAKHS
A	Casing and Production Tubing	1137.97 (4505.86)	1762.85 (1137.97)	26018.43 (38861.31)
B	Drill Pipes	17.81 (337.82)	17.81 (17.81)	9184.22 (10513.89)
C	Others including Drill Collars / Oil Field Accessories and Job Work Charges	--- (---)	--- (---)	744.19 (979.39)
	<b>TOTAL</b>	<b>1155.78</b> (4843.68)	<b>1780.66</b> (1155.78)	<b>35946.84</b> (50354.59)

(Previous year figures are given in brackets)

**B) WORK IN PROGRESS:**

SL. NO.	CLASS OF GOODS	OPENING STOCK AS AT 01.04.2013	CLOSING STOCK AS AT 31.03.2014
		₹ IN LAKHS	₹ IN LAKHS
A	Casing and Production Tubing	2113.00 (3688.80)	3481.52 (2113.00)
B	Drill Pipes	1382.35 (3012.53)	1452.61 (1382.35)
C	Others including Drill Collars / Oil Field Accessories and Job Work Charges	14.65 (7.30)	1.92 (14.65)
	<b>TOTAL</b>	<b>3510.00</b> (6708.63)	<b>4936.05</b> (3510.00)

(Previous year figures are given in brackets)

# NOTES



	31.03.2014		31.03.2013	
		₹ in Lakhs		₹ in Lakhs
<b>34. CIF VALUE OF IMPORTS</b>				
Raw Materials		10299.93		10051.28
Stores, Spares and Tools		864.25		565.49
<b>35. RAW MATERIAL CONSUMPTION</b>				
Casing and Production Tubing		13852.32		14522.69
Drill Pipes		5380.09		4357.36
<b>RAW MATERIAL CONSUMPTION</b>	%		%	
Imported	62.52	12024.66	54.44	10278.16
Indigenous	37.48	7207.75	45.56	8601.89
	100.00	19232.41	100.00	18880.05
<b>36. STORES, SPARES &amp; TOOLS CONSUMPTION</b>	%		%	
Imported	21.63	557.79	21.17	500.87
Indigenous	78.37	2020.69	78.83	1865.20
	100.00	2578.48	100.00	2366.07
<b>37. EXPENDITURE IN FOREIGN CURRENCY</b>				
Travelling		26.99		53.90
Royalty, Agency Commission		421.18		1169.80
Interest		387.85		543.19
Others		14.10		1087.95
		850.12		2854.83
<b>38. EARNINGS IN FOREIGN CURRENCY</b>				
FOB value of Exports		9172.86		25447.71
Domestic Sales (Deemed Exports)		19334.22		20003.80

### 39. Remuneration to Auditor (excluding service tax):

As:	(₹ In Lakhs)	
	2013-14	2012-13
i) As: Auditor	4.00	4.00
ii) For Taxation Matters	0.50	0.35
iii) For Other Services	3.38	0.80

### 40. Previous year figures have been regrouped / re arranged / reclassified wherever considered necessary to conform to the classification of the current year.

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S. SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
**April 24, 2014**

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

**SRIDHAR KAMINENI**  
Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

# CASH FLOW STATEMENT



(₹ in Lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	1851.41	6202.41
Adjustments for :		
Depreciation	2005.81	1719.37
Interest Expenses	(48.75)	(38.40)
(Profit)/Loss on Sale of Assets	0.03	(0.06)
Interest on Working Capital Loans	1630.92	1742.56
Exchange rate fluctuation	1632.24	733.87
<b>Operating Profit before Working Capital Charges</b>	<b>7071.66</b>	<b>10359.75</b>
Adjustments for :		
(Increase)/Decrease in Inventories	(806.06)	5534.24
(Increase)/Decrease in Trade Receivables	(430.93)	1940.04
(Increase)/Decrease in Other Current Assets	46.30	(14.59)
(Increase)/Decrease in Loans and Advances	545.52	(425.95)
Increase/(Decrease) in Current Liabilities	506.27	(5363.20)
Increase/(Decrease) in Cash Credit Loans	1673.29	133.53
Increase/(Decrease) in interest accrued	(17.20)	(15.51)
<b>Cash Generated from Operations</b>	<b>8588.85</b>	<b>12148.31</b>
Adjustments for :		
Interest on Working Capital Loans	(1630.92)	(1742.56)
Direct Taxes Paid	(756.99)	(720.02)
<b>Total : (A)</b>	<b>6200.94</b>	<b>9685.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1300.28)	(927.34)
Capital Work in Progress	(1032.87)	(3192.84)
Sale of Fixed Assets	0.01	0.28
(Increase)/Decrease in Investments	0.00	0.00
Interest Received	48.75	38.40
<b>Total : (B)</b>	<b>(2284.39)</b>	<b>(4081.50)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Term Loans	(2558.89)	(2667.82)
Equity Dividend	(885.79)	(885.79)
Corporate Dividend Tax	(143.70)	(143.70)
<b>Total : (C)</b>	<b>(3588.38)</b>	<b>(3697.31)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents ( Total A + B + C )	328.17	1906.92
Exchange rate fluctuation	(1632.24)	(733.87)
Opening Balance of Cash and Cash Equivalents	2258.49	1085.44
Closing Balance of Cash and Cash Equivalents	954.42	2258.49

**FOR C K S ASSOCIATES**

Chartered Accountants  
(FRN 007390 S)

**N.V.S.SRIKRISHNA**

Partner  
M.No.25139

**HYDERABAD**

**April 24, 2014**

For and On Behalf of the Board of Directors

**SRIDHAR KAMINENI**

Managing Director



# OIL COUNTRY TUBULAR LIMITED

Registered Office: "Kamineni" 3<sup>rd</sup> Floor, King Koti , Hyderabad - 500001

## PROXY FORM

I/We.....of.....being a member of the above named Company, hereby appoint the following as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company, at Taj Mahal Hotel, Akshaya Hall, Abids, Hyderabad - 500001 to be held on Thursday, the 5<sup>th</sup> June, 2014 at 10.00 a.m. and at any adjournment thereof:

1. Mr/Ms .....(Signature), or failing him
2. Mr/Ms .....(Signature), or failing him
3. Mr./Ms .....(Signature)

Number of Shares held.....

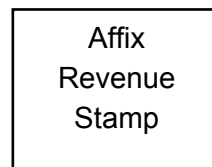
Reference Folio No./

Signed this ..... day of .....2014

DP ID & Client ID .....

Signature(s) of Member(s)

- (1).....
- (2).....
- (3).....



**NOTES :** Please see overleaf



# OIL COUNTRY TUBULAR LIMITED

Registered Office: "Kamineni" 3<sup>rd</sup> Floor, King Koti , Hyderabad - 500001

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full name of the member attending .....

Member's Folio No / Client ID :..... No. of Shares held .....

Name of Proxy.....

(To be filled in, if the Proxy attends instead of the Member)

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Oil Country Tubular Limited, at Taj Mahal Hotel, 2<sup>nd</sup> Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad - 500 001 on Thursday, 5<sup>th</sup> June, 2014 at 10.00 a.m.

.....  
Member's / Proxy's Signature







**Note:**

1. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
2. The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.
3. A Proxy need not be a member of the Company.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
5. This form of proxy confers authority to demand or join in demanding a poll.
6. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

**BOOK-POST**  
**Printed Matter**



if undelivered, please return to:



**Oil Country Tubular Ltd.**

Registered Office: 'KAMINENI', 3<sup>rd</sup> Floor,  
King Koti, Hyderabad - 500 001, A.P.

# Oil Country Tubular Ltd.

'KAMINENI', 3<sup>rd</sup> Floor, King Koti, Hyderabad - 500 001, AP, India

☎ +91 40 2478 5555, 📠 +91 40 2475 9299



## FORM A

Format of covering letter of the Annual Audit Report to be filled with Stock Exchanges

1	Name of the Company	Oil Country Tubular Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit Observation	Un-Qualified
4	Frequency of Observation	N/A
5	To be signed by :-  * CEO/Managing Director  * CFO  * Auditor of the Company  * Audit Committee Chairman	