

MD	<input checked="" type="checkbox"/>			BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>			DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>			DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>			AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

OCL INDIA LIMITED

Report **1996-97** reportjunction.com

ANNUAL REPORT





OCL INDIA LIMITED

Incorporated in India - Members' Liability Limited

DIRECTORS

Shri Pradip Kumar Khaitan *(Chairman)*
 Shri V.D. Jhunjhunwala
 Shri S.S. Bhartia
 Shri N.C. Gupta *(Nominee of GIC)*
 Shri D.N. Davar *(Nominee of IFCI)*
 Shri B.M. Agarwal
 Dr. S.P. Jain
 Shri H.V. Lodha
 Shri S.N. Das Mahapatra *(Whole-time Director)*
 Shri M.L. Chand *(Whole-time Director)*

PRESIDENTS

Shri M.H. Dalmia
 Shri A.H. Dalmia

BANKERS

United Bank of India
 Punjab National Bank
 State Bank of India
 UCO Bank
 ANZ Grindlays Bank
 American Express Bank Ltd.

REFRACTORY, CEMENT WORKS & REGD. OFFICE

Rajgangpur-770 017
 (Orissa)

DELHI OFFICE

B-47 Connaught Place
 New Delhi-110 001

AUDITORS

V. Sankar Aiyar & Co.
 Chartered Accountants



DIRECTORS' REPORT

For the year ended 31.3.1997.

The Directors present their Forty seventh Annual Report of the Company for the year ended 31st March, 1997, together with the statement of accounts for that year.

WORKING RESULTS

1.1 Working results for the year are as under :

	1996-97	1995-96
	'000 Rs.	'000 Rs.
Operating Profit	45,61,75	50,75,91
Less : Interest	24,35,28	12,57,08
Depreciation	7,66,36	7,21,17
Profit : before taxation	13,60,11	30,97,66
Less : provision for taxation	2,10,00	10,35,00
Profit : after taxation	11,50,11	20,62,66
Add : Transfer from investment		
Allowance Reserve (Utilised)	1,10,00	—
Transfer from Export Profit Reserve	—	7,00
Brought forward from previous year	13,12,71	10,46,38
	25,72,82	31,16,04
Transfer to Debenture Redemption Reserve	33,33	33,33
General Reserve	7,80,03	15,00,00
Proposed dividend	2,75,12	2,70,00
Surplus carried to Balance Sheet	14,84,34	13,12,71
	25,72,82	31,16,04

Interest paid during 1996-97 is higher mainly due to interest on term loans for modernisation-cum-expansion projects charged to Profit & Loss Account as per Accounting practice being followed by the Company.

- 1.2 The Directors recommend, payment of dividend, for the year ended 31.03.1997, at the rate of 50% subject to statutory deduction of tax at source, if any, on :-
- 54,00,000 nos. Ordinary shares Rs.10/- each fully paid up, and
 - 16,37,366 nos. Ordinary shares Rs.10/- each, Rs.2.50 paid up (on pro-rata basis).

CEMENT DIVISION

- 2.1 Clinker production, cement production & cement sales during the year under report are given below alongwith comparative figures for earlier two years :-

	1996-97	1995-96	1994-95
	Tonnes in '000s	Tonnes in '000s	Tonnes in '000s
Clinker production	606	620	596
Cement production	697	742	712
Cement Sales (including self consumption)	710	726	714

The value of Cement Sales (including self consumption) for the years 1996-97, 1995-96 & 1994-95 are Rs.111.76 crore, Rs.111.94 crores and Rs. 96.13 crores respectively.

- 2.2 During the year your Company exported cement to Bangladesh valued at about Rs.5.92 crores as against the previous year export of Rs.4.36 crores. Additionally, Clinker worth Rs.0.42 crores was exported to Bangladesh.



OCL INDIA LIMITED

REGISTERED OFFICE : RAJGANGPUR - 770017
(DIST: SUNDARGARH, ORISSA STATE)

NOTICE IS HEREBY GIVEN THAT FORTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE COMPANY'S REST HOUSE AT RAJGANGPUR - 770 017 (DISTRICT SUNDARGARH, ORISSA STATE) ON MONDAY, THE 29TH SEPTEMBER, 1997 AT 11.30 A.M TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive and consider the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1997 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director, in place of Dr.S.R.Jain, who is retiring by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri D.N.Davar, who is retiring by rotation and is eligible for reappointment.
5. To appoint a Director in place of Shri V.D.Jhunjhunwala, who is retiring by rotation and is eligible for reappointment.
6. To appoint Auditors for the year 1997-98 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED by way of special Resolution, subject to the approval of the Central Government and other approval/s as may be necessary, that consent of the Company be and is hereby given under Section 294AA and other applicable provisions, if any, of the Companies Act, 1956 to the extension of the period of appointment of M/s Metatrade, 25 EL Bostan Street, Apt. (3), BAB EL Look, Cairo, Egypt as Sole Selling Agent, of the Company, for procuring orders for the Company's refractories from public sector undertakings in Egypt, for a period of 3 years, from 29.12.1997, on the existing terms and conditions.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to accept such changes in the terms and conditions of the appointment of M/s Metatrade as may be suggested by the Central Government.

FURTHER RESOLVED that Board of Directors of the Company be and is hereby authorised to make, from time to time, with such approval/s as may be necessary, such changes in the terms and conditions of the appointment of M/s Metatrade as the Board of Directors may deem proper".

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution :-

"RESOLVED, by way of special resolution, that the Objects Clause of Memorandum of Association be altered by substituting the following Sub Clause in place of the existing Sub Clause (2A) of Clause No.III of the Memorandum of Association :-

III (2A) To process, convert, treat, manipulate or manufacture all kinds of food stuffs, oil seeds, vegetables, vegetable products, fruits, grass, timber, bamboo, straw, cotton, jute, rubber, sugarcane, tea, coffee, coconuts, cashew nuts, tobacco and other articles that are the produce of land or soil and to sell, purchase and deal in the same as Principals or Agents."

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:-

"RESOLVED, by way of special resolution, that approval of the Company be and is hereby accorded in terms of section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, to the commencement by the Company of all or any of the business/es specified in Sub Clauses (5) and (11) of Clause III (Objects Clause) of the Memorandum of Association of the Company."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution :-

"RESOLVED, by way of special resolution that pursuant to Sections 78 and 100 and other applicable provisions of the Companies Act, 1956 and subject to confirmation of the High Court at Orissa and any other approval/s as



may be required, the premium for 18,00,000 Ordinary Shares of Rs. 10/- each which have been allotted on 1st January, 1997 and 21st July, 1997 upon conversion of Zero Coupon Convertible Debentures (ZCCDs) issued on Rights basis be reduced from Rs.130/- per share to Rs. 95/- per share by cancellation of liability for payment of Rs. 35/- per share payable on third and final call.

RESOLVED FURTHER that Board of Directors of the Company be and are hereby authorised, to move a petition to the High Court at Orissa for an order confirming aforesaid reduction, to give such directions as the Board may think fit and proper, including directions for settling any question of difficulties that may arise, to take all such consequential and/ or incidental steps and do all such acts, deeds, matters and things of whatsoever nature as Board in its absolute discretion consider necessary, expedient or proper."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :-

"RESOLVED, by way of Ordinary resolution that pursuant to applicable provisions of the Companies Act, 1956 and subject to any other approval/s as may be required, the maximum price for the Equity shares of Rs. 10/- each to be allotted to the Warrant holders on their exercise of right to apply for and seek allotment of Equity shares, pursuant to terms of the Rights issue of 18,00,000 Zero Coupon Convertible Debentures with Detachable Warrants, be revised from 140/- per Equity share to Rs.105/- per Equity share."

By Order of the Board
For OCL India Limited

New Delhi
1st September, 1997

Amitav Ganguly
Secretary

NOTES :

1. EVERY SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER AND SUCH PROXY NEED NOT BE A SHARE HOLDER. The proxies should, however, be deposited at Registered Office of the Company not less than 48 hours before the time of the meeting. (Proxy forms are available at the Registered office, on request).
2. The Register of Members will remain closed from 23rd September, 1997 (Tuesday) to 29th September, 1997 (Monday) (both days inclusive). The dividend for the year ended 31st March, 1997, when declared will be payable to the registered holders as on 29th September, 1997.
3.
 - a) Dividend Warrants are expected to be posted within three weeks after the declaration of the dividend.
 - b) Section 206 of the Companies Act, 1956 (Act) lays down that dividend shall be paid by a company to the registered shareholder or his order or his banker. If you desire that warrant for your dividend be forwarded to some other person or to your banker, you may write accordingly to the Registered Office immediately. Instruction can also be given that, till you intimate otherwise, all your future dividend warrants be forwarded to the named person or bank.
 - c) Income received by way of dividend is exempt from tax under Income Tax Act 1961. Therefore, 15G form or Tax Exemption Certificate, for non-deduction of tax at source, is not required to be submitted.
 - d) Pursuant to Section 205A of the Act the amount of dividend declared by the Company for the year 1993-94 which remains outstanding as on 19th October, 1997 has to be transferred to the General Revenue A/c of the Central Government within a fortnight from that date. Thereafter, such dividend, has to be claimed from the Central Government.
 - e) A communication has already been sent to the concerned shareholders, whose dividend for the year 1992-93 has been transferred to the General Revenue A/c of the Central Government, advising claiming of their outstanding amounts from the Registrar of Companies, Orissa, Chalachitra Bhawan, Buxi Bazar, Cuttack - 753 001.
4.
 - a) You are requested to intimate change of address, if any, with PIN CODE. It may please be kept in view that your signature in the intimation should tally with your specimen lodged with the Company.
 - b) In case your mailing address, mentioned on the cover of the Annual Report, is without PIN CODE, you are requested to kindly intimate your PIN CODE immediately.
 - c) You are requested to quote Folio number in all your correspondence with the Company. Correspondence may be sent to the Registered Office at Rajgangpur - 770 017, (Orissa). Correspondence relating to different subjects preferably be on separate letters, but posted in one envelope, for quicker disposal.
5.
 - a) Please intimate change in your residential status, if any, without delay.



- b) In case your share certificates are lost/misplaced, please intimate without delay.
- 6. a) It will be in your interest to hold shares in joint names, if not already held.
- b) If you are holding shares in more than one Folio (in case of joint holders, if shares are held in the same order of names), please write to us to consolidate under one Folio and forward all relevant share certificates to us.
- c) It will be in your interest not to create odd lot shares.
- 7. Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business, is annexed hereto.

EXPLANATORY STATEMENT REGARDING ITEM NOS. 7 TO 11 OF AGENDA
(Under Sec. 173 of The Companies Act, 1956)

Item No. 7

M/s Metatrade, 25 EL, Bostan Street, Apt (3) BAB EL Look, Cairo, Egypt were appointed, with all necessary approvals, as Company's Sole Selling Agent for a period of 4 (four) years, for procuring orders for refractories from public sector undertakings in Egypt on payment of commission not exceeding 5% of the F.O.B Indian Port Value of such refractories sold. The term of appointment of M/s Metatrade is to expire on 28th December, 1997. Keeping in view the possibilities of getting business of sale of refractories in Egypt, the Board, subject to the approvals of the shareholders and the Central Government, has extended the period of the appointment of M/s Metatrade, for three years, on the existing terms and conditions, including commission not exceeding 5% of the F.O.B. Indian Port Value of such refractories sold.

The draft agreement to be entered into with M/s Metatrade is open for inspection at the Registered Office of the Company at Rajgangpur, Orissa, on any day during office hours.

No Director of the Company is concerned or interested in the resolution.

Item No. 8

In 1996, the Company issued, on Rights basis, 18,00,000 Zero Coupon Convertible Debentures (ZCCDs) of Rs.140/- each and Detachable Warrants, to its resident as well as non-resident shareholders. While granting In-principle approval for issue to non-resident Indians and overseas corporate bodies, Reserve Bank of India had required the Company to, inter alia, give an undertaking to the effect that the Company shall take steps for amendment of Sub Clause (2A) of Clause III (Objects Clause) to exclude the power to commence and carry on the business of agriculture, plantation, cultivation and farming. Such Undertaking was given by the Company to Reserve Bank of India, Mumbai. The Company has, since then, received the requisite approvals.

In view of the above Undertaking, the Board of Directors of the Company has decided to place the proposal for amendment of Objects Clause, as set out in the resolution, before the shareholders.

As per recent amendments of sections 17 and 18 of the Companies Act, 1956, alteration of Objects Clause can be effected by passing a special resolution of the shareholders and getting the same, together with printed copy of the Memorandum, as altered, registered with the Registrar of Companies. As such, no confirmation of Company Law Board is required.

The Memorandum of Association of the Company and the Undertaking given by the Company to Reserve Bank of India are open for inspection by the shareholders at the Registered Office of the Company at any time during the office hours.

No director of the Company is concerned or interested in the resolution.

Item No.9

The integrated steel plants to which the Company sells refractories are facing financial difficulties and as a result the Company is also facing problems in timely realisation of its dues from such steel plants. It is understood that other refractory manufacturers are also facing such difficulties. To overcome such problems it is proposed that the Company directly/through traders/merchants buy/sell etc. steel, coke breeze etc., of such steel plants against their dues to the Company. Such business activities could be held to be incidental/ancillary to attainment of main objects. However, the Board of Directors of the Company by way of abundant caution, has decided to invoke Sub Clause (5) and Sub Clause (11) of Clause III (Objects Clause) of Memorandum of Association with the consent of shareholders, by way of special resolution, u/s 149 (2A) of the Companies Act, 1956.



Sub Clause (5) reads as follows :-

"To buy, sell, import, export, manipulate, prepare for market, and deal in merchandise of all kinds, and generally to carry on business as merchants, importers and exporters and to buy, sell and deal in property of all kinds".

Sub Clause (11) reads as follows :-

"To lend money, securities or other property, either with or without security, to such persons or companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such persons or companies".

The Memorandum of Association of the Company is open for inspection by the shareholders at the Registered office of the Company at any time during office hours.

No Director of the Company is concerned or interested in the resolution.

Item Nos.10 & 11

In 1996, the Company issued, on Rights basis 18,00,000 Zero Coupon Convertible Debentures (ZCCDs) alongwith Detachable Warrants to part finance its expansion and/or modernisation Projects relating to Cement and Refractory Plants at Rajgangpur, Orissa. Each ZCCD was to be converted into one Equity share on 1st January, 1997 in terms of the issue.

The ZCCDs were issued for cash, at a price of Rs.140/- which was fixed in end of June, 1996 when the fully paid up Equity share was quoted on the Mumbai Stock Exchange at Rs.205/-.

On 22nd July, 1996 when the quotation became ex-right the price per share was Rs.185/- which gradually came down and ranged between Rs.160/- and Rs.134/- during the time when the issue was open for subscription.

Since the closure of the issue, the price of existing fully paid Equity shares of the Company further declined. Mostly the price has ranged between Rs.100/- and Rs.120/- per share.

The ZCCDs allotted to the resident shareholders were converted on 1st January, 1997 into Equity shares of Rs.10/- each (paid up Rs.2.50 towards capital and Rs.32.50 towards share premium). The ZCCDs allotted to non residents were converted into Equity share Rs.10/- each (paid up Rs.2.50 towards Capital and Rs.32.50 towards share premium), on 21/7/1997, on receipt of final approval of RBI.

Two Calls of Rs. 35/- each have been made on resident shareholders. Two Calls of Rs. 35/- each, on non-resident shareholders are being made.

In view of the above, the Board of Directors of the Company is of the view that the share premium on the aforesaid shares be reduced from Rs. 130/- to Rs. 95/- per share by extinguishing the liability for payment of third and final call. Out of the amount of Rs. 35/- per share to be received on 2nd Call Rs.5/- will be appropriated towards capital and Rs.30/- will be appropriated towards share premium, making the share fully paid up.

The expenditure on projects has been mostly incurred by providing additional funds out of internal accruals. The projects have been commissioned. The Board does not envisage any difficulty on account of revision in the premium.

The holders of the Warrants attached to the ZCCDs are entitled to get allotted one Equity share of Rs.10/- each for each Warrant held, on payment of price in cash which would be at a discount of 25% to the average closing market price of shares on Mumbai Stock Exchange during three months preceding a record date subject to a maximum price of Rs.140/- per share.

The Board of Directors is of the view that the maximum price for Equity shares, to be allotted to the Warranholders, be similarly revised from Rs.140/- to Rs.105/- per share.

Articles of Association of the Company permit reduction of its Share Capital

The reduction of the share premium will be in compliance with sections 78 & 100 and other applicable provisions of Companies Act, 1956 and subject to such approval/s as may be required. The revision in the maximum price for shares to be allotted to the Warranholders will be in compliance with applicable provisions of Companies Act, 1956.

No director of the Company is concerned or interested in the resolutions, except as shareholders generally.



REFRACTORY DIVISION

- 3.1 Your Company has achieved a total sales of Rs.125.41 crores for this year, as compared to Rs.149.24 crores for 1995-96 and Rs.121.82 crores for 1994-95. The lower sales have been due to depressed market conditions for the steel industry which is the main consumer of refractories. The worsening liquidity position of the major steel plants and other steel plants, particularly during the later part of the year, forced them to exercise strict inventory control, resulting in poor off-takes against their orders on the Company. Postponement and in some cases delays in implementation of new steel projects have also affected the sales of your Company. The Company, however, expects improvement in the situation for higher sales turn-over in the next year.
- 3.2 On export front, your Company's sustained efforts have enabled it to achieve the highest ever export sales of Rs.19.49 crores. The products of your Company are increasingly gaining acceptance in the international market. It has also recently secured a major order for supplies for the expansion project of POSCO, South Korea and is hopeful of getting more orders from other overseas countries. The exports turn-over is expected to be better in future.
- 3.3 Your Company was first accredited with ISO 9001 certification for its silica products in the year 1994-95. During the year under review it has received ISO 9001 certification for magnesia carbon bricks, basic refractories, monolithics & slide gate refractories. Thus, your Company has become the first refractory manufacturer to have ISO 9001 certification for wide range of refractories in the Country. The Company is making efforts to cover the remaining products of its range under the certification and is expecting to achieve this in the course of the next year.
- 3.4 The continuous casting products of your Company manufactured with technical know-how from TYK Corporation, Japan is also being increasingly accepted in the Indian market. The Company is getting regular orders from the ministeel sector. It is also getting orders from the majority of the integrated steel plants and efforts are on to enter the remaining steel plants. These are high-tech refractories and the demand for the same is on the increase. The Company expects good growth in the sale of these products.
- 3.5 Your Company has made good progress in the marketing of its Monolithic range of products like castables, precast seating blocks, rinsing lance etc. manufactured in technical collaboration with TYK Corporation, Japan. The Company's market share in this segment is on the increase.

EXPANSION

- 4.1 The expansion project of its existing Cement Plant undertaken by your Company has been mostly completed.
- 4.2 Similarly modernisation and expansion of Refractory Plant has been mostly completed.

RIGHTS ISSUE

- 5.1 The Company's Rights Issue of Zero Coupon Convertible Debentures (ZCCDs) alongwith Detachable warrants was over subscribed by 1.09 times. 16,37,366 ZCCDs were allotted to residents and 1,62,634 ZCCDs are to be allotted to NRIs & OCBs on receipt of final approval of RBI. The ZCCDs got automatically converted on 1st Jan, 1997, into Equity shares.

PROJECTED & ACTUAL FIGURES OF PROFITABILITY/UTILISATION OF FUNDS

- 5.2 Pursuant to clause 43 of listing agreement with the Stock Exchanges, the projected figures given in the Letter of Offer dated 18th Sept. 1996 for the issue of Zero Coupon Convertible Debentures alongwith Detachable Warrants, on Rights basis, and corresponding actual figures as on 31/3/1997 are given below :-

Particulars	Projection	Actual
1. Profit Forecast		
Production (MT)		
— Cement	748650	696990
— Refractory	73884	60230
Operating Income (Rs.in Lakhs)	27517.07	22676.92
P B D I T (Rs. in Lakhs)	5394.34	4561.75
P A T (Rs. in Lakhs)	2303.46	1150.11



2. Expenditure on the Projects		(Rs. in Lakhs)	
Application of Funds			
A. Expansion of Cement Plant			
Building and Civil Works	998		1617
Plant and Machinery	5775		4877
Technical know-how fee and Expenses in respect of foreign technicians and training			
Preoperative Expenses	203		60
Margin money for working capital	643		545
	160		—
B. Expansion of Refractory Plant			
Building and Civil Works	359		337
Plant and Machinery	2454		2309
Preoperative Expenses	335		173
C. Modernisation of Refractory Plant			
Building and Civil Works	156		29
Plant and Machinery	1220		1212
D. Issue Expenses	30		31
Grand Total	12333		11190

Variation in the projections & actuals is mainly due to liquidity problems faced by major customers of Refractory which resulted in poor off-takes. Further, there has been some delay in commissioning of projects.

SUBSIDIARIES

- Copies of the Accounts and the Directors' Reports, relating to the year ended 31.03.1997 of subsidiaries, Utkal Investments Limited, Konark Minerals Limited, Kashmissa Industries Limited, Hari Fertilizers Limited and Telecom Services India Limited are annexed to your Company's Accounts. First Capital India Ltd has sought extension of its financial year to 30.9.1997 from Registrar of Companies and hence its Accounts and Directors' Report are not available and could not be annexed.

LABOUR MANAGEMENT RELATIONS

- Relations between Management and Employees were cordial during the year under review.

DIRECTORS

- Sri N.C.Gupta was nominated by General Insurance Corporation of India in place of Sri R.S.Gupta w.e.f 3.2.1997. The Directors place on record their appreciation of the valuable contributions made by Shri R.S.Gupta during his association with the Board.

DEPOSITS

- The Directors report that, as on 31st March, 1997, there were 66 deposits aggregating to Rs.4.81 lakhs which remained unclaimed beyond due dates, out of which deposits aggregating to Rs.0.19 lakhs have since been renewed/repaid.

PARTICULARS OF EMPLOYEES

- The particulars of the employees as required u/s 217 (2A) of the Companies Act, 1956 are set out in the Annexure-I which forms part of this report.

CONSERVATION OF ENERGY, ETC.

- Information required under Section 217(1)(e) of the Companies Act, 1956 read with the relevant Rules, with regard to conservation of energy, technology absorption and foreign exchange earnings and out go are given in Annexure-II which forms part of this report.

Place : Calcutta
Date : 22nd May, 1997

BY ORDER OF THE BOARD
PRADIP KUMAR KHAITAN
CHAIRMAN